



Franklin Templeton Australia Funds

Financial report for the year ended 30 June 2023



Franklin Templeton Australia Funds

Annual report for the year ended 30 June 2023

Franklin Global Growth Fund

ARSN 132 597 972

Franklin Templeton Multisector Bond Fund

ARSN 137 298 714

Franklin Templeton Global Aggregate Bond Fund

ARSN 160 124 096

Franklin Australian Absolute Return Bond Fund

ARSN 601 662 631

Franklin Australian Core Plus Bond Fund

ARSN 617 966 042

Franklin Templeton Australia Funds

Annual report for the year ended 30 June 2023

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These financial statements cover Franklin Templeton Australia Funds.

The Responsible Entity of the Franklin Templeton Australia Funds is Franklin Templeton Australia Limited.

The Responsible Entity's registered office is Level 47, 120 Collins Street, Melbourne VIC 3000.

Directors' report

The Responsible Entity of Franklin Templeton Australia Funds (the "Funds") for the year ended 30 June 2023 was Franklin Templeton Australia Limited (ABN 76 004 835 849) (the "Responsible Entity").

The directors of Franklin Templeton Australia Limited, the Responsible Entity and Manager of Franklin Templeton Australia Funds, present their report together with the interim financial statements of the Funds for the year ended 30 June 2023.

- Franklin Global Growth Fund
- Franklin Templeton Multisector Bond Fund
- Franklin Templeton Global Aggregate Bond Fund
- Franklin Australian Absolute Return Bond Fund
- Franklin Australian Core Plus Bond Fund

Principal Activities

The Funds invest in accordance with the investment policy of the Funds as set out in their respective Product Disclosure Statement (PDS) and in accordance with the Funds' Constitution.

The Funds did not have any employees during the year.

There were no significant changes in the nature of the Funds' activities during the financial year.

Directors

The following persons held office as directors of Responsible Entity during the year or since the end of the year and up to the date of this report:

M. Harrison (Chairperson)

G. Shaneyfelt

E. Venner

Q. Lupo

M. Sund

Review and results of operations

The Funds invest in equity securities, listed unit trusts, listed property trusts, unlisted unit trusts, fixed interest securities, money market securities, derivatives and cash and cash equivalents. The Funds invest in accordance with the investment policy of the Funds as set out in their respective Product Disclosure Statement (PDS) and in accordance with the Funds' Constitution.

Franklin Templeton Australia Funds
Directors' report
For the year ended 30 June 2023

Directors' report (continued)

Review and results of operations (continued)

The performance of the Funds, as represented by the results of their operations, was as follows:

	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	200,927	(275,816)	203	(12,365)	1,020	(8,945)
<i>Distributions - I Class</i>						
Distribution paid and payable (\$'000)	9,759	523	-	-	-	-
Distributions (cents per unit)	9.7402	0.4374	-	-	-	-
<i>Distributions - W Class</i>						
Distribution paid and payable (\$'000)	24,966	1,468	-	-	-	-
Distributions (cents per unit)	8.3945	0.4132	-	-	-	-
<i>Distributions - Total</i>						
Distribution paid and payable (\$'000)	34,725	1,991	-	-	-	-

	Franklin Australian Absolute Return Bond Fund		Franklin Australian Core Plus Bond Fund	
	Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	25,025	(86,350)	(122)	(7,672)
<i>Distributions - I Class</i>				
Distribution paid and payable (\$'000)	9,578	12,477	-	1
Distributions (cents per unit)	2.0042	3.3162	0.7950	0.9465
<i>Distributions - W Class</i>				
Distribution paid and payable (\$'000)	18,348	32,382	516	331
Distributions (cents per unit)	1.9001	3.2136	0.6749	0.7475
<i>Distributions - X Class</i>				
Distribution paid and payable (\$'000)	-	-	22	54
Distributions (cents per unit)	-	-	0.7908	0.9520
<i>Distributions - Total</i>				
Distribution paid and payable (\$'000)	27,926	44,859	538	386

Due to ongoing economic conditions and exchange rate issues with the Argentinian Peso, there were global concerns about recording transactions and securities at Argentina's "official rate". Since September 2019, Franklin Templeton implemented the use of a Blue Chip swap rate to value securities held by Franklin Templeton Multi Sector Bond Fund, as the rate corresponded more closely to the rate we can realistically trade at. Downward adjustments were made daily to market values of all Argentinian securities to align them to the valuations calculated using the Blue Chip swap rate.

As at 30 June 2023, Franklin Templeton Multi Sector Bond Fund does not hold any Argentinian Securities.

The differences between net assets for unit pricing purposes and net assets as reported in the financial statements for Franklin Templeton Multi Sector Bond Fund prepared under Australian Accounting standards as at 30 June 2023 is outlined below:

Directors' report (continued)

Review and results of operations (continued)

	Franklin Templeton Multisector Bond Fund	
	30 June 2023 \$'000	30 June 2022 \$'000
Net assets for Unit Pricing purposes	20,517	29,126
Difference between net market value (for unit pricing) and fair value (for financial statements) of financial instruments held at fair value through profit or loss	–	1,120
Net Assets under Australian Accounting Standards	<u>20,517</u>	<u>30,246</u>

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Funds that occurred during the year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

- (i) the operations of the Funds in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Funds in future financial years.

Likely developments and expected results of operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Funds and in accordance with the provisions of the Funds' Constitution.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnity and insurance of officers and auditors

No insurance premiums were paid for out of the assets of the Funds in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Funds. So long as the officers of the Responsible Entity act in accordance with the Funds' Constitution and the law, the Responsible Entity remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditors of the Funds are in no way indemnified out of the assets of the Funds.

Fees paid to and interests held in the Funds by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the Funds' property during the financial year are disclosed in note 14 to the financial statements.

No fees were paid out of the Funds' property to the directors of the Responsible Entity during the financial year (2022: Nil).

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are also disclosed in note 14 to the financial statements.

Interests in the Funds

The movement in units on issue in the Funds during the financial year is disclosed in note 9 to the financial statements.

The value of the Funds' assets and liabilities are disclosed on the balance sheets and derived using the basis set out in note 2 of the financial statements.

Environmental regulation

The operations of the Funds are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Directors' report (continued)

Rounding of amounts to the nearest thousand dollars

Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191*, unless otherwise indicated.

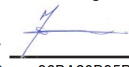
Single set of financial statements

The Schemes are of the kind referred to in *ASIC Corporations (Related Scheme Reports) Instrument 2015/839* issued by the Australian Securities and Investments Commission ("ASIC") and in accordance with that ASIC Instrument, Schemes with a common Responsible Entity (or related responsible entities) can include their financial statements in adjacent columns in a single set of financial statements.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors.

DocuSigned by:

Directo _____
36BA20B35DB241C...
M. Sund

Melbourne

26 September 2023



Auditor's Independence Declaration

As lead auditor for the audit of Franklin Templeton Australia Funds (the Funds) for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

The declaration is in respect of the following Funds:

- Franklin Global Growth Fund
- Franklin Templeton Multisector Bond Fund
- Franklin Templeton Global Aggregate Bond Fund
- Franklin Australian Absolute Return Bond Fund
- Franklin Australian Core Plus Bond Fund

A handwritten signature in black ink that reads 'Kate Logan'.

Kate Logan
Partner
PricewaterhouseCoopers

Melbourne
26 September 2023

Franklin Templeton Australia Funds
Statements of comprehensive income
For the year ended 30 June 2023

Statements of comprehensive income

	Notes	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
		Year ended		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Investment income							
Interest income		908	7	1,522	2,327	1,552	2,263
Dividend income		7,304	1,477	-	2	-	-
Distribution income		427	372	-	-	-	-
Net gains/(losses) on financial instruments at fair value through profit or loss		201,622	(267,100)	(1,029)	(14,190)	(314)	(10,754)
Other operating income		9	37	37	10	125	20
Total net investment income/(loss)		210,270	(265,207)	530	(11,851)	1,363	(8,471)
Expenses							
Management costs	14	9,083	10,251	211	460	294	471
Transaction costs		260	348	3	8	5	3
Other operating expenses		-	10	113	46	44	-
Total operating expenses		9,343	10,609	327	514	343	474
Operating profit/(loss) for the year		200,927	(275,816)	203	(12,365)	1,020	(8,945)
Finance costs attributable to unitholders							
Distributions to unitholders	10	(34,725)	(1,991)	-	-	-	-
(Increase)/decrease in net assets attributable to unitholders	9	(166,202)	277,807	(203)	12,365	(1,020)	8,945
Profit/(loss) for the year		-	-	-	-	-	-
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-

Franklin Templeton Australia Funds
Statements of comprehensive income
For the year ended 30 June 2023

Statements of comprehensive income (continued)

	Notes	Franklin Australian Absolute Return Bond Fund		Franklin Australian Core Plus Bond Fund	
		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Investment income					
Interest income		45,346	34,404	2,148	1,123
Distribution income		–	–	32	137
Net gains/(losses) on financial instruments at fair value through profit or loss		(14,065)	(114,110)	(2,070)	(8,791)
Other operating income		350	–	16	31
Total net investment income/(loss)		31,631	(79,706)	126	(7,500)
Expenses					
Management costs	14	6,305	6,321	230	152
Transaction costs		225	301	18	13
Other operating expenses		76	22	–	7
Total operating expenses		6,606	6,644	248	172
Operating profit/(loss) for the year		25,025	(86,350)	(122)	(7,672)
Finance costs attributable to unitholders					
Distributions to unitholders	10	(27,926)	(44,859)	(538)	(386)
(Increase)/decrease in net assets attributable to unitholders	9	2,901	131,209	660	8,058
Profit/(loss) for the year		–	–	–	–
Other comprehensive income for the year		–	–	–	–
Total comprehensive income for the year		–	–	–	–

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Franklin Templeton Australia Funds
Balance sheets
As at 30 June 2023

Balance sheets

	Notes	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
		As at		As at		As at	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Assets							
Cash and cash equivalents	11	52,363	36,241	247	2,835	6,494	10,415
Margin accounts		–	2,327	149	2,536	–	2,045
Receivables		2,290	3,028	6	12	110	102
Accrued income		219	559	–	–	–	–
Due from brokers - receivable for securities sold		–	3,085	261	–	–	–
Financial assets at fair value through profit or loss	6	970,716	1,005,463	21,460	30,189	42,335	54,453
Total assets		1,025,588	1,050,703	22,123	35,572	48,939	67,015
Liabilities							
Margin accounts		–	–	219	114	136	334
Distribution payable	10	34,725	1,991	–	–	–	–
Payables		4,254	8,856	219	388	368	459
Due to brokers - payable for securities purchased		–	920	727	–	–	–
Financial liabilities at fair value through profit or loss	7	434	2,822	441	4,824	286	3,241
Total liabilities (excluding net assets attributable to unitholders)		39,413	14,589	1,606	5,326	790	4,034
Net assets attributable to unitholders - liability	9	986,175	1,036,114	20,517	30,246	48,149	62,981

Franklin Templeton Australia Funds
Balance sheets
As at 30 June 2023

Balance sheets (continued)

	Notes	Franklin Australian Absolute Return Bond Fund		Franklin Australian Core Plus Bond Fund	
		As at		As at	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Assets					
Cash and cash equivalents	11	12,864	45,366	4,678	10,331
Margin accounts		34,916	12,711	1,584	731
Receivables		1,452	1,309	127	29
Accrued income		21	16	–	81
Financial assets at fair value through profit or loss	6	<u>1,321,203</u>	<u>1,330,797</u>	<u>70,758</u>	<u>56,827</u>
Total assets		<u>1,370,456</u>	<u>1,390,199</u>	<u>77,147</u>	<u>67,999</u>
Liabilities					
Margin accounts		976	496	17	–
Distribution payable	10	4,302	26,190	–	–
Payables		17,049	17,028	2,336	79
Due to brokers - payable for securities purchased		–	423	–	–
Financial liabilities at fair value through profit or loss	7	<u>31,927</u>	<u>8,016</u>	<u>1,438</u>	<u>181</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>54,254</u>	<u>52,153</u>	<u>3,791</u>	<u>260</u>
Net assets attributable to unitholders - liability	9	<u>1,316,202</u>	<u>1,338,046</u>	<u>73,356</u>	<u>67,739</u>

The above balance sheets should be read in conjunction with the accompanying notes.

Franklin Templeton Australia Funds
Statements of changes in equity
For the year ended 30 June 2023

Statements of changes in equity

	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Total equity at the beginning of the year	-	-	-	-	-	-
Comprehensive income for the year						
Profit/(loss) for the year	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Total equity at the end of the year	-	-	-	-	-	-

	Franklin Australian Absolute Return Bond Fund		Franklin Australian Core Plus Bond Fund	
	Year ended		Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Total equity at the beginning of the year	-	-	-	-
Comprehensive income for the year				
Profit/(loss) for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Total equity at the end of the year	-	-	-	-

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Franklin Templeton Australia Funds
Statements of cash flows
For the year ended 30 June 2023

Statements of cash flows

	Notes	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
		Year ended		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		521,361	175,770	306,005	747,290	26,185	84,768
Purchases of financial instruments at fair value through profit or loss		(276,143)	(443,237)	(293,885)	(718,718)	(15,790)	(19,597)
Transaction costs		(260)	(348)	(3)	(8)	(5)	(3)
Dividends received		7,198	967	–	2	(14)	(3)
Distributions received		427	371	–	–	–	–
Interest received		908	7	1,638	3,155	1,674	2,771
Other income received		39	34	43	24	129	29
Management costs paid		(9,185)	(9,759)	(303)	(629)	(364)	(606)
Payment of other expenses		–	(94)	(113)	(46)	(44)	–
Net cash inflow/ (outflow) from operating activities	12(a)	244,345	(276,289)	13,382	31,070	11,771	67,359
Cash flows from financing activities							
Proceeds from applications by unitholders		207,155	524,394	658	3,622	2,445	10,428
Payments for redemptions by unitholders		(426,751)	(250,216)	(10,667)	(39,455)	(18,317)	(63,838)
Distributions paid from operating activities		(1,883)	–	–	–	–	(8,474)
Net cash inflow/ (outflow) from financing activities		(221,479)	274,178	(10,009)	(35,833)	(15,872)	(61,884)
Net increase/ (decrease) in cash and cash equivalents							
Cash and cash equivalents at the beginning of the financial year		36,241	37,656	2,835	8,870	10,415	5,043
Effects of foreign currency exchange rate changes on cash and cash equivalents		(6,744)	696	(5,961)	(1,272)	180	(103)

Franklin Templeton Australia Funds
Statements of cash flows
For the year ended 30 June 2023

Statements of cash flows (continued)

	Notes	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
		Year ended		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Cash and cash equivalents at the end of the financial year	11	<u>52,363</u>	<u>36,241</u>	<u>247</u>	<u>2,835</u>	<u>6,494</u>	<u>10,415</u>
Non-cash financing activities	12(b)	<u>109</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14</u>

	Notes	Franklin Australian Absolute Return Bond Fund		Franklin Australian Core Plus Bond Fund	
		Year ended		Year ended	
		30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Cash flows from operating activities					
Proceeds from sale of financial instruments at fair value through profit or loss		1,875,471	510,087	56,659	97,728
Purchases of financial instruments at fair value through profit or loss		(1,866,450)	(926,375)	(71,504)	(103,277)
Transaction costs		(225)	(301)	(18)	(13)
Dividends received		(4)	—	—	—
Distributions received		—	—	108	99
Interest received		43,588	30,991	1,854	1,127
Fee rebates from related funds received		—	—	9	15
Other income received		353	105	15	12
Management costs paid		(6,122)	(5,800)	(192)	(157)
Payment of other expenses		(76)	(23)	—	(8)
Net cash inflow/(outflow) from operating activities	12(a)	<u>46,535</u>	<u>(391,316)</u>	<u>(13,069)</u>	<u>(4,474)</u>
Cash flows from financing activities					
Proceeds from applications by unitholders		490,674	813,664	24,250	44,137
Payments for redemptions by unitholders		(512,524)	(397,999)	(15,876)	(33,708)
Distributions paid from operating activities		(47,216)	(26,500)	(517)	(698)
Net cash inflow/(outflow) from financing activities		<u>(69,066)</u>	<u>389,165</u>	<u>7,857</u>	<u>9,731</u>
Net increase/(decrease) in cash and cash equivalents		<u>(22,531)</u>	<u>(2,151)</u>	<u>(5,212)</u>	<u>5,257</u>
Cash and cash equivalents at the beginning of the financial year		45,366	13,365	10,331	3,921
Effects of foreign currency exchange rate changes on cash and cash equivalents		(9,971)	34,152	(441)	1,153
Cash and cash equivalents at the end of the financial year	11	<u>12,864</u>	<u>45,366</u>	<u>4,678</u>	<u>10,331</u>
Non-cash financing activities	12(b)	<u>2,597</u>	<u>1,629</u>	<u>21</u>	<u>122</u>

The above statements of cash flows should be read in conjunction with the accompanying notes.

1 General information

These financial statements cover Franklin Templeton Australia Funds (the "Funds") as managed investment schemes. There were no significant changes in the nature of the Funds' activities during the financial year. The respective constitution dates are as follows:

- Franklin Global Growth Fund 11 July 2008;
- Franklin Templeton Multisector Bond Fund 20 May 2009;
- Franklin Templeton Global Aggregate Bond Fund 18 October 2012;
- Franklin Australian Absolute Return Bond Fund 22 December 2014;
- Franklin Australian Core Plus Bond Fund 24 March 2017.

The Responsible Entity of the Funds is Franklin Templeton Australia Limited (ABN 76 004 835 849) (the "Responsible Entity"). The Responsible Entity's registered office is Level 47, 120 Collins Street, Melbourne VIC 3000. The financial statements are presented in the Australian currency.

The Funds invest in equity securities, listed unit trusts, listed property trusts, unlisted unit trusts, fixed interest securities, money market securities, derivatives and cash and cash equivalents. The Funds invest in accordance with the investment policy of the Funds as set out in their respective Product Disclosure Statement (PDS) and in accordance with the Funds' Constitution.

The financial statements were authorised for issue by the directors on 26 September 2023. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia. The Funds are for-profit unit trusts for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The balance sheet is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All material balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

The Funds manage financial assets at fair value through profit or loss based on economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within twelve months, however an estimate of that amount cannot be determined as at balance date.

In the case of net assets attributable to unitholders, the units are redeemed on demand at the unitholders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards

The financial statements of the Funds also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) New accounting standards or amendments adopted by the Funds

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that would be expected to have a material impact on the Funds.

(iii) New accounting standards, amendments and interpretations effective after 1 July 2023 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Funds.

2 Summary of significant accounting policies (continued)

(b) Financial assets and liabilities at fair value through profit or loss

(i) Classification

The Funds classify their investments based on their business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Funds' portfolios of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds' policies are for the Responsible Entity to evaluate the information about these financial instruments on a fair value basis, with the supporting use of other related financial information.

For equity securities and derivatives, the contractual cash flows held by the Funds are not solely principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Funds' business model's objective. Consequently, the debt securities are measured at fair value through profit or loss.

Liabilities

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

(ii) Recognition/derecognition

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Funds have transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Funds measure financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statements of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statements of comprehensive income within net gains/(losses) on financial instruments held at fair value through profit or loss in the financial year in which they arise.

Further details on how the fair values of financial instruments are determined, please see note 5 to the financial statements.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Refer to note 4 to the financial statements for further information.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders.

The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net asset value attributable to the unitholders.

The units are carried at the redemption amount that is payable at the balance sheet date if the holder exercises the right to put the unit back to the Funds. This amount represents the expected cash flows on redemption of these units.

Units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Funds' liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Funds, and it is not a contract settled in the Funds' own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

2 Summary of significant accounting policies (continued)

(d) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Funds' main income generating activity.

(e) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls. It is not included as a component of cash and cash equivalents.

(f) Investment income

Interest income from financial assets at amortised cost is recognised on a time-proportionate basis using the effective interest method and includes interest from cash and cash equivalents.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in the statements of comprehensive income within dividend income and distribution income when the Funds' right to receive payments is established.

Other changes in fair value for such instruments are recorded in accordance with the policies described in Note 2(b) to the financial statements.

Trust distributions are recognised on an entitlements basis.

(g) Expenses

All expenses, including management costs, are recognised in the statements of comprehensive income on an accruals basis.

(h) Income Tax

Under current legislation, the Funds that have elected into the AMIT tax regime are not subject to income tax provided they attribute the entirety of their taxable income to their unitholders.

Franklin Australian Core Plus Bond Fund does not meet AMIT tax regime qualification and is not subject to income tax as its unitholders are presently entitled to the income of the Fund.

The benefit of imputation credits and foreign tax paid are passed on to unitholders. The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded net of withholding taxes in the statement of comprehensive income.

(i) Distributions

Distributions are payable as set out in the Funds' product disclosure statement. Such distributions are determined by the Responsible Entity of the Funds.

(j) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Where the Funds' units are classified as liabilities, movements in net assets attributable to unitholders are recognised in the statements of comprehensive income as finance costs.

(k) Foreign currency translation

(i) Functional and presentation currency

Items included in the Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Funds compete for funds and is regulated. The Australian dollar is also the Funds' presentation currency.

2 Summary of significant accounting policies (continued)

(k) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statements of comprehensive income on a net basis within gains/(losses) on financial instruments at fair value through profit or loss.

(l) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and consequently measured at amortised cost.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(m) Receivables and accrued income

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each financial year from the time of last payment in accordance with the policy set out in note 2(f) above. Amounts are generally received within 30 days of being recorded as receivables.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Funds shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(n) Payables

Payables include liabilities and accrued expenses owing by the Funds which are unpaid as at the end of the reporting period.

All Funds (with the exception of those Funds that have elected to adopt the AMIT tax regime) have a contractual obligation to distribute their distributable income, a separate distribution payable is recognised in the balance sheet as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period. Refer to Note 9 for details.

(o) Applications and redemptions

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of units redeemed.

(p) Goods and Services Tax (GST)

Management fees, custody fees and other expenses are recognised net of the amounts of goods and services tax ("GST") recoverable from the Australian Taxation Office ("ATO") as a reduced input tax credit ("RITC").

2 Summary of significant accounting policies (continued)

(p) Goods and Services Tax (GST) (continued)

Payables are stated with the amount of GST included.

The net amount of GST recoverable from the ATO is included in receivables in the balance sheet.

Cash flows are included in the statements of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as part of operating cash flows.

(q) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(r) Use of estimates

The Funds make estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Responsible Entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers and payables, the carrying amounts approximate fair value due to the short term nature of these financial instruments.

For more information on how fair value is calculated please see note 5 of the financial statements.

(s) Investment entity exception

AASB 10 *Consolidated Financial Statements* for investment entities includes an exception to the consolidation rules for those entities qualifying as "investment entities". Subsidiaries of investment entities will be accounted for at fair value through profit or loss, in accordance with AASB 9 *Financial Instruments: Recognition and Measurement*.

A parent entity will need to make an assessment of whether it meets the definition of an investment entity. An investment entity is defined as an entity that:

- (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Certain Funds have multiple investments that they control. However, these Funds have determined that they are investment entities under the definition in AASB 10 as they meet the following criteria:

- (a) These Funds have obtained funds from unitholders for the purpose of providing them with investment management services;
- (b) These Funds business purpose, which is communicated directly to unitholders, is investing solely for return from capital appreciation and investment income; and
- (c) The performance of investments made by these funds are measured and evaluated on a fair value basis.

2 Summary of significant accounting policies (continued)

(s) Investment entity exception (continued)

These Funds also meet all of the typical characteristics of an investment entity, including:

- (a) holding more than one investment;
- (b) having more than one investor;
- (c) having investors that are not related parties of the entity; and
- (d) having ownership interests in the form of equity or similar interests.

As these Funds measure all of their controlled entities at fair value through profit or loss, they only present separate financial statements.

(t) Rounding of amounts

The Funds are entities of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollar in accordance with that Instrument, unless otherwise indicated.

3 Financial risk management

The Funds' activities expose them to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Funds' overall risk management program focuses on ensuring compliance with the Funds' Product Disclosure Statements and seeks to maximise the returns derived for the level of risk to which the Funds are exposed. The Funds use derivative financial instruments to alter certain risk exposures. Financial risk management is carried out by the investment manager of the Responsible Entity under policies approved by the Board of Directors of the Responsible Entity (the "Board").

The Funds use different methods to measure different types of risks to which it is exposed. These methods include Value at Risk ("VaR") analysis in the case of interest rate, foreign exchange and other price risks, and ratings analysis for credit risk. VaR analysis is explained in note 3(b).

(a) Market risk

(i) Foreign exchange risk

The Funds have exposure to foreign assets and hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk.

The foreign exchange risk disclosures have been prepared on the basis of the Funds' direct investments and not on a look-through basis to investments held via interposed investment funds. In addition, any currency hedging to minimise the impact of foreign exchange risk has not been incorporated into the disclosures unless the derivatives are held directly in these funds.

In accordance with the Funds' policy, the Investment Manager monitors the Funds' foreign exchange exposure on a daily basis.

The tables below summarise the Funds' assets and liabilities that are denominated in a currency other than the Australian dollar.

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Global Growth Fund				
	US Dollars \$'000	Euros \$'000	Swiss Francs \$'000	Danish Krone \$'000	Japanese Yen \$'000
30 June 2023					
Assets					
Cash and cash equivalents	7,134	-	-	-	-
Receivables	198	163	1,000	39	-
Accrued income	219	-	-	-	-
Financial assets at fair value through profit or loss	<u>807,071</u>	<u>61,183</u>	<u>60,040</u>	<u>35,328</u>	<u>7,094</u>
Total assets	<u>814,622</u>	<u>61,346</u>	<u>61,040</u>	<u>35,367</u>	<u>7,094</u>
Liabilities					
Financial liabilities at fair value through profit or loss	<u>306</u>	<u>59</u>	<u>39</u>	<u>30</u>	<u>-</u>
Total liabilities (excluding net assets attributable to unitholder)	<u>306</u>	<u>59</u>	<u>39</u>	<u>30</u>	<u>-</u>
Net increase/(decrease) in exposure from foreign currency forward contracts					
- Buy foreign currency	1,524	434	127	-	-
- Sell foreign currency	<u>(33,000)</u>	<u>(2,888)</u>	<u>(2,470)</u>	<u>(1,360)</u>	<u>-</u>
Net exposure including foreign currency forward contracts	<u>782,840</u>	<u>58,833</u>	<u>58,658</u>	<u>33,977</u>	<u>7,094</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Global Growth Fund			
	US Dollars \$'000	Euros \$'000	Swiss Francs \$'000	Danish Krone \$'000
30 June 2022				
Assets				
Cash and cash equivalents	4,568	–	–	–
Margin accounts	2,327	–	–	–
Receivables	146	151	606	50
Accrued income	559	–	–	–
Financial assets at fair value through profit or loss	<u>876,271</u>	<u>65,790</u>	<u>35,536</u>	<u>27,865</u>
Total assets	<u>883,871</u>	<u>65,941</u>	<u>36,142</u>	<u>27,915</u>
Liabilities				
Financial liabilities at fair value through profit or loss	<u>2,461</u>	<u>113</u>	<u>199</u>	<u>48</u>
Total liabilities (excluding net assets attributable to unitholder)	<u>2,461</u>	<u>113</u>	<u>199</u>	<u>48</u>
Net increase/(decrease) in exposure from foreign currency forward contracts				
- Buy foreign currency	4,746	528	877	323
- Sell foreign currency	<u>(73,242)</u>	<u>(5,503)</u>	<u>(3,450)</u>	<u>(2,446)</u>
Net exposure including foreign currency forward contracts	<u>812,914</u>	<u>60,853</u>	<u>33,370</u>	<u>25,744</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Templeton Multisector Bond Fund					
	US Dollars \$'000	Malaysian Ringgit \$'000	Colombian Peso \$'000	Brazilian Real \$'000	Indonesian Rupiah \$'000	Other Currencies \$'000
30 June 2023						
Assets						
Cash and cash equivalents	-	-	20	4	3	133
Margin accounts	149	-	-	-	-	-
Due from brokers - receivable for securities sold	-	90	64	-	107	-
Financial assets at fair value through profit or loss	<u>6,326</u>	<u>1,932</u>	<u>1,925</u>	<u>1,905</u>	<u>1,886</u>	<u>5,839</u>
Total assets	<u>6,475</u>	<u>2,022</u>	<u>2,009</u>	<u>1,909</u>	<u>1,996</u>	<u>5,972</u>
Liabilities						
Bank overdraft	14	-	-	-	-	-
Margin accounts	219	-	-	-	-	-
Due to brokers - payable for securities purchased	663	-	64	-	-	-
Financial liabilities at fair value through profit or loss	<u>340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33</u>
Total liabilities (excluding net assets attributable to unitholder)	<u>1,236</u>	<u>-</u>	<u>64</u>	<u>-</u>	<u>-</u>	<u>33</u>
Net increase/(decrease) in exposure from foreign currency forward contracts						
- Buy foreign currency	13,568	-	-	-	-	12,957
- Sell foreign currency	<u>(43,778)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111)</u>	<u>(4,482)</u>
Net exposure including foreign currency forward contracts	<u>(24,971)</u>	<u>2,022</u>	<u>1,945</u>	<u>1,909</u>	<u>1,885</u>	<u>14,414</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Templeton Multisector Bond Fund					
	US Dollars \$'000	South Korean Won \$'000	Brazilian Real \$'000	Norwegian Kroner \$'000	Indonesian Rupiah \$'000	Other Currencies \$'000
30 June 2022						
Assets						
Cash and cash equivalents	1,885	–	–	–	–	193
Margin accounts	2,536	–	–	–	–	–
Financial assets at fair value through profit or loss	<u>5,292</u>	<u>3,316</u>	<u>2,989</u>	<u>2,847</u>	<u>2,781</u>	<u>12,964</u>
Total assets	<u>9,713</u>	<u>3,316</u>	<u>2,989</u>	<u>2,847</u>	<u>2,781</u>	<u>13,157</u>
Liabilities						
Margin accounts	114	–	–	–	–	–
Financial liabilities at fair value through profit or loss	<u>3,286</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,538</u>
Total liabilities (excluding net assets attributable to unitholder)	<u>3,400</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,538</u>
Net increase/(decrease) in exposure from foreign currency forward contracts						
- Buy foreign currency	30,198	3,821	–	1,220	–	28,059
- Sell foreign currency	<u>(71,480)</u>	<u>–</u>	<u>(123)</u>	<u>(1,178)</u>	<u>–</u>	<u>(20,492)</u>
Net exposure including foreign currency forward contracts	<u>(34,969)</u>	<u>7,137</u>	<u>2,866</u>	<u>2,889</u>	<u>2,781</u>	<u>19,186</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Templeton Global Aggregate Bond Fund					
	US Dollars \$'000	Euros \$'000	Japanese Yen \$'000	Renminbi \$'000	Polish Złoty \$'000	Other Currencies \$'000
30 June 2023						
Assets						
Cash and cash equivalents	1,913	233	10	-	-	625
Receivables	-	-	-	-	100	-
Financial assets at fair value through profit or loss	<u>20,050</u>	<u>8,114</u>	<u>4,195</u>	<u>3,004</u>	<u>2,303</u>	<u>4,053</u>
Total assets	<u>21,963</u>	<u>8,347</u>	<u>4,205</u>	<u>3,004</u>	<u>2,403</u>	<u>4,678</u>
Liabilities						
Margin accounts	136	-	-	-	-	-
Financial liabilities at fair value through profit or loss	<u>90</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>78</u>
Total liabilities (excluding net assets attributable to unitholder)	<u>226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>	<u>78</u>
Net increase/(decrease) in exposure from foreign currency forward contracts						
- Buy foreign currency	2,963	1,382	-	1,582	-	-
- Sell foreign currency	<u>(24,982)</u>	<u>(9,792)</u>	<u>(4,252)</u>	<u>(4,720)</u>	<u>(1,797)</u>	<u>(3,882)</u>
Net exposure including foreign currency forward contracts	<u>(282)</u>	<u>(63)</u>	<u>(47)</u>	<u>(134)</u>	<u>558</u>	<u>718</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Templeton Global Aggregate Bond Fund					
	US Dollars \$'000	Euros \$'000	Japanese Yen \$'000	Renminbi \$'000	British Pound \$'000	Other Currencies \$'000
30 June 2022						
Assets						
Cash and cash equivalents	5,898	625	38	111	27	319
Margin accounts	2,045	–	–	–	–	–
Receivables	–	–	–	–	–	87
Financial assets at fair value through profit or loss	<u>29,241</u>	<u>9,554</u>	<u>6,897</u>	<u>6,023</u>	<u>1,993</u>	<u>745</u>
Total assets	<u>37,184</u>	<u>10,179</u>	<u>6,935</u>	<u>6,134</u>	<u>2,020</u>	<u>1,151</u>
Liabilities						
Margin accounts	334	–	–	–	–	–
Financial liabilities at fair value through profit or loss	<u>2,581</u>	<u>337</u>	<u>–</u>	<u>278</u>	<u>39</u>	<u>7</u>
Total liabilities (excluding net assets attributable to unitholder)	<u>2,915</u>	<u>337</u>	<u>–</u>	<u>278</u>	<u>39</u>	<u>7</u>
Net increase/(decrease) in exposure from foreign currency forward contracts						
- Buy foreign currency	16,144	9,371	2,292	–	–	3,753
- Sell foreign currency	<u>(50,743)</u>	<u>(21,795)</u>	<u>(9,371)</u>	<u>(5,803)</u>	<u>(2,417)</u>	<u>(3,941)</u>
Net exposure including foreign currency forward contracts	<u>(330)</u>	<u>(2,582)</u>	<u>(144)</u>	<u>53</u>	<u>(436)</u>	<u>956</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Australian Absolute Return Bond Fund					
	US Dollars \$'000	New Zealand Dollars \$'000	Indian Rupee \$'000	Euros \$'000	Renminbi \$'000	Other Currencies \$'000
30 June 2023						
Assets						
Cash and cash equivalents	2,376	1,197	-	307	-	273
Margin accounts	431	-	-	-	-	-
Receivables	-	4	-	-	-	-
Financial assets at fair value through profit or loss	<u>252,386</u>	<u>58,377</u>	<u>33,920</u>	<u>11,029</u>	-	-
Total assets	<u>255,193</u>	<u>59,578</u>	<u>33,920</u>	<u>11,336</u>	-	<u>273</u>
Liabilities						
Margin accounts	425	-	-	-	-	-
Financial liabilities at fair value through profit or loss	<u>25,806</u>	<u>212</u>	<u>716</u>	<u>156</u>	<u>1,226</u>	-
Total liabilities (excluding net assets attributable to unitholder)	<u>26,231</u>	<u>212</u>	<u>716</u>	<u>156</u>	<u>1,226</u>	-
Net increase/(decrease) in exposure from foreign currency forward contracts						
- Buy foreign currency	875,061	180,542	-	-	-	41,551
- Sell foreign currency	<u>(1,687,740)</u>	<u>(359,079)</u>	<u>(35,937)</u>	<u>(32,980)</u>	-	-
Net exposure including foreign currency forward contracts	<u>(583,717)</u>	<u>(119,171)</u>	<u>(2,733)</u>	<u>(21,800)</u>	<u>(1,226)</u>	<u>41,824</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Australian Absolute Return Bond Fund					
	US Dollars \$'000	New Zealand Dollars \$'000	Indian Rupee \$'000	Euros \$'000	Renminbi \$'000	Other Currencies \$'000
30 June 2022						
Assets						
Cash and cash equivalents	2,554	93	–	108	–	269
Financial assets at fair value through profit or loss	<u>219,534</u>	<u>56,951</u>	<u>53,550</u>	<u>9,723</u>	<u>1,311</u>	<u>14</u>
Total assets	<u>222,088</u>	<u>57,044</u>	<u>53,550</u>	<u>9,831</u>	<u>1,311</u>	<u>283</u>
Liabilities						
Margin accounts	496	–	–	–	–	–
Financial liabilities at fair value through profit or loss	<u>6,670</u>	<u>101</u>	<u>–</u>	<u>454</u>	<u>–</u>	<u>–</u>
Total liabilities (excluding net assets attributable to unitholder)	<u>7,166</u>	<u>101</u>	<u>–</u>	<u>454</u>	<u>–</u>	<u>–</u>
Net increase/ (decrease) in exposure from foreign currency forward contracts						
- Buy foreign currency	61,650	–	–	–	–	–
- Sell foreign currency	<u>(310,309)</u>	<u>(57,481)</u>	<u>(33,856)</u>	<u>(10,618)</u>	<u>–</u>	<u>–</u>
Net exposure including foreign currency forward contracts	<u>(33,737)</u>	<u>(538)</u>	<u>19,694</u>	<u>(1,241)</u>	<u>1,311</u>	<u>283</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Australian Core Plus Bond Fund					
	US Dollars \$'000	New Zealand Dollars \$'000	Indian Rupee \$'000	Renminbi \$'000	Canadian Dollars \$'000	Other Currencies \$'000
30 June 2023						
Assets						
Cash and cash equivalents	423	91	-	-	5	9
Margin accounts	11	-	-	-	-	-
Financial assets at fair value through profit or loss	<u>4,845</u>	<u>3,491</u>	<u>1,345</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>5,279</u>	<u>3,582</u>	<u>1,345</u>	<u>-</u>	<u>5</u>	<u>9</u>
Liabilities						
Margin accounts	12	-	-	-	-	-
Financial liabilities at fair value through profit or loss	<u>916</u>	<u>12</u>	<u>33</u>	<u>61</u>	<u>-</u>	<u>-</u>
Total liabilities (excluding net assets attributable to unitholder)	<u>928</u>	<u>12</u>	<u>33</u>	<u>61</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in exposure from foreign currency forward contracts						
- Buy foreign currency	33,963	10,371	-	-	-	2,391
- Sell foreign currency	<u>(53,161)</u>	<u>(21,131)</u>	<u>(630)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net exposure including foreign currency forward contracts	<u>(14,847)</u>	<u>(7,190)</u>	<u>682</u>	<u>(61)</u>	<u>5</u>	<u>2,400</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Australian Core Plus Bond Fund					
	US Dollars \$'000	New Zealand Dollars \$'000	Indian Rupee \$'000	Renminbi \$'000	Japanese Yen \$'000	Other Currencies \$'000
30 June 2022						
Assets						
Cash and cash equivalents	105	29	-	-	-	13
Financial assets at fair value through profit or loss	3,032	2,793	2,306	54	1	-
Total assets	<u>3,137</u>	<u>2,822</u>	<u>2,306</u>	<u>54</u>	<u>1</u>	<u>13</u>
Liabilities						
Financial liabilities at fair value through profit or loss	163	5	-	-	-	13
Total liabilities (excluding net assets attributable to unitholder)	<u>163</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13</u>
Net increase/ (decrease) in exposure from foreign currency forward contracts						
- Buy foreign currency	2,370	-	-	-	-	-
- Sell foreign currency	<u>(6,829)</u>	<u>(2,833)</u>	<u>(1,371)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net exposure including foreign currency forward contracts	<u>(1,485)</u>	<u>(16)</u>	<u>935</u>	<u>54</u>	<u>1</u>	<u>-</u>

For Franklin Australian Absolute Return Bond Fund and Franklin Australian Core Plus Bond Fund, the geographic exposures outside Australia are assessed based on country of risk. These generally relate to where the issuer of the security is domiciled or the geography of where the issuer of the security carries out majority of its business. Many of these foreign companies, however, have issued bonds in the Australian bond market with securities denominated in Australian Dollars and linked to Australian interest rates. A smaller proportion of the funds' holdings are sourced from offshore markets, which includes bonds issued by Australian companies in US Dollars, and bonds issued by foreign entities in US Dollars or Euros. All foreign denominated exposures are hedged back to Australian Dollars, minimising the funds' sensitivity to foreign currency movements.

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Funds are exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Funds to fair value interest rate risk.

The Funds' interest bearing financial assets and financial liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The tables below summarise the Funds' year end assets and liabilities that have floating interest rates, fixed interest rates or are non-interest bearing:

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2023

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

30 June 2023	Franklin Global Growth Fund			Total \$'000
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	
Financial assets				
Cash and cash equivalents	52,363	-	-	52,363
Receivables	-	-	2,290	2,290
Accrued income	-	-	219	219
Financial assets at fair value through profit or loss	-	-	970,716	970,716
Total assets	52,363	-	973,225	1,025,588
Financial liabilities				
Distribution payable	-	-	34,725	34,725
Payables	-	-	4,254	4,254
Financial liabilities at fair value through profit or loss	-	-	434	434
Total liabilities (excluding net assets attributable to unitholders)	-	-	39,413	39,413
Net assets attributable to unitholders - liability	52,363	-	933,812	986,175
Net exposure	52,363	-	933,812	986,175
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2022				
Financial assets				
Cash and cash equivalents	36,241	-	-	36,241
Margin accounts	2,327	-	-	2,327
Receivables	-	-	3,028	3,028
Accrued income	-	-	559	559
Due from brokers - receivable for securities sold	-	-	3,085	3,085
Financial assets at fair value through profit or loss	-	-	1,005,463	1,005,463
Total assets	38,568	-	1,012,135	1,050,703
Financial liabilities				
Distribution payable	-	-	1,991	1,991
Payables	-	-	8,856	8,856
Due to brokers - payable for securities purchased	-	-	920	920
Financial liabilities at fair value through profit or loss	-	-	2,822	2,822
Total liabilities (excluding net assets attributable to unitholders)	-	-	14,589	14,589
Net assets attributable to unitholders - liability	38,568	-	997,546	1,036,114
Net exposure	38,568	-	997,546	1,036,114

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2023

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

	Franklin Templeton Multisector Bond Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2023				
Financial assets				
Cash and cash equivalents	247	-	-	247
Margin accounts	149	-	-	149
Receivables	-	-	6	6
Due from brokers - receivable for securities sold	-	-	261	261
Financial assets at fair value through profit or loss	<u>2,917</u>	<u>18,169</u>	<u>374</u>	<u>21,460</u>
Total assets	<u>3,313</u>	<u>18,169</u>	<u>641</u>	<u>22,123</u>
Financial liabilities				
Margin accounts	219	-	-	219
Payables	-	-	219	219
Due to brokers - payable for securities purchased	-	-	727	727
Financial liabilities at fair value through profit or loss	<u>8</u>	<u>-</u>	<u>433</u>	<u>441</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>227</u>	<u>-</u>	<u>1,379</u>	<u>1,606</u>
Net assets attributable to unitholders - liability	<u>3,086</u>	<u>18,169</u>	<u>(738)</u>	<u>20,517</u>
Net exposure	<u>3,086</u>	<u>18,169</u>	<u>(738)</u>	<u>20,517</u>
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2022				
Financial assets				
Cash and cash equivalents	2,835	-	-	2,835
Margin accounts	2,536	-	-	2,536
Receivables	-	-	12	12
Financial assets at fair value through profit or loss	<u>4,935</u>	<u>23,706</u>	<u>1,548</u>	<u>30,189</u>
Total assets	<u>10,306</u>	<u>23,706</u>	<u>1,560</u>	<u>35,572</u>
Financial liabilities				
Margin accounts	114	-	-	114
Payables	-	-	388	388
Financial liabilities at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>4,824</u>	<u>4,824</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>114</u>	<u>-</u>	<u>5,212</u>	<u>5,326</u>
Net assets attributable to unitholders - liability	<u>10,192</u>	<u>23,706</u>	<u>(3,652)</u>	<u>30,246</u>
Net exposure	<u>10,192</u>	<u>23,706</u>	<u>(3,652)</u>	<u>30,246</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

	Franklin Templeton Global Aggregate Bond Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2023				
Financial assets				
Cash and cash equivalents	6,494	-	-	6,494
Receivables	-	-	110	110
Financial assets at fair value through profit or loss	4,025	37,681	629	42,335
Total assets	10,519	37,681	739	48,939
Financial liabilities				
Margin accounts	136	-	-	136
Payables	-	-	368	368
Financial liabilities at fair value through profit or loss	-	-	286	286
Total liabilities (excluding net assets attributable to unitholders)	136	-	654	790
Net assets attributable to unitholders - liability	10,383	37,681	85	48,149
Net increase/(decrease) in exposure from International fixed interest futures	-	(393)	-	(393)
Net exposure	10,383	37,288	85	47,756
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2022				
Financial assets				
Cash and cash equivalents	10,415	-	-	10,415
Margin accounts	2,045	-	-	2,045
Receivables	-	-	102	102
Financial assets at fair value through profit or loss	4,460	49,292	701	54,453
Total assets	16,920	49,292	803	67,015
Financial liabilities				
Margin accounts	334	-	-	334
Payables	-	-	459	459
Financial liabilities at fair value through profit or loss	-	6	3,235	3,241
Total liabilities (excluding net assets attributable to unitholders)	334	6	3,694	4,034
Net assets attributable to unitholders - liability	16,586	49,286	(2,891)	62,981
Net increase/(decrease) in exposure from International fixed interest futures	-	605	-	605
Net exposure	16,586	49,891	(2,891)	63,586

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2023

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

	Franklin Australian Absolute Return Bond Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2023				
Financial assets				
Cash and cash equivalents	12,864	-	-	12,864
Margin accounts	34,916	-	-	34,916
Receivables	-	-	1,452	1,452
Accrued income	-	-	21	21
Financial assets at fair value through profit or loss	<u>214,645</u>	<u>1,103,604</u>	<u>2,954</u>	<u>1,321,203</u>
Total assets	<u>262,425</u>	<u>1,103,604</u>	<u>4,427</u>	<u>1,370,456</u>
Financial liabilities				
Margin accounts	976	-	-	976
Distribution payable	-	-	4,302	4,302
Payables	-	-	17,049	17,049
Financial liabilities at fair value through profit or loss	<u>15,110</u>	<u>7,853</u>	<u>8,964</u>	<u>31,927</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>16,086</u>	<u>7,853</u>	<u>30,315</u>	<u>54,254</u>
Net assets attributable to unitholders - liability	<u>246,339</u>	<u>1,095,751</u>	<u>(25,888)</u>	<u>1,316,202</u>
Net increase/(decrease) in exposure from Australian fixed interest futures	-	52,523	-	52,523
Net increase/(decrease) in exposure from International fixed interest futures	-	260,459	-	260,459
Net increase/(decrease) in exposure from Australian money market futures	<u>1,088,838</u>	<u>-</u>	<u>-</u>	<u>1,088,838</u>
Net exposure	<u>1,335,177</u>	<u>1,408,733</u>	<u>(25,888)</u>	<u>2,718,022</u>
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2022				
Financial assets				
Cash and cash equivalents	45,366	-	-	45,366
Margin accounts	12,711	-	-	12,711
Receivables	-	-	1,309	1,309
Accrued income	-	-	16	16
Financial assets at fair value through profit or loss	<u>150,888</u>	<u>1,177,820</u>	<u>2,089</u>	<u>1,330,797</u>
Total assets	<u>208,965</u>	<u>1,177,820</u>	<u>3,414</u>	<u>1,390,199</u>
Financial liabilities				
Margin accounts	496	-	-	496
Distribution payable	-	-	26,190	26,190
Payables	-	-	17,028	17,028
Due to brokers - payable for securities purchased	-	-	423	423
Financial liabilities at fair value through profit or loss	<u>-</u>	<u>1,058</u>	<u>6,958</u>	<u>8,016</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>496</u>	<u>1,058</u>	<u>50,599</u>	<u>52,153</u>
Net assets attributable to unitholders - liability	<u>208,469</u>	<u>1,176,762</u>	<u>(47,185)</u>	<u>1,338,046</u>
Net increase/(decrease) in exposure from Australian fixed interest futures	-	(515,171)	-	(515,171)

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

	Franklin Australian Absolute Return Bond Fund			
Net increase/(decrease) in exposure from International fixed interest futures	—	(238,741)	—	(238,741)
Net exposure	<u>208,469</u>	<u>422,850</u>	<u>(47,185)</u>	<u>584,134</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

	Franklin Australian Core Plus Bond Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2023				
Financial assets				
Cash and cash equivalents	4,678	–	–	4,678
Margin accounts	1,584	–	–	1,584
Receivables	–	–	127	127
Financial assets at fair value through profit or loss	<u>6,418</u>	<u>64,166</u>	<u>174</u>	<u>70,758</u>
Total assets	<u>12,680</u>	<u>64,166</u>	<u>301</u>	<u>77,147</u>
Financial liabilities				
Margin accounts	17	–	–	17
Payables	–	–	2,336	2,336
Financial liabilities at fair value through profit or loss	<u>602</u>	<u>635</u>	<u>201</u>	<u>1,438</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>619</u>	<u>635</u>	<u>2,537</u>	<u>3,791</u>
Net assets attributable to unitholders - liability	<u>12,061</u>	<u>63,531</u>	<u>(2,236)</u>	<u>73,356</u>
Net increase/(decrease) in exposure from Australian fixed interest futures	–	30,912	–	30,912
Net increase/(decrease) in exposure from International fixed interest futures	–	16,964	–	16,964
Net increase/(decrease) in exposure from Australian money market futures	<u>62,192</u>	<u>–</u>	<u>–</u>	<u>62,192</u>
Net exposure	<u>74,253</u>	<u>111,407</u>	<u>(2,236)</u>	<u>183,424</u>
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2022				
Financial assets				
Cash and cash equivalents	10,331	–	–	10,331
Margin accounts	731	–	–	731
Receivables	–	–	29	29
Accrued income	–	–	81	81
Financial assets at fair value through profit or loss	<u>1,058</u>	<u>51,834</u>	<u>3,935</u>	<u>56,827</u>
Total assets	<u>12,120</u>	<u>51,834</u>	<u>4,045</u>	<u>67,999</u>
Financial liabilities				
Payables	–	–	79	79
Financial liabilities at fair value through profit or loss	<u>–</u>	<u>13</u>	<u>168</u>	<u>181</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>–</u>	<u>13</u>	<u>247</u>	<u>260</u>
Net assets attributable to unitholders - liability	<u>12,120</u>	<u>51,821</u>	<u>3,798</u>	<u>67,739</u>
Net increase/(decrease) in exposure from Australian fixed interest futures	–	18,036	–	18,036
Net increase/(decrease) in exposure from International fixed interest futures	–	(7,521)	–	(7,521)
Net increase/(decrease) in exposure from Australian money market futures	<u>42,288</u>	<u>–</u>	<u>–</u>	<u>42,288</u>
Net exposure	<u>54,408</u>	<u>62,336</u>	<u>3,798</u>	<u>120,542</u>

3 Financial risk management (continued)

(b) Value-at-Risk ("VaR")

VaR is a statistical technique that attempts to summarise the exposure of a given portfolio to market risk by making assumptions about the expected probability distribution of future portfolio returns. VaR represents the maximum reasonable loss that an investor could expect during a time period, with a given probability.

In order to estimate this future market risk, VaR assumes a normal or "bell shaped" curve of future portfolio returns and uses the unique characteristics of the normal distribution-primarily symmetry of future returns both higher and lower than the average future return to estimate the amount of the possible future losses.

To calculate VaR, the Responsible Entity uses the historic price volatility and correlations of current portfolio holdings to calculate both the historic average return and the historic standard deviation of returns around the average. These statistics are then extrapolated into the future using the assumption of normal distribution to calculate an expected loss if the future portfolio return volatility behaves according to these assumptions.

The VaR calculation presented here for the Funds use a 99% confidence interval and assumes a 3-month holding period.

Assumptions and limitations of VaR

The calculation process involves gathering the historical price volatility and correlations of the current portfolio holdings to arrive at an estimate of predicted future volatility and expected risk of loss.

These limitations and the nature of the VaR measures mean that the Funds can neither guarantee that losses will not exceed the VaR amounts indicated nor that losses in excess of the VaR amounts will not occur more frequently than is stipulated by the model.

VaR represents the probable expected loss that could be experienced during a given period - not the maximum loss that an investor could experience.

It must be noted however that while the VaR model is an important and valuable risk management tool, it cannot and does not take account of all possible market conditions and extremities that may impact market price risk. For further information regarding market price risk and other risk factors please refer to the Funds' Information Memorandum and Product Disclosure Statement or speak to your financial advisor.

The following table summarises the estimated market risk impact to the profitability of the Funds. The estimated impact has been calculated on the basis of a VaR number incorporating market price, currency and interest rate factors into an overall return risk.

Franklin Global Growth Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2023	5.15	986,175	50,788
30 June 2022	27.39	1,036,114	283,792
Franklin Templeton Multisector Bond Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2023	2.30	20,517	472
30 June 2022	8.81	30,246	2,665
Franklin Templeton Global Aggregate Bond Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2023	1.03	48,149	496
30 June 2022	3.44	62,981	2,167
Franklin Australian Absolute Return Bond Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2023	0.65	1,316,202	8,555
30 June 2022	2.39	1,338,046	31,979
Franklin Australian Core Plus Bond Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2023	1.99	73,356	1,460
30 June 2022	7.24	67,739	4,904

3 Financial risk management (continued)

(c) Credit risk

The Funds are exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due.

The main concentration of credit risk, to which the Funds are exposed, arises from the Funds' investment in debt securities. The Funds are also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables. No loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

Credit risk is managed by ensuring that:

- counterparties with respective credit limits are approved by the Responsible Entity; and
- transactions are undertaken with a number of counterparties.

The Funds invest in fixed interest securities and money market securities which have credit ratings as rated by well-known rating agencies. For unrated fixed interest securities a rating is assigned by the Investment Manager using an approach that is consistent with the approach used by rating agencies.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. An analysis of directly held fixed interest securities and money market securities by rating is set out in the table below:

Rating	Franklin Templeton Multisector Bond Fund	
	30 June 2023 \$'000	30 June 2022 \$'000
AAA	4,197	2,847
AA+	1,652	–
AA	475	210
AA-	–	622
A+	356	–
A-	1,932	–
BBB+	1,911	280
BBB	1,886	1,793
BBB-	2,534	2,227
BB+	785	242
BB	439	–
BB-	1,905	3,677
B	877	1,675
B-	930	1,283
CCC+	365	321
CC	–	95
D	842	476
Not-rated	–	12,675
Total	21,086	28,423

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3 Financial risk management (continued)

(c) Credit risk (continued)

Rating	Franklin Templeton Global Aggregate Bond Fund	
	30 June 2023	30 June 2022
	\$'000	\$'000
AAA	2,647	5,745
AA+	1,526	764
AA	3,330	666
AA-	986	4,321
A+	9,169	5,338
A	148	6,319
A-	7,051	4,479
BBB+	8,000	8,282
BBB	7,509	6,264
BBB-	731	3,619
BB-	-	612
B-	-	1,048
CCC	71	118
D	152	-
Not-rated	371	6,177
Total	41,691	53,752

Rating	Franklin Australian Absolute Return Bond Fund	
	30 June 2023	30 June 2022
	\$'000	\$'000
AAA	151,330	292,242
AA+	22,068	31,243
AA	68,328	30,763
AA-	63,695	123,209
A+	235,128	172,382
A	61,389	86,768
A-	152,370	168,843
BBB+	302,803	178,866
BBB	164,005	171,953
BBB-	88,210	65,242
BB+	-	4,282
Total	1,309,326	1,325,793

3 Financial risk management (continued)

(c) Credit risk (continued)

Rating	Franklin Australian Core Plus Bond Fund	
	30 June 2023 \$'000	30 June 2022 \$'000
AAA	32,079	30,832
AA+	8,744	7,991
AA	4,186	1,711
AA-	2,955	2,460
A+	4,382	2,923
A	1,517	–
A-	3,215	1,652
BBB+	7,762	1,819
BBB	3,190	1,971
BBB-	1,999	1,203
BB+	–	214
Total	<u>70,029</u>	<u>52,776</u>

Franklin Global Growth Fund do not have any direct exposure to credit risk.

(d) Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle their obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Funds are exposed to daily cash redemptions of redeemable units. The Funds primarily hold investments that are traded in active markets and can be readily disposed. Only a limited proportion of their assets are held in investments not actively traded on a stock exchange.

The Responsible Entity monitors liquidity of the Funds on a daily basis. In order to manage the Funds' overall liquidity, the Funds have the ability to suspend unit pricing and hence suspend redemption requests. The Funds did not suspend redemptions as a result of suspending unit pricing in the current or prior year.

The tables below analyse the Funds' financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period. The amounts in the table are contractual undiscounted cash flows.

Franklin Templeton Australia Funds
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3 Financial risk management (continued)

(d) Liquidity risk (continued)

30 June 2023	Franklin Global Growth Fund				
	Less than 1 month	1 - 6 months	6 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	434	-	-	-	434
Distribution payable	34,725	-	-	-	34,725
Payables	4,254	-	-	-	4,254
Net assets attributable to unitholders	986,175	-	-	-	986,175
Total	1,025,588	-	-	-	1,025,588

30 June 2022	Franklin Global Growth Fund				
	Less than 1 month	1 - 6 months	6 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	2,822	-	-	-	2,822
Distribution payable	1,991	-	-	-	1,991
Payables	8,856	-	-	-	8,856
Due to brokers - payable for securities purchased	920	-	-	-	920
Net assets attributable to unitholders	1,036,114	-	-	-	1,036,114
Total	1,050,703	-	-	-	1,050,703

30 June 2023	Franklin Templeton Multisector Bond Fund				
	Less than 1 month	1 - 6 months	6 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	159	273	-	9	441
Margin accounts	219	-	-	-	219
Payables	219	-	-	-	219
Due to brokers - payable for securities purchased	727	-	-	-	727
Net assets attributable to unitholders	20,517	-	-	-	20,517
Total	21,841	273	-	9	22,123

30 June 2022	Franklin Templeton Multisector Bond Fund				
	Less than 1 month	1 - 6 months	6 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	1,563	3,236	25	-	4,824
Margin accounts	114	-	-	-	114
Payables	388	-	-	-	388
Net assets attributable to unitholders	30,246	-	-	-	30,246
Total	32,311	3,236	25	-	35,572

Franklin Templeton Australia Funds
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3 Financial risk management (continued)

(d) Liquidity risk (continued)

30 June 2023	Franklin Templeton Global Aggregate Bond Fund				
	Less than 1 month	1 - 6 months	6 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	286	-	-	-	286
Margin accounts	136	-	-	-	136
Payables	368	-	-	-	368
Net assets attributable to unitholders	48,149	-	-	-	48,149
Total	48,939	-	-	-	48,939

30 June 2022	Franklin Templeton Global Aggregate Bond Fund				
	Less than 1 month	1 - 6 months	6 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	-	3,241	-	-	3,241
Margin accounts	334	-	-	-	334
Payables	459	-	-	-	459
Net assets attributable to unitholders	62,981	-	-	-	62,981
Total	63,774	3,241	-	-	67,015

30 June 2023	Franklin Australian Absolute Return Bond Fund				
	Less than 1 month	1 - 6 months	6 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	8,964	5,085	-	17,878	31,927
Margin accounts	976	-	-	-	976
Distribution payable	4,302	-	-	-	4,302
Payables	17,049	-	-	-	17,049
Net assets attributable to unitholders	1,316,202	-	-	-	1,316,202
Total	1,347,493	5,085	-	17,878	1,370,456

30 June 2022	Franklin Australian Absolute Return Bond Fund				
	Less than 1 month	1 - 6 months	6 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	6,958	1,058	-	-	8,016
Margin accounts	496	-	-	-	496
Distribution payable	26,190	-	-	-	26,190
Payables	17,028	-	-	-	17,028
Due to brokers - payable for securities purchased	423	-	-	-	423
Net assets attributable to unitholders	1,338,046	-	-	-	1,338,046
Total	1,389,141	1,058	-	-	1,390,199

3 Financial risk management (continued)

(d) Liquidity risk (continued)

30 June 2023	Franklin Australian Core Plus Bond Fund				Total \$'000
	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	
Financial liabilities at fair value through profit or loss	114	497	-	827	1,438
Margin accounts	17	-	-	-	17
Payables	2,336	-	-	-	2,336
Net assets attributable to unitholders	73,356	-	-	-	73,356
Total	75,823	497	-	827	77,147

30 June 2022					Total \$'000
	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	
Financial liabilities at fair value through profit or loss	168	13	-	-	181
Payables	79	-	-	-	79
Net assets attributable to unitholders	67,739	-	-	-	67,739
Total	67,986	13	-	-	67,999

4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the balance sheets are disclosed in the first three columns of the tables below:

4 Offsetting financial assets and financial liabilities (continued)

Franklin Global Growth Fund						
	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2023						
Financial assets						
Derivatives financial instruments (i)	11	(1)	10	(10)	-	-
Total	<u>11</u>	<u>(1)</u>	<u>10</u>	<u>(10)</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Derivatives financial instruments (i)	434	(1)	433	(10)	-	423
Total	<u>434</u>	<u>(1)</u>	<u>433</u>	<u>(10)</u>	<u>-</u>	<u>423</u>

Franklin Global Growth Fund						
	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2022						
Financial assets						
Derivatives financial instruments (i)	72	-	72	(72)	-	-
Total	<u>72</u>	<u>-</u>	<u>72</u>	<u>(72)</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Derivatives financial instruments (i)	2,822	-	2,822	(72)	-	2,750
Total	<u>2,822</u>	<u>-</u>	<u>2,822</u>	<u>(72)</u>	<u>-</u>	<u>2,750</u>

4 Offsetting financial assets and financial liabilities (continued)

Franklin Templeton Multisector Bond Fund

	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2023						
Financial assets						
Derivatives financial instruments (i)	372	(8)	364	(364)	-	-
Total	<u>372</u>	<u>(8)</u>	<u>364</u>	<u>(364)</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Derivatives financial instruments (i)	441	(8)	433	(364)	-	69
Total	<u>441</u>	<u>(8)</u>	<u>433</u>	<u>(364)</u>	<u>-</u>	<u>69</u>

	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2022						
Financial assets						
Derivatives financial instruments (i)	1,764	(1)	1,763	(1,763)	-	-
Total	<u>1,764</u>	<u>(1)</u>	<u>1,763</u>	<u>(1,763)</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Derivatives financial instruments (i)	4,824	(1)	4,823	(1,763)	-	3,060
Total	<u>4,824</u>	<u>(1)</u>	<u>4,823</u>	<u>(1,763)</u>	<u>-</u>	<u>3,060</u>

4 Offsetting financial assets and financial liabilities (continued)

Franklin Templeton Global Aggregate Bond Fund						
	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2023						
Financial assets						
Derivatives financial instruments (i)	644	(196)	448	(90)	-	358
Total	<u>644</u>	<u>(196)</u>	<u>448</u>	<u>(90)</u>	<u>-</u>	<u>358</u>
Financial liabilities						
Derivatives financial instruments (i)	286	(196)	90	(90)	-	-
Total	<u>286</u>	<u>(196)</u>	<u>90</u>	<u>(90)</u>	<u>-</u>	<u>-</u>

Franklin Templeton Global Aggregate Bond Fund						
	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2022						
Financial assets						
Derivatives financial instruments (i)	701	-	701	(701)	-	-
Total	<u>701</u>	<u>-</u>	<u>701</u>	<u>(701)</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Derivatives financial instruments (i)	3,241	-	3,241	(701)	-	2,540
Total	<u>3,241</u>	<u>-</u>	<u>3,241</u>	<u>(701)</u>	<u>-</u>	<u>2,540</u>

4 Offsetting financial assets and financial liabilities (continued)

Franklin Australian Absolute Return Bond Fund						
Effects of offsetting on the balance sheet			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2023						
Financial assets						
Derivatives financial instruments (i)	11,877	(711)	11,166	(11,166)	-	-
Total	<u>11,877</u>	<u>(711)</u>	<u>11,166</u>	<u>(11,166)</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Derivatives financial instruments (i)	31,927	(711)	31,216	(11,166)	-	20,050
Total	<u>31,927</u>	<u>(711)</u>	<u>31,216</u>	<u>(11,166)</u>	<u>-</u>	<u>20,050</u>
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2022						
Financial assets						
Derivatives financial instruments (i)	5,004	(17)	4,987	(4,987)	-	-
Total	<u>5,004</u>	<u>(17)</u>	<u>4,987</u>	<u>(4,987)</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Derivatives financial instruments (i)	8,016	(17)	7,999	(4,987)	-	3,012
Total	<u>8,016</u>	<u>(17)</u>	<u>7,999</u>	<u>(4,987)</u>	<u>-</u>	<u>3,012</u>

4 Offsetting financial assets and financial liabilities (continued)

Franklin Australian Core Plus Bond Fund						
Effects of offsetting on the balance sheet			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2023						
Financial assets						
Derivatives financial instruments (i)	729	(21)	708	(708)	-	-
Total	<u>729</u>	<u>(21)</u>	<u>708</u>	<u>(708)</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Derivatives financial instruments (i)	1,438	(21)	1,417	(708)	-	709
Total	<u>1,438</u>	<u>(21)</u>	<u>1,417</u>	<u>(708)</u>	<u>-</u>	<u>709</u>

Franklin Australian Core Plus Bond Fund						
Effects of offsetting on the balance sheet			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the balance sheet \$'000	Net amount of financial assets and liabilities presented in the balance sheet \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2022						
Financial assets						
Derivatives financial instruments (i)	161	-	161	(161)	-	-
Total	<u>161</u>	<u>-</u>	<u>161</u>	<u>(161)</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Derivatives financial instruments (i)	181	-	181	(161)	-	20
Total	<u>181</u>	<u>-</u>	<u>181</u>	<u>(161)</u>	<u>-</u>	<u>20</u>

4 Offsetting financial assets and financial liabilities (continued)

(i) Master netting arrangement not currently enforceable

Agreements with derivative counterparties are based on the ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Funds do not presently have the legally enforceable right of set off, these amounts have not been offset in the balance sheets, but have been presented separately in the above tables.

5 Fair value measurement

The Funds measure and recognise the following assets and liabilities at fair value on a recurring basis;

- Financial assets/liabilities at fair value through profit or loss (see note 6 and 7); and
- Derivative financial instruments (see note 8).

The Funds have no assets or liabilities measured at fair value on a non-recurring basis in the current financial year.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting year without any deduction for estimated future selling costs.

The Funds value their investments in accordance with the accounting policies set out in note 2. For the majority of their investments, the Funds rely on information provided by independent pricing services for the valuation of their investments.

The quoted market price used for financial assets and financial liabilities held by the Funds is the last traded market price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting year applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting year. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Funds would receive or pay to terminate the contract at the end of the financial year taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties. The fair value of a forward contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates as at the valuation date.

Investments in other unlisted unit trusts are recorded at the net asset value per unit as reported by the investment managers of such funds.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Funds hold. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Funds for similar financial instruments.

5 Fair value measurement (continued)

Recognised fair value measurements

The tables below set out the Funds' financial assets and liabilities measured at fair value according to the fair value hierarchy at 30 June 2023 and 30 June 2022:

At 30 June 2023	Franklin Global Growth Fund			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets at fair value through profit or loss				
Derivatives	–	11	–	11
Listed equities	944,795	–	–	944,795
Listed unit trusts	25,910	–	–	25,910
Total	970,705	11	–	970,716
Financial liabilities at fair value through profit or loss				
Derivatives	–	434	–	434
Total	–	434	–	434
At 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	–	72	–	72
Listed equities	976,727	–	–	976,727
Listed unit trusts	28,664	–	–	28,664
Total	1,005,391	72	–	1,005,463
Financial liabilities at fair value through profit or loss				
Derivatives	–	2,822	–	2,822
Total	–	2,822	–	2,822

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5 Fair value measurement (continued)

Recognised fair value measurements (continued)

At 30 June 2023	Franklin Templeton Multisector Bond Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	-	372	-	372
Fixed interest securities	-	18,169	-	18,169
Listed equities	-	-	2	2
Money market securities	2,917	-	-	2,917
Total	2,917	18,541	2	21,460
Financial liabilities at fair value through profit or loss				
Derivatives	-	441	-	441
Total	-	441	-	441
At 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	-	1,764	-	1,764
Fixed interest securities	-	23,694	11	23,705
Listed equities	-	-	2	2
Money market securities	4,718	-	-	4,718
Total	4,718	25,458	13	30,189
Financial liabilities at fair value through profit or loss				
Derivatives	-	4,824	-	4,824
Total	-	4,824	-	4,824

At 30 June 2023	Franklin Templeton Global Aggregate Bond Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	15	629	-	644
Fixed interest securities	-	41,691	-	41,691
Total	15	42,320	-	42,335
Financial liabilities at fair value through profit or loss				
Derivatives	-	286	-	286
Total	-	286	-	286
At 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	-	701	-	701
Fixed interest securities	-	53,752	-	53,752
Total	-	54,453	-	54,453
Financial liabilities at fair value through profit or loss				
Derivatives	6	3,235	-	3,241
Total	6	3,235	-	3,241

Franklin Templeton Australia Funds
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5 Fair value measurement (continued)

Recognised fair value measurements (continued)

Franklin Australian Absolute Return Bond Fund				
At 30 June 2023	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Derivatives	2,380	9,497	–	11,877
Fixed interest securities	–	1,305,300	–	1,305,300
Money market securities	4,026	–	–	4,026
Total	6,406	1,314,797	–	1,321,203
Financial liabilities at fair value through profit or loss				
Derivatives	8,342	23,585	–	31,927
Total	8,342	23,585	–	31,927
At 30 June 2022				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Derivatives	1,590	3,414	–	5,004
Fixed interest securities	–	1,320,793	5,000	1,325,793
Total	1,590	1,324,207	5,000	1,330,797
Financial liabilities at fair value through profit or loss				
Derivatives	1,058	6,958	–	8,016
Total	1,058	6,958	–	8,016
Franklin Australian Core Plus Bond Fund				
At 30 June 2023	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Derivatives	99	630	–	729
Fixed interest securities	–	70,029	–	70,029
Total	99	70,659	–	70,758
Financial liabilities at fair value through profit or loss				
Derivatives	683	755	–	1,438
Total	683	755	–	1,438
At 30 June 2022				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Derivatives	61	100	–	161
Fixed interest securities	–	52,776	–	52,776
Unlisted unit trusts	–	3,890	–	3,890
Total	61	56,766	–	56,827
Financial liabilities at fair value through profit or loss				
Derivatives	13	168	–	181
Total	13	168	–	181

The Funds' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Franklin Templeton Australia Funds
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5 Fair value measurement (continued)

(iii) Transfers between levels

The following table present the transfers between levels of the fair value hierarchy in the year ended 30 June 2023 and 30 June 2022.

At 30 June 2023	Franklin Templeton Multisector Bond Fund		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between levels 2 and 3: Fixed interest securities	-	-	-
At 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between levels 2 and 3: Fixed interest securities	-	(11)	11

At 30 June 2023	Franklin Australian Absolute Return Bond Fund		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between levels 2 and 3: Floating rate notes	-	5,000	(5,000)
At 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between levels 2 and 3: Floating rate notes	-	-	-

(iv) Movement in level 3 instruments

The following table presents investments classified as level 3 within the Funds as at 30 June 2023 and 30 June 2022.

	Franklin Templeton Multisector Bond Fund			
	Equity securities		Fixed interest securities	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Opening balance 1 July 2022	2	-	11	-
Purchases	-	-	-	-
Sales	-	-	(11)	-
Transfer into level 3	-	-	-	11
Transfer out of level 3	-	-	-	-
Gains and losses recognised in profit or loss	-	2	-	-
Closing balance	2	2	-	11
Total gains or losses for the year included in the statements of comprehensive income for financial assets and liabilities held at the balance sheet date	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>

	Franklin Australian Absolute Return Bond Fund	
	Fixed interest securities	
	30 June 2023 \$'000	30 June 2022 \$'000
Opening balance 1 July 2022	5,000	-
Purchases	-	5,000
Sales	-	-
Transfer into level 3	-	-
Transfer out of level 3	(5,000)	-
Gains and losses recognised in profit or loss	-	-
Closing balance	-	5,000
Total gains or losses for the year included in the statements of comprehensive income for financial assets and liabilities held at the balance sheet date	<u>-</u>	<u>-</u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2023

6 Financial assets at fair value through profit or loss

	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
	As at		As at		As at	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Financial assets at fair value through profit or loss						
Derivatives	11	72	372	1,764	644	701
Equity securities	944,795	976,727	2	2	-	-
Fixed interest securities	-	-	18,169	23,705	41,691	53,752
Listed unit trusts	25,910	28,664	-	-	-	-
Money market securities	-	-	2,917	4,718	-	-
Total financial assets at fair value through profit or loss	970,716	1,005,463	21,460	30,189	42,335	54,453
Comprising:						
Derivatives						
Forward currency contracts	11	72	372	1,546	629	701
International fixed interest futures	-	-	-	-	15	-
Swaps	-	-	-	218	-	-
Total derivatives	11	72	372	1,764	644	701
Equity securities						
International equity securities listed on a prescribed stock exchange	944,795	976,727	2	2	-	-
Total equity securities	944,795	976,727	2	2	-	-
Fixed interest securities						
International government bonds	-	-	663	-	869	4,899
Australian other public sector bonds	-	-	1,464	-	-	-
International other public sector bonds	-	-	16,042	23,694	19,104	21,961
International corporate bonds	-	-	-	11	14,782	20,155
International commercial mortgages	-	-	-	-	2,911	2,277
International floating rate notes	-	-	-	-	4,025	4,460
Total fixed interest securities	-	-	18,169	23,705	41,691	53,752

6 Financial assets at fair value through profit or loss (continued)

	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
	As at		As at		As at	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Comprising:						
Listed unit trusts						
International listed property trusts	25,910	28,664	-	-	-	-
Total listed unit trusts	<u>25,910</u>	<u>28,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Money market securities						
International money market securities	-	-	2,917	4,718	-	-
Total money market securities	<u>-</u>	<u>-</u>	<u>2,917</u>	<u>4,718</u>	<u>-</u>	<u>-</u>
Total financial assets at fair value through profit or loss	<u><u>970,716</u></u>	<u><u>1,005,463</u></u>	<u><u>21,460</u></u>	<u><u>30,189</u></u>	<u><u>42,335</u></u>	<u><u>54,453</u></u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2023

6 Financial assets at fair value through profit or loss (continued)

	Franklin Australian Absolute Return Bond Fund		Franklin Australian Core Plus Bond Fund	
	As at		As at	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Financial assets at fair value through profit or loss				
Derivatives	11,877	5,004	729	161
Fixed interest securities	1,305,300	1,325,793	70,029	52,776
Unlisted unit trusts	-	-	-	3,890
Money market securities	4,026	-	-	-
Total financial assets at fair value through profit or loss	1,321,203	1,330,797	70,758	56,827
Comprising:				
Derivatives				
Forward currency contracts	2,954	1,067	174	41
Australian fixed interest futures	186	17	-	24
International fixed interest futures	2,194	1,091	99	15
Australian money market futures	-	482	-	22
Swaps	6,543	2,347	456	59
Total derivatives	11,877	5,004	729	161
Fixed interest securities				
Australian other public sector bonds	307,778	387,268	43,270	39,253
International other public sector bonds	113,532	101,419	5,835	4,610
Australian corporate bonds	467,237	434,920	12,045	4,090
International corporate bonds	139,397	143,934	966	1,154
Australian commercial mortgages	19,908	32,752	-	-
Australian floating rate notes	156,114	122,959	5,298	981
International floating rate notes	48,325	26,122	683	-
Australian other fixed interest securities	7,606	11,316	387	381
International other fixed interest securities	45,403	65,103	1,545	2,306
Total fixed interest securities	1,305,300	1,325,793	70,029	52,775
Unlisted unit trusts				
Australian unlisted fixed interest trusts	-	-	-	3,891
Total unlisted unit trusts	-	-	-	3,891
Money market securities				
Australian money market securities	4,026	-	-	-
Total money market securities	4,026	-	-	-
Total financial assets at fair value through profit or loss	1,321,203	1,330,797	70,758	56,827

An overview of the risk exposure relating to financial assets at fair value through profit or loss is included in note 3.

8 Derivative financial instruments

In the normal course of business the Funds enter into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures, options and swaps. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Funds against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities;
- adjusting asset exposures within the parameters set in the investment strategy, and/or adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Funds.

The Funds hold the following derivative financial instruments:

(i) Forward currency contracts

Forward currency contracts are primarily used by the Funds to manage against foreign currency risks on their investments. The Funds agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting year. The Funds recognise gain or loss equal to the change in fair value at the end of each reporting year.

(ii) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

(iii) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. The Funds are exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value.

(iv) Swaps

Swaps are derivative instruments in which two counterparties agree to exchange one stream of cash flow against another stream. A credit default index swap is a credit derivative used to hedge credit risk or to take a position on a basket or credit entities (index). It is an agreement between two parties whereby one party pays the other a fixed coupon for the specified term of the agreement. The other party makes no payment unless a specified credit event occurs.

Franklin Templeton Australia Funds
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8 Derivative financial instruments (continued)

The Funds' derivative financial instruments at financial year end are detailed below:

	Franklin Global Growth Fund					
	30 June 2023			30 June 2022		
	Fair Values			Fair Values		
Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	
Forward currency contracts	41,804	11	434	91,115	72	2,822
	<u>41,804</u>	<u>11</u>	<u>434</u>	<u>91,115</u>	<u>72</u>	<u>2,822</u>

	Franklin Templeton Multisector Bond Fund					
	30 June 2023			30 June 2022		
	Fair Values			Fair Values		
Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	
Forward currency contracts	57,340	372	432	115,164	1,546	4,824
Swaps	-	-	9	-	218	-
	<u>57,340</u>	<u>372</u>	<u>441</u>	<u>115,164</u>	<u>1,764</u>	<u>4,824</u>

	Franklin Templeton Global Aggregate Bond Fund					
	30 June 2023			30 June 2022		
	Fair Values			Fair Values		
Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	
Forward currency contracts	54,640	629	286	100,016	701	3,235
International fixed interest futures	(393)	15	-	605	-	6
	<u>54,247</u>	<u>644</u>	<u>286</u>	<u>100,621</u>	<u>701</u>	<u>3,241</u>

	Franklin Australian Absolute Return Bond Fund					
	30 June 2023			30 June 2022		
	Fair Values			Fair Values		
Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	
Forward currency contracts	3,135,814	2,954	8,964	440,058	1,067	6,958
Australian fixed interest futures	52,523	186	330	(515,171)	17	791
International fixed interest futures	260,459	2,194	4,755	(238,741)	1,091	267
Australian money market futures	1,088,838	-	3,257	931,306	482	-
Swaps	-	6,543	14,621	-	2,347	-
	<u>4,537,634</u>	<u>11,877</u>	<u>31,927</u>	<u>617,452</u>	<u>5,004</u>	<u>8,016</u>

8 Derivative financial instruments (continued)

	Franklin Australian Core Plus Bond Fund					
	30 June 2023			30 June 2022		
	Contract/ Notional \$'000	Fair Values		Contract/ Notional \$'000	Fair Values	
	Assets \$'000	Liabilities \$'000		Assets \$'000	Liabilities \$'000	
Forward currency contracts	118,651	174	201	12,032	41	168
Australian fixed interest futures	30,912	–	230	18,036	24	–
International fixed interest futures	16,964	99	267	(7,521)	15	13
Australian money market futures	62,192	–	186	42,288	22	–
Swaps	–	456	554	–	59	–
	<u>228,719</u>	<u>729</u>	<u>1,438</u>	<u>64,835</u>	<u>161</u>	<u>181</u>

Risk exposures and fair value measurements

Information about the Funds' exposure to credit risk, foreign exchange risk, interest rate risk and about the methods and assumptions used in determining fair values is provided in note 3 to the financial statements. The maximum exposure to credit risk at the end of the reporting year is the carrying amount of each class of derivative financial instruments disclosed above.

9 Net assets attributable to unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. Otherwise, the financial instrument should be disclosed as a liability.

On 1 July 2017, the Funds have elected into the AMIT tax regime. The Funds' respective Constitutions have been amended on the same date and as a result, they no longer have a contractual obligation to pay distributions to unitholders.

The Funds that have elected into the AMIT tax regime, their net assets attributable to unitholders remain disclosed as a liability as their multi-class structure means they have not met the strict criteria for recognition as equity.

From 1 July 2019, Franklin Australian Core Plus Bond Fund lost its AMIT status and does not meet the classification of MIT.

Franklin Templeton Australia Funds
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For the year ended 30 June 2023

9 Net assets attributable to unitholders (continued)

Movements in the number of units and net assets attributable to unitholders during the financial year were as follows:

	30 June 2023		As at 30 June 2022	
	No.'000	\$'000	No.'000	\$'000
Franklin Global Growth Fund - I Class				
Opening balance	119,537	261,672	112,930	305,440
Applications	27,884	67,110	52,834	147,112
Redemptions	(47,272)	(114,735)	(46,227)	(112,422)
Units issued upon reinvestment of distributions	41	90	-	-
Increase/(decrease) in net assets attributable to unitholders	-	44,227	-	(78,458)
Closing balance	<u>100,190</u>	<u>258,364</u>	<u>119,537</u>	<u>261,672</u>
Franklin Global Growth Fund - W Class				
Opening balance	355,268	696,523	268,882	652,396
Applications	57,207	123,002	144,848	349,475
Redemptions	(115,068)	(247,419)	(58,462)	(134,054)
Units issued upon reinvestment of distributions	9	19	-	-
Increase/(decrease) in net assets attributable to unitholders	-	114,718	-	(171,294)
Closing balance	<u>297,416</u>	<u>686,843</u>	<u>355,268</u>	<u>696,523</u>
Franklin Global Growth Fund - I Class (AUD Hedged)				
Opening balance	12,502	24,542	11,160	29,580
Applications	2,474	5,109	2,426	6,151
Redemptions	(3,382)	(7,177)	(1,084)	(2,708)
Increase/(decrease) in net assets attributable to unitholders	-	3,512	-	(8,481)
Closing balance	<u>11,594</u>	<u>25,986</u>	<u>12,502</u>	<u>24,542</u>
Franklin Global Growth Fund - W Class (AUD Hedged)				
Opening balance	30,359	53,377	23,779	56,536
Applications	5,916	10,779	10,197	23,456
Redemptions	(28,805)	(52,919)	(3,617)	(7,041)
Increase/(decrease) in net assets attributable to unitholders	-	3,745	-	(19,574)
Closing balance	<u>7,470</u>	<u>14,982</u>	<u>30,359</u>	<u>53,377</u>
Total		<u>986,175</u>		<u>1,036,114</u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2023

9 Net assets attributable to unitholders (continued)

	30 June 2023		As at 30 June 2022	
	No.'000	\$'000	No.'000	\$'000
Franklin Templeton Multisector Bond Fund - I Class				
Opening balance	445	327	590	584
Redemptions	(445)	(319)	(145)	(133)
Increase/(decrease) in net assets attributable to unitholders	-	(8)	-	(124)
Closing balance	<u>-</u>	<u>-</u>	<u>445</u>	<u>327</u>
Franklin Templeton Multisector Bond Fund - W Class				
Opening balance	38,817	29,919	78,812	77,143
Applications	860	657	4,246	3,623
Redemptions	(13,445)	(10,270)	(44,241)	(38,606)
Increase/(decrease) in net assets attributable to unitholders	-	211	-	(12,241)
Closing balance	<u>26,232</u>	<u>20,517</u>	<u>38,817</u>	<u>29,919</u>
Total		<u>20,517</u>		<u>30,246</u>

	30 June 2023		As at 30 June 2022	
	No.'000	\$'000	No.'000	\$'000
Franklin Templeton Global Aggregate Bond Fund - I Class				
Opening balance	6	5	6	4
Increase/(decrease) in net assets attributable to unitholders	-	-	-	1
Closing balance	<u>6</u>	<u>5</u>	<u>6</u>	<u>5</u>
Franklin Templeton Global Aggregate Bond Fund - W Class				
Opening balance	69,067	62,976	121,654	125,141
Applications	2,665	2,444	10,209	10,394
Redemptions	(19,922)	(18,296)	(62,810)	(63,628)
Units issued upon reinvestment of distributions	-	-	14	14
Increase/(decrease) in net assets attributable to unitholders	-	1,020	-	(8,945)
Closing balance	<u>51,810</u>	<u>48,144</u>	<u>69,067</u>	<u>62,976</u>
Franklin Templeton Global Aggregate Bond Fund - X Class				
Opening balance	-	-	-	1
Increase/(decrease) in net assets attributable to unitholders	-	-	-	(1)
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total		<u>48,149</u>		<u>62,981</u>

Franklin Templeton Australia Funds
Notes to the financial statements
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9 Net assets attributable to unitholders (continued)

	30 June 2023		As at 30 June 2022	
	No.'000	\$'000	No.'000	\$'000
Franklin Australian Absolute Return Bond Fund - I Class				
Opening balance	395,272	371,131	236,925	244,765
Applications	271,841	256,176	279,849	281,967
Redemptions	(158,459)	(149,387)	(121,833)	(120,571)
Units issued upon reinvestment of distributions	2,075	1,944	331	340
Increase/(decrease) in net assets attributable to unitholders	-	(234)	-	(35,370)
Closing balance	<u>510,729</u>	<u>479,630</u>	<u>395,272</u>	<u>371,131</u>
Franklin Australian Absolute Return Bond Fund - W Class				
Opening balance	1,030,360	966,915	796,055	821,923
Applications	249,718	234,647	524,918	530,441
Redemptions	(386,452)	(362,976)	(291,868)	(290,899)
Units issued upon reinvestment of distributions	697	653	1,255	1,289
Increase/(decrease) in net assets attributable to unitholders	-	(2,667)	-	(95,839)
Closing balance	<u>894,323</u>	<u>836,572</u>	<u>1,030,360</u>	<u>966,915</u>
Total		<u>1,316,202</u>		<u>1,338,046</u>

Franklin Templeton Australia Funds
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9 Net assets attributable to unitholders (continued)

	30 June 2023		As at 30 June 2022	
	No.'000	\$'000	No.'000	\$'000
Franklin Australian Core Plus Bond Fund - I Class				
Opening balance	1	2	233	245
Applications	114	105	1	1
Redemptions	-	-	(233)	(247)
Increase/(decrease) in net assets attributable to unitholders	-	(3)	-	3
Closing balance	<u>115</u>	<u>104</u>	<u>1</u>	<u>2</u>
Franklin Australian Core Plus Bond Fund - W Class				
Opening balance	73,939	62,603	60,254	59,209
Applications	28,408	24,246	48,060	44,069
Redemptions	(15,548)	(13,263)	(34,405)	(33,464)
Units issued upon reinvestment of distributions	-	-	30	30
Increase/(decrease) in net assets attributable to unitholders	-	(657)	-	(7,241)
Closing balance	<u>86,799</u>	<u>72,929</u>	<u>73,939</u>	<u>62,603</u>
Franklin Australian Core Plus Bond Fund - X Class				
Opening balance	5,677	5,134	5,589	5,862
Redemptions	(5,338)	(4,832)	-	-
Units issued upon reinvestment of distributions	23	21	88	92
Increase/(decrease) in net assets attributable to unitholders	-	-	-	(820)
Closing balance	<u>362</u>	<u>323</u>	<u>5,677</u>	<u>5,134</u>
Total		<u>73,356</u>		<u>67,739</u>

As stipulated within the Funds' Constitution, each unit represents a right to an individual share in the Funds and does not extend to a right in the underlying assets of the Funds. There are three classes of unitholders in the Funds being I class, W class and X class.

Capital Risk Management

The Funds consider their net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unitholders. Net assets attributable to unitholders are representative of the expected cash outflows on redemption.

Daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Funds' investment strategy remains unchanged and they continue to hold direct investments which provide exposure to liquid assets including equity securities, income securities, interest earnings and cash equivalent securities. As such, the Funds will meet any capital requirements from the liquidation of liquid assets, which include cash and cash equivalents.

Franklin Templeton Australia Funds
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10 Distributions to unitholders

The distributions during the financial year were as follows:

Franklin Global Growth Fund				
Year ended				
	30 June 2023	CPU	30 June 2022	CPU
Franklin Global Growth Fund-I Class	\$'000		\$'000	
Distribution payable				
- 30 June	<u>9,759</u>	9.7402	<u>523</u>	0.4374
	<u><u>9,759</u></u>		<u><u>523</u></u>	
 Franklin Global Growth Fund-W Class	 \$'000		 \$'000	
Distribution payable				
- 30 June	<u>24,966</u>	8.3945	<u>1,468</u>	0.4132
	<u><u>24,966</u></u>		<u><u>1,468</u></u>	

Franklin Templeton Australia Funds
Notes to the financial statements
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10 Distributions to unitholders (continued)

Franklin Australian Absolute Return Bond Fund				
Year ended				
Franklin Australian Absolute Return Bond Fund-I Class	30 June 2023		30 June 2022	
	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July	813	0.1913	458	0.1603
- 31 August	837	0.1934	492	0.1600
- 30 September	860	0.1939	535	0.1589
- 31 October	848	0.1896	558	0.1578
- 30 November	873	0.1914	566	0.1571
- 31 December	886	0.1931	589	0.1540
- 31 January	998	0.1884	424	0.1065
- 28 February	1,054	0.1938	413	0.1054
- 31 March	269	0.0524	387	0.1050
- 30 April	271	0.0529	384	0.1033
- 31 May	278	0.0527	378	0.1030
Distribution payable				
- 30 June	1,591	0.3115	7,293	1.8449
	<u>9,578</u>		<u>12,477</u>	
Franklin Australian Absolute Return Bond Fund-W Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July	1,859	0.1810	1,286	0.1513
- 31 August	1,878	0.1850	1,342	0.1508
- 30 September	1,846	0.1852	1,402	0.1500
- 31 October	1,797	0.1813	1,460	0.1493
- 30 November	1,780	0.1832	1,485	0.1484
- 31 December	1,788	0.1849	1,489	0.1449
- 31 January	1,695	0.1764	1,013	0.0975
- 28 February	1,754	0.1860	1,025	0.0980
- 31 March	421	0.0453	1,021	0.0982
- 30 April	412	0.0445	991	0.0950
- 31 May	407	0.0443	971	0.0943
Distribution payable				
- 30 June	2,711	0.3031	18,897	1.8359
	<u>18,348</u>		<u>32,382</u>	

Franklin Templeton Australia Funds
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10 Distributions to unitholders (continued)

Franklin Australian Core Plus Bond Fund				
Year ended				
Franklin Australian Core Plus Bond Fund-I Class	30 June 2023		30 June 2022	
	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July	-	0.2008	-	0.1116
- 31 August	-	0.1984	1	0.1244
- 30 September	-	0.2051	-	0.1229
- 31 October	-	0.1907	-	0.1204
- 30 November	-	-	-	0.1161
- 31 December	-	-	-	0.1184
- 31 January	-	-	-	0.1180
- 28 February	-	-	-	0.1147
	<u>-</u>		<u>1</u>	
	<u>-</u>		<u>1</u>	
Franklin Australian Core Plus Bond Fund-W Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July	128	0.1705	32	0.0952
- 31 August	128	0.1679	34	0.0966
- 30 September	134	0.1748	34	0.0948
- 31 October	126	0.1617	35	0.0938
- 30 November	-	-	47	0.0928
- 31 December	-	-	49	0.0922
- 31 January	-	-	50	0.0917
- 28 February	-	-	50	0.0904
	<u>516</u>		<u>331</u>	
	<u>516</u>		<u>331</u>	
Franklin Australian Core Plus Bond Fund-X Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July	11	0.1998	7	0.1228
- 31 August	7	0.1974	7	0.1237
- 30 September	3	0.2040	7	0.1208
- 31 October	1	0.1896	7	0.1198
- 30 November	-	-	6	0.1155
- 31 December	-	-	7	0.1178
- 31 January	-	-	7	0.1174
- 28 February	-	-	6	0.1142
	<u>22</u>		<u>54</u>	
	<u>22</u>		<u>54</u>	

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2023

11 Cash and cash equivalents

	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
	As at		As at		As at	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Domestic cash at bank	45,230	31,673	101	757	3,713	3,398
Foreign cash at bank	7,133	4,568	146	2,078	2,781	7,017
Total cash and cash equivalents	52,363	36,241	247	2,835	6,494	10,415

	Franklin Australian Absolute Return Bond Fund		Franklin Australian Core Plus Bond Fund	
	As at		As at	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
Domestic cash at bank	7,536	7,432	4,101	896
Foreign cash at bank	4,154	3,024	528	147
Term deposits	1,174	34,910	49	9,288
Total cash and cash equivalents	12,864	45,366	4,678	10,331

12 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Operating profit/(loss) for the year	200,927	(275,816)	203	(12,365)	1,020	(8,945)
Net (gains)/losses on financial instruments at fair value through profit or loss	(201,622)	267,100	1,029	14,190	314	10,754
Proceeds from sale of financial instruments at fair value through profit or loss	521,361	175,770	306,005	747,290	26,185	84,768
Purchases of financial instruments at fair value through profit or loss	(276,143)	(443,237)	(293,885)	(718,718)	(15,790)	(19,597)
Net change in accrued income and receivables	(77)	(598)	5	14	(10)	7
Net change in payables	(101)	492	(92)	(170)	(70)	(135)
Net interest received/(paid) from debt securities	—	—	117	829	122	507
Net cash inflow/(outflow) from operating activities	<u>244,345</u>	<u>(276,289)</u>	<u>13,382</u>	<u>31,070</u>	<u>11,771</u>	<u>67,359</u>
(b) Non-cash financing activities						
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	<u>109</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14</u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2023

12 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

	Franklin Australian Absolute Return Bond Fund		Franklin Australian Core Plus Bond Fund	
	Year ended		Year ended	
	30 June 2023 \$'000	30 June 2022 \$'000	30 June 2023 \$'000	30 June 2022 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/ (outflow) from operating activities				
Operating profit/(loss) for the year	25,025	(86,350)	(122)	(7,672)
Net (gains)/losses on financial instruments at fair value through profit or loss	14,065	114,110	2,070	8,791
Proceeds from sale of financial instruments at fair value through profit or loss	1,875,471	510,087	56,659	97,728
Purchases of financial instruments at fair value through profit or loss	(1,866,450)	(926,375)	(71,504)	(103,277)
Net change in accrued income and receivables	(1)	105	84	(42)
Net change in payables	183	520	38	(6)
Net interest received/(paid) from debt securities	(1,758)	(3,413)	(294)	4
Net cash inflow/(outflow) from operating activities	<u>46,535</u>	<u>(391,316)</u>	<u>(13,069)</u>	<u>(4,474)</u>
(b) Non-cash financing activities				
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	<u>2,597</u>	<u>1,629</u>	<u>21</u>	<u>122</u>

13 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Funds:

	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$	30 June 2023 \$	30 June 2022 \$
PricewaterhouseCoopers						
Audit and other assurance services						
Audit and review of financial statements	18,107	9,761	13,069	12,566	13,069	12,566
Audit of compliance plan	2,818	6,252	2,818	6,252	2,818	6,252
Audit of specified assertions	1,406	1,426	1,406	1,426	1,406	1,426
Total remuneration for audit and other assurance services	<u>22,331</u>	<u>17,439</u>	<u>17,293</u>	<u>20,244</u>	<u>17,293</u>	<u>20,244</u>
Taxation services						
Tax compliance services	8,583	8,303	8,583	8,303	8,583	8,303
Total remuneration for taxation services	<u>8,583</u>	<u>8,303</u>	<u>8,583</u>	<u>8,303</u>	<u>8,583</u>	<u>8,303</u>
Total remuneration of PricewaterhouseCoopers	<u>30,914</u>	<u>25,742</u>	<u>25,876</u>	<u>28,547</u>	<u>25,876</u>	<u>28,547</u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2023

13 Remuneration of auditors (continued)

	Franklin Australian Absolute Return Bond Fund		Franklin Australian Core Plus Bond Fund	
	Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
PricewaterhouseCoopers				
Audit and other assurance services				
Audit and review of financial statements	21,024	12,566	13,069	12,566
Audit of compliance plan	2,818	6,252	2,818	6,252
Audit of specified assertions	1,406	1,426	1,406	1,426
Total remuneration for audit and other assurance services	<u>25,248</u>	<u>20,244</u>	<u>17,293</u>	<u>20,244</u>
Taxation services				
Tax compliance services	8,583	8,303	8,808	8,303
Total remuneration for taxation services	<u>8,583</u>	<u>8,303</u>	<u>8,808</u>	<u>8,303</u>
Total remuneration of PricewaterhouseCoopers	<u>33,831</u>	<u>28,547</u>	<u>26,101</u>	<u>28,547</u>

14 Related party transactions

Responsible Entity

The Responsible Entity of the Franklin Templeton Australia Funds is Franklin Templeton Australia Limited (ABN 76 004 835 849)

Key management personnel

Key management personnel includes persons who were directors of the Responsible Entity at any time during the year as follows:

M. Harrison (Chairperson)

G. Shaneyfelt

E. Venner

Q. Lupo

M. Sund

There were no other persons with responsibility for planning, directing and controlling the activities of the Responsible Entity of the Funds, directly or indirectly during the year.

Related party transactions

During the year ended 30 June 2023, the Responsible Entity was entitled to receive an all-inclusive management cost (inclusive of GST, net of RITC available to the Funds) over the Funds' average net assets attributable to unitholders for the financial year as follows:

	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
ICR (%)						
I Class	0.75	0.75	0.56	0.53	0.47	0.50
W Class	0.90	0.90	0.85	0.85	0.54	0.54
X Class	-	-	-	-	-	0.08
I Class (AUD Hedged)	0.75	0.75	-	-	-	-
W Class (AUD Hedged)	0.90	0.90	-	-	-	-

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2023

14 Related party transactions (continued)

Related party transactions (continued)

	Franklin Australian Absolute Return Bond Fund		Franklin Australian Core Plus Bond Fund	
	Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
ICR (%)				
I Class	0.40	0.40	0.24	0.13
W Class	0.51	0.50	0.34	0.33
X Class	-	-	0.10	0.10

Management costs include management fees and other expenses or reimbursements deducted in relation to the Fund, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholder of the Fund. For X Class Units, no management fee is being charged and it is only for inter-fund investment purpose.

Indirect costs ratio (ICR) include fees and management costs (if any) arising from underlying funds and a reasonable estimate of the cost of investing in over-the-counter derivatives to gain investment exposure to assets or to implement the Funds' investment strategy. The indirect costs are based on the Responsible Entity's calculations and reasonable estimates and assumptions.

Where monies are invested into other funds managed by the Responsible Entity, the management fees charged in those funds are rebated to the Fund and offset against the expense in the statements of comprehensive income.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the financial year and amounts payable at year end between the Funds and the Responsible Entity are as follows:

	Franklin Global Growth Fund		Franklin Templeton Multisector Bond Fund		Franklin Templeton Global Aggregate Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$	\$
Management costs for the year paid by the Funds to the Responsible Entity	9,083,249	10,251,022	211,356	460,317	294,202	470,928
Total fees payable to the Responsible Entity at the year end	2,582,044	2,683,773	99,393	191,861	123,465	193,639

	Franklin Australian Absolute Return Bond Fund		Franklin Australian Core Plus Bond Fund	
	Year ended		Year ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	\$	\$	\$	\$
Management costs for the year paid by the Funds to the Responsible Entity	6,305,586	6,320,751	229,861	152,417
Total fees payable to the Responsible Entity at the year end	2,096,376	1,913,491	83,748	46,132
Management fees rebate income for the year received by the Funds from the Responsible Entity	-	-	5,343	14,555
Management fees rebate receivable from the Responsible Entity at the year end	-	-	-	3,503

Transactions with key management personnel

Key management personnel services are provided by Franklin Templeton Australia Limited and included in the management fees disclosed below. There is no separate charge for these services. There was no compensation paid directly by the Funds to any of the key management personnel.

14 Related party transactions (continued)

Key management personnel unitholdings

There are no transaction occurred with key management personnel during the reporting period 30 June 2023 or 30 June 2022.

Key management personnel remuneration

Key management personnel are paid by the Responsible Entity. Payments made from the Funds do not include any amounts directly attributable to key management personnel remuneration.

Key management personnel loan disclosures

The Funds have not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Other transactions within the Funds

Apart from those details disclosed in this note, no directors have entered into a material contract with the Funds during the financial year and there were no material contracts involving director's interests subsisting at year end.

15 Events occurring after the financial year

There are no significant events that have occurred since balance date which would impact on the financial position of the Funds as disclosed in the balance sheets as at 30 June 2023 or on the results and cash flows of the Funds for the financial year.

16 Contingent assets, liabilities and commitments


There are no outstanding contingent assets, contingent liabilities or commitments as at 30 June 2023 (30 June 2022: nil).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 71 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 30 June 2023 and of their performance, for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

Director 
36BA20B35DB241C...
M. Sund

Melbourne

26 September 2023



Independent auditor's report

To the members of Franklin Templeton Australia Funds, which comprise the following funds:

- Franklin Global Growth Fund
- Franklin Templeton Multisector Bond Fund
- Franklin Templeton Global Aggregate Bond Fund
- Franklin Australian Absolute Return Bond Fund
- Franklin Australian Core Plus Bond Fund

Our opinion

In our opinion:

The accompanying financial report of Franklin Templeton Australia Funds (the Funds) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Funds' financial position as at 30 June 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheets as at 30 June 2023
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the declaration of the directors of the Responsible Entity.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Funds in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Funds to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Kate Logan'.

Kate Logan
Partner

Melbourne
26 September 2023