

Brandywine Global Income Optimiser Fund

Product Disclosure Statement

Issued by Franklin Templeton Australia Limited ("Franklin Templeton Australia") ABN 76 004 835 849 AFSL No. 240 827, a subsidiary of Franklin Resources, Inc operating as Franklin Templeton.

Brandywine Global Income Optimiser Fund – Class A

ARSN 618 213 488

APIR SSB0515AU

mFund LMA10

Information in this PDS was correct at the date of preparation and is subject to change, including changes to the Fund's investment guidelines, processes, fees, expenses and other material matters. **Information in this PDS is subject to change from time to time. Where the change is not considered materially adverse to investors, the information may be updated on the Franklin Templeton Australia website (franklintempleton.com.au).** For updated information about the Fund, please contact us or consult your financial adviser. A paper copy of updated information will be provided to Unit holders on request for no charge. For material changes, a new or supplementary PDS may be issued and Unit holders notified as required by the Corporations Act. Updates should be read in conjunction with the latest PDS. A copy of the Constitution of the Fund is also available on request.

30 Oct 2023

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1 Important Information

Franklin Templeton Australia Limited (ABN 76 004 835 849, AFSL 240827) (“Franklin Templeton Australia”), the “Responsible Entity” for the Brandywine Global Income Optimiser Fund (ARSN 618 213 488) (the “Fund”), has prepared this Product Disclosure Statement (“PDS”).

The information contained in this PDS is general information only and does not take into account your individual financial objectives, situation or needs. Investments are subject to risks, some of which are outlined in this PDS. Franklin Templeton Australia does not guarantee any profit or recovery of capital from an investment in the Fund. Investors should note that an investment in the Fund should not constitute a substantial portion of an investment portfolio and may not be appropriate for all investors. The Fund could be a suitable investment for investors seeking total return over the long term through income and capital appreciation and who are willing to accept fluctuations (sometimes significant) in the “**Net Asset Value**” per “**Unit**” of the Fund during the short term. It is important that you understand and accept the risks before you invest and you should seek professional financial advice prior to making an investment decision. To obtain advice or more information about the products offered in this PDS you should speak to an Australian financial services licensee or an authorised representative.

Franklin Templeton Australia issues Units in the Fund on the terms and conditions described in this PDS, the “**Constitution**” of the Fund and the “**Corporations Act**”. Unit holders are bound by the Constitution of the Fund. Units in the Fund are only available to investors that receive this PDS (electronically or otherwise) in Australia. Investors should not rely on information about the Fund that is not contained in this PDS or the Constitution of the Fund.

In this PDS, all fees and costs are expressed in Australian dollars inclusive of GST less any “**Reduced Input Tax Credits**” (“**RITCs**”). A reference to a “**Business Day**” refers to a day on which banks are open for business in Melbourne, Australia. References to “you” or “your” refers to you as the reader of the PDS and “we” and “our” refers to Franklin Templeton Australia.

The Class A units of the Fund are admitted as an “**mFund**” product under the ASX Operating Rules. Investors are able to buy and sell Class A units in the Fund through the mFund settlement service. mFund uses CHESS, the ASX’s electronic settlement system, allowing automated application and withdrawal of Class A units in the Fund through an authorised ASX broker, or financial adviser who uses a stockbroking service on your behalf.

All terms in “**bold**” are defined terms in the glossary.

Use of this PDS

The investments offered in this PDS are available only to persons receiving this PDS (electronically or in hard copy) within Australia. Applications from outside Australia will not be accepted. Nothing in this PDS should be taken to mean that Franklin Templeton Australia or any of its related parties is bound to accept an application for membership.

This PDS is available for those investors wishing to access the Fund via an Investor Directed Portfolio Service (“**IDPS**”) or Master Trust. When investing in the Fund via an IDPS or Master Trust, the operator of the IDPS or the trustee of the Master Trust acquires the rights of a Unit holder in the Fund. In this case, your rights and liabilities will be governed by the terms and conditions of the relevant IDPS offer document or Master Trust PDS, which you must read carefully prior to directing the relevant operator or trustee to invest in the Fund. For more information, please refer to Section 12.7.

Target Market Determination

Franklin Templeton Australia has issued a target market determination (TMD) which includes a description of the class of investors for whom the Fund may be consistent with their likely objectives, financial situation and needs. A copy of the Fund’s TMD is available on Franklin Templeton Australia’s website at www.franklintempleton.com.au.

2 Fund at a glance

Further detail about the Fund can be found in Sections 4, 5 and 6. You should read the whole PDS and seek any advice you need before deciding to invest.

Fund details	
Name of the Fund	Brandywine Global Income Optimiser Fund
ARSN	618 213 488
APIR	SSB0515AU
Investment objective	The Fund's investment objective is to generate a high and consistent level of income over a full market cycle with a secondary objective of downside protection.
Performance benchmark	The Fund is managed in a "benchmark-agnostic" manner. The Bloomberg AusBond Bank Bill Index 0+ years is used for comparative purposes only.
Investments held	The Fund can hold positions on individual debt securities, indices, currencies and/or interest rates as well as interests in collective investment schemes. The Fund may do this either directly or indirectly through the use of derivative instruments.
Recommended investment timeframe	The minimum suggested timeframe for investment is five years.
Minimum initial investment	\$25,000
Minimum additional investments	\$5,000
Risk of the Fund	The Responsible Entity considers the investment risk level of the Fund is medium to high, based on the " standard risk measure ".
Unit Pricing frequency	Daily
Application and Withdrawals from the Fund	<p>The Fund will usually accept applications and withdrawals daily on any Business Day when banks are open in Melbourne.</p> <p>Withdrawals are typically paid within ten Business Days although the Constitution allows us up to 21 days or longer in certain circumstances. Withdrawal proceeds will be paid to an investor's nominated bank account.</p> <p>The deadline for receipt of an application or withdrawal request is 12 noon (Australian Eastern Standard Time) on each Business Day.</p>
Management Fees and Costs ¹	0.65% p.a.
Distribution frequency	The Fund may distribute income at 30 September, 31 December, 31 March and 30 June each year.
Currency	The Fund aims to be at least 75% hedged to Australian Dollars.
How risks are managed	The Fund is managed in accordance with certain investment guidelines outlined in Section 6.5
¹ See Section 8 for additional Fees and costs information	

3 About us

Franklin Templeton Australia – Responsible Entity

Franklin Templeton Australia is the Responsible Entity for this Fund. Franklin Templeton Australia is a subsidiary of Franklin Resources, Inc. group operating as Franklin Templeton. The Responsible Entity is solely responsible for the management of the Fund, which includes day-to-day administration and making investment decisions. Franklin Templeton Australia has appointed Brandywine Global Investment Management, LLC (“Brandywine Global”) as the investment manager for the Fund.

Franklin Resources, Inc

Franklin Resources, Inc. [NYSE:BEN] is a global investment management organisation with subsidiaries operating as Franklin Templeton and serving clients in over 160 countries. Franklin Templeton’s mission is to help clients achieve better outcomes through investment management expertise, wealth management and technology solutions. Through its specialist investment managers, the company brings extensive capabilities in equity, fixed income, multi-asset solutions and alternatives. With offices in more than 30 countries and approximately 1,300 investment professionals, the California-based company has over 75 years of investment experience and over AUD \$2.1 trillion in assets under management as of 30 June 2023. Through specialised teams, Franklin Templeton has deep expertise across all asset classes, including equity, fixed income, alternatives and multi-asset solutions. This includes a group of world-renowned specialist investment managers such as Martin Currie, Western Asset and Brandywine Global. For more information, please visit franklintempleton.com.au

Brandywine Global Investment Management

Brandywine Global founded in 1986 by a group of highly experienced portfolio managers. They are an active specialist manager in fixed income, equity and alternative investments headquartered in Philadelphia, USA. Value investing is core to Brandywine Global’s investment approach. Through a value-driven process, they focus on assets in countries and currencies that meet their definition of value, and advance this with a benchmark agnostic investment style. Brandywine Global is not afraid to uncover investment potential where others see risk with a central objective to maximise risk adjusted returns over an investment cycle. Acting with conviction and discipline, they thrive on a culture of debate that encourages ideas, diverse viewpoints and invite candid discussion. Brandywine Global is a specialist investment manager and part of the Franklin Templeton Group.

How to contact Franklin Templeton Australia

Please contact Franklin Templeton Australia if you require further information or if you have any questions regarding this PDS.

Free call 1800 673 776

Mail

Franklin Templeton Australia
Level 47, 120 Collins Street
Melbourne VIC 3000

www.franklintempleton.com.au

Email

auclientadmin@franklintempleton.com

4 ASIC Benchmarks and Disclosure Principles

The Australian Securities & Investments Commission (“ASIC”) has developed a number of benchmarks and disclosure principles designed to assist investors in making a decision whether to invest in the Fund.

The table below summarises the operation of the Fund against the prescribed benchmarks provided in ASIC’s Regulatory Guide 240. A copy of ASIC Regulatory Guide 240 dated 6 October 2022 (as may be amended, supplemented or replaced from time to time) is available from www.asic.gov.au.

4.1 Disclosure Benchmark 1: Valuation of assets

Benchmark	Description	For additional information please refer to:
Valuation of assets	This benchmark addresses whether valuations of the hedge fund’s non-exchange traded assets are provided by an independent administrator or an independent valuation service provider.	Section 5 of this PDS
<p>The Fund meets the ASIC benchmark on valuation of assets.</p> <p>JP Morgan Chase Bank, N.A. (Sydney branch) (ABN 43 074 112 011) (JPMorgan), in its capacity as the administrator of the Fund is responsible for calculating the Net Asset Value of the Fund on a daily basis as well as other fund administration services. JPMorgan also acts as the custodian of the Fund and provides safekeeping and settlement services in respect of the Fund.</p> <p>JPMorgan is independent of Franklin Templeton Australia.</p>		

4.2 Disclosure Benchmark 2: Periodic reporting

Benchmark	Description	For additional information please refer to:
Periodic reporting	This benchmark addresses whether the responsible entity of the Fund provides periodic disclosure of certain key information on an annual and monthly basis.	Section 12.5 of this PDS
<p>The Fund meets the ASIC benchmark on periodic reporting.</p> <p>The following information will be provided for the Fund:</p> <p>Monthly Reporting</p> <p>On a monthly basis the following information will be made available on our website at www.franklintempleton.com.au:</p> <ul style="list-style-type: none"> • Current total net asset value of the Fund and the redemption value of a unit; • Changes to key service providers (if any), including any change in related party status; • For each of the following matters since the last report on those matters: <ul style="list-style-type: none"> - Net return on the Fund’s assets after fees, costs and taxes; - Any material change to the Fund’s risk profile or investment strategy; and - Any changes in individuals playing a key role in investment decisions for the Fund. <p>Annual Reporting</p> <p>As soon as practicable after the end of the financial year, we will provide the following:</p> <ul style="list-style-type: none"> • Actual allocation to each asset type; • Liquidity profile of the Fund’s assets; • Maturity profile of the Fund’s liabilities; • Leverage ratio as at the end of the period; 		

- Derivative counterparties engaged;
- Monthly or annual investment returns since inception;
- Changes to key service providers and their related party status.
- In addition, we will provide you with:
 - Account balance and transaction information as at the end of the reporting period;
 - Distribution information; and
 - Annual periodic and tax statements as required by the Corporations Act.

Additionally, audited financial statements of the Fund will be made available to investors online at www.franklintempleton.com.au. These financial statements are issued annually for each year ending 30 June. They will be prepared in accordance with Accounting Standards applicable to general financial statements in Australia to the extent that the Fund is required to comply with those standards by the Corporations Act or under the Constitution.

Ongoing availability

The latest periodic report is available free of charge at Franklin Templeton Australia's website (www.franklintempleton.com.au) or upon request from Client Services (refer to Section 12.12 for contact details).

4.3 Disclosure Principles

Each disclosure principle identifies a key area that ASIC considers investors should understand before making a decision to invest in the Fund. Further information can be found within the referenced sections of this PDS. You should read the whole PDS and seek any advice you need before deciding to invest.

Words in **"bold"** are defined in [Section 13](#) - Glossary of Important Terms.

Disclosure Principle	Summary	For additional information please refer to:
1. Investment strategy	<p>The investment strategy of the Fund is summarised as follows:</p> <ul style="list-style-type: none"> • Brandywine Global seeks to achieve the investment objective by investing in the most attractive, risk-adjusted, high real yielding sectors throughout the "Business Cycle", and by using financial derivative instruments to protect capital and mitigate credit, currency and "duration" risks. • Brandywine Global's investment approach combines a top-down analysis of macroeconomic conditions with a bottom-up fundamental analysis to identify what Brandywine Global considers the most attractive valuations during a Business Cycle. • By using a value-oriented, global investing approach, Brandywine Global seeks to maximise the Fund's income through country, currency, sector, quality and security selection. <p>The Fund aims to be at least 75% hedged to Australian dollars.</p>	Section 6 of this PDS
2. Investment manager	<p>Franklin Templeton Australia has delegated the management of the assets of the Fund to Brandywine Global ("Investment Manager").</p> <p>Brian L Kloss, Jack P. McIntyre, Anujeet Sareen and Tracy Chen of Brandywine Global are the portfolio managers of the Fund.</p>	Section 5 of this PDS
3. Fund structure	<p>The Fund is a managed investment scheme registered in Australia. Franklin Templeton Australia is the Responsible Entity of, and issuer of units in, the Fund. Franklin Templeton Australia is responsible for the day-to-day operations of the Fund and has appointed key service providers who are involved in the Fund's ongoing operation.</p>	Section 5 of this PDS

4. Valuation, location and custody of assets	We have appointed JPMorgan Australia to be the Fund's custodian and administrator to provide the Fund a range of services including the safe custody of its assets and the calculation of the Fund's Net Asset Value.	Section 5 of this PDS
5. Liquidity	As at the date of this PDS, Franklin Templeton Australia reasonably expects to be able to realise at least 80% of the assets of the Fund within 10 days under normal market conditions.	Section 6 of this PDS
6. Leverage	<p>The Fund will not be exposed to "financial leverage" (borrowing to purchase assets), however the Fund may be exposed to a form of "economic leverage" via the use of derivatives.</p> <p>Brandywine Global anticipates that under normal market conditions, the Fund may be leveraged up to 200 per cent of the Fund's Net Asset Value in normal market conditions, with potentially all or a significant portion of such exposure being generated by short positions.</p>	Section 6 of this PDS
7. Derivatives	<p>The Fund may invest extensively in certain types of financial derivative instruments whether for investment purposes or the purposes of efficient portfolio management.</p> <p>The Fund may also use derivatives to leverage the Fund's Net Asset Value.</p> <p>Also see "Leverage" above.</p>	Section 6 of this PDS
8. Short selling	The Fund can hold short positions on individual debt securities, indices, currencies and/or interest rates. The Fund will not directly short securities, but instead will hold any short positions exclusively through financial derivative instruments of the types described above.	Section 6 of this PDS
9. Withdrawals	Withdrawals are typically paid within 10 Business Days although the Constitution allows us up to 21 days or longer in certain circumstances. Withdrawal proceeds will be paid to an investor's nominated bank account.	Section 9 of this PDS

5 How the Fund works

5.1 Fund Structure

As Responsible Entity, Franklin Templeton Australia is solely responsible for the management of the Fund, which includes the day-to-day administration of the Fund and making investment decisions on behalf of the Fund. Franklin Templeton Australia has delegated the management of the assets of the Fund to Brandywine Global.

5.2 Location, valuation and custody of assets

The Fund is domiciled in Australia and regulated by ASIC.

There are no geographical restrictions on the locations of the Fund's investments. The Fund has exposure to global bond markets, including developed countries and emerging market countries.

The Responsible Entity has appointed JPMorgan to provide custody and fund administration services. JPMorgan have provided their consent to be named and have not withdrawn their consent before the issue date of the PDS.

JPMorgan has not been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. JPMorgan has not independently verified the information contained in this PDS and accordingly accepts no responsibility for the accuracy or completeness of the information. JPMorgan does not guarantee the success or the performance of the Fund nor the repayment of capital or any particular rate of capital or income return. JPMorgan has no supervisory obligation to ensure that Franklin Templeton complies with its obligations as Responsible Entity of the Fund and does not make investment decisions in respect of the assets held or manage those assets. JPMorgan has no liability or responsibility to investors in the Fund. Franklin Templeton will be liable to Unit holders for acts and omissions of the appointed custodian.

Link Market Services Limited (ABN 54 083 214 537) ("Link") has been appointed as the registrar in relation to the Fund.

The custodian, administrator and registrar for the Fund may be changed from time to time, where we are satisfied that the proposed new service provider meets applicable regulatory requirements, and in certain circumstances without notice to investors.

Franklin Templeton Australia maintains due diligence and monitoring processes in place to ensure the service providers of the Fund meets their service level obligations. This includes regular formal and informal meetings, service provider certifications and applicable regular reporting.

5.3 Classes of Units

The Responsible Entity may offer or withdraw classes of Units. Currently under this PDS one class of Units is offered: Class "A". Investors will usually be issued Class A Units. The unit prices of Class A reflect the deduction of management fees. The Responsible Entity has the ability to issue further classes of Units under separate PDSs or other offer documents from time to time.

5.4 Investment management and key people

Franklin Templeton Australia has appointed Brandywine Global as the investment manager of the Fund. See Section 3 for more information. The rights and obligations of Franklin Templeton Australia and the Investment Manager are set out in the terms of an investment management agreement ("IMA"). Franklin Templeton Australia believes that from an investor's perspective there are no unusual or materially onerous terms in this IMA. Some of the key provisions of the IMA that are relevant to investors include the term and scope of the appointment, restrictions on the Investment Manager, ability for the Investment Manager to charge fees and details the Investment Manager's liability. The IMA may be terminated on either party giving the other 90 days' notice or 10 days by Franklin Templeton Australia in certain circumstances such as a material breach by the Investment Manager. The IMA has been negotiated on an arm's length basis.

Overall, Brandywine Global's total Global Fixed Income research effort is firm-wide and has been organised by generalist coverage, a structure that distinguishes Brandywine Global from its competitors. It places a macroeconomic focus on identifying and concentrating investments in significantly undervalued countries and currencies. The Global Fixed Income team is supported by the Enterprise Risk Management team functions as a separate department. The Enterprise Risk Management department interacts with the investment and trading functions on a frequent and often daily basis in supporting the efforts around market and credit risk. Enterprise Risk Management furnishes position, currency and counterparty reports and information utilised by the investment team in an effort to monitor exposures relative to limitations in the investment mandate or on a firm-wide basis. Additionally, Enterprise Risk Management works with the portfolio management teams on an ongoing basis to manage Operational Risk by working to implement independent controls, segregating responsibilities, and implementing proper policies and procedures.

The Global Credit team fits within the Global Fixed Income team. Each member of the Fund's investment team is involved in the research process. The flow of investment ideas into and out of the portfolio is multi-lateral and revolves around a "team research concept" where decisions are made by consensus amongst the Fund's Portfolio Managers.

The key decision makers in relation to the Fund are:

[Brian L Kloss, JD, CPA, Portfolio Manager and Head of High Yield](#)

Brian is a Portfolio Manager on the Global Fixed Income team. He joined Brandywine Global in December 2009 and has 17 years of Fixed Income and distressed debt experience. Previously, Brian was Co-portfolio manager at Dreman Value Management, LLC (2007-2009); High Yield analyst/trader at Gartmore Global Investments (2002-2007); High Yield and equity portfolio manager and general analyst at Penn Capital Management, Ltd. (2000-2002); an analyst with The Concord Advisory Group, Ltd. (1998-2000); and an international tax consultant with Deloitte & Touche LLP (1995-1998). Brian earned his J.D. from Villanova School of Law and graduated summa cum laude with B.S. in Accounting from University of Scranton. He is also a member of the New Jersey and Pennsylvania Bar and is a Pennsylvania Certified Public Accountant.

[Jack P. McIntyre, CFA, Portfolio Manager](#)

Jack is a Portfolio Manager for the Firm's Global Fixed Income and related strategies. He joined the Firm in 1998. Previously, he held positions as market strategist with McCarthy, Crisanti & Maffei, Inc. (1995-1998); senior fixed income analyst with Technical Data, a division of Thomson Financial Services (1992-1995); quantitative associate with Brown Brothers Harriman & Co. (1990), and investment analyst with the Public Employee Retirement Administration of Massachusetts (1987-1989). Jack is a CFA® charterholder and earned an M.B.A. in Finance from the Leonard N. Stern Graduate School of Business at New York University and a B.B.A. in Finance from the University of Massachusetts, Amherst.

[Anujeet Sareen, CFA, Portfolio Manager](#)

Anujeet is a Portfolio Manager for the Firm's Global Fixed Income and related strategies. Prior to joining the Firm in 2016, Anujeet was a managing director of global fixed income and a global macro strategist, as well as chair of the Currency Strategy Group at Wellington Management in Boston. Over his 22-year career at Wellington (1994-2016), he held a variety of roles while cultivating extensive fixed income and currency management experience. Anujeet is a CFA® charterholder and earned a B.A. in Computer Science from Brown University.

[Tracy Chen, CFA, CAIA Portfolio Manager](#)

Tracy is a Portfolio Manager on the Global Fixed Income team. She leads global structured credit investing and seeks the most attractive value in the global structured credit market, including investments in U.S. RMBS, CMBS, ABS, CLO, European ABS and other structured products. She joined the Firm in August 2008. Prior to joining Brandywine Global, she was with UBS Investment Bank as Director of Structured Products, GMAC Mortgage Group (focusing on mortgage whole loan pricing and trading), and Deloitte Consulting. Tracy earned her MBA with a concentration in Finance from the University of North Carolina at Chapel Hill. She also holds an M.A. in American Studies and a B.A. from University of Electronic Science & Technology of China. Tracy is a CFA® charterholder and a CAIA charterholder. Tracy's research on structured products was published in the Journal of Structured Finance in 2007, 2017, 2018 and 2019.

[Michael Arno, CFA, Portfolio Manager/Senior Research Analyst](#)

Mike is a portfolio manager and senior research analyst on the Global Fixed Income team. He is responsible for providing research analysis and portfolio management on the firm's emerging market fixed income related strategies. Prior to this he had been a research analyst on the team since 2011 with a focus on global credit and emerging markets. Mike joined Brandywine Global as a product specialist within client service in 2006. Prior to joining Brandywine Global in 2006, Mike was an associate for the Vanguard Group (2004-2006). A CFA® charterholder, he earned a B.S. in Finance from Temple University.

[Renato Latini, CFA, Portfolio Manager/Senior Research Analyst](#)

Renato is a portfolio manager and senior research analyst on the Global Fixed Income team. He is responsible for providing global macro analysis, credit research and portfolio management decisions. Renato joined Brandywine Global in 2006 as a trader for the Firm's Global Fixed Income and related strategies. Prior to joining Brandywine Global in 2006, Renato was an investment analyst at Watson Wyatt Investment Consulting (2004-2006). He is a CFA® charterholder and earned a B.A. in Physics and Economics from the University of Pennsylvania.

[Andrew Bogle Associate Portfolio Manager & Senior Research Analyst](#)

Andrew is an associate portfolio manager and senior research analyst on the Global Fixed Income Team. He is responsible for credit research and quantitative modeling, as well as the analysis of portfolio positioning including duration, currency, and notional derivative exposures. Andrew joined Brandywine Global in 2014 and previously served as a member of the Investment and Performance Analysis team, where he worked closely with portfolio managers by providing quantitative analysis, risk oversight, and technical automation to assist with portfolio implementation and review. Prior to joining Brandywine Global, Andrew worked closely with portfolio management, helping to review their investment decisions and theses while a performance analyst at BlackRock (2010-2014), as a GIPS and performance analyst at State Street Global Advisors (2008-2010), and as a reporting analyst at Hamilton Lane Advisors (2007-2008). Andrew received his B.S. in Economics from The Pennsylvania State University.

6 How we invest your money

6.1 What is the investment objective of the Fund?

The Fund's investment objective is to generate a high and consistent level of income over a full market cycle with a secondary objective of downside protection.

6.2 What is the investment strategy of the Fund?

The Fund seeks to generate returns by investing and rotating through spread sectors that traditionally derive a large portion of their returns through coupons or income. The Fund aims to generate attractive income and preserve client capital by utilising all the levers available in a truly multi-sector approach, investing in income-generating opportunities across sectors and countries that offer attractive risk-adjusted return and provide meaningful diversification. While spread sectors are often emphasised, the fund will look to opportunities in high yielding sectors such as local currency emerging market sovereigns. Hedging tools are used to limit market risks including interest rate risk, credit risk and currency risk.

The Fund takes a flexible, rotational approach to global fixed income investing that targets high total return, while protecting against downside risk via duration (on a cash bond and synthetic basis), credit, and currency hedges. Brandywine Global's approach to achieving these goals is to tactically allocate across fixed income sectors globally that, in our view, offer the best combination of value and durable fundamentals. Active macroeconomic themes guide the strategy's top-down valuation framework. Once we identify attractive market segments, including country, currency, and sector, that are congruent with our macro-themes, our team then conducts rigorous bottom-up, proprietary research to inform security selection. By expanding the opportunity set and employing prudent sector and quality rotation, Brandywine Global believes the portfolio can be best positioned to navigate fluctuating market environments.

Brandywine Global's holistic and relatively concentrated approach to managing the multi-sector framework distinguishes Brandywine Global from their peers. Brandywine Global take a global, top-down, value-oriented approach to multi-sector fixed income investing. Brandywine Global also take a concentrated approach to portfolio construction, investing in select securities with what we believe to be a high margin of safety rather than replicating an index-like distribution.

At its discretion, Brandywine Global may hedge all or some of the portfolio's currency exposure. Brandywine Global may also cross hedge currency positions. The Fund may have net short currency positions.

The sum of the Fund's active net long currency exposures (other than Australian dollar) shall not exceed 15% of the portfolio. The sum of the Fund's active net short currency exposures (other than Australian dollar) shall not exceed -15% of the Fund. The sum of the gross active currency exposures (other than Australian dollar) shall not exceed 30% of the Fund.

6.3 What are the significant benefits?

- A professional managed portfolio, seeking global fixed income opportunities.
- A diversified active portfolio of global fixed income securities.
- Designed to aim to limit downside risk by rotating risk across different sectors of the fixed income market and through tactical hedging of credit and interest rate risk.

6.4 Key assumptions and dependencies of the investment strategy

A key dependency in the Fund meeting its investment strategy is the performance of capital markets and the investment decisions of the Brandywine Global investment team.

6.5 What are the investment guidelines of the Fund?

The key investment guidelines implemented in order to control the overall risk of the Fund are as follows:

- The Fund invests at least 70 per cent of its Net Asset Value in debt securities and financial derivative instruments providing exposure to debt securities.
- The Fund employs in an actively managed strategy to invest in a combination of "Investment Grade" and "High Yield Debt" bonds. Credit ratings should not be used as an indicator of future returns or relied upon when making investment decisions.
- The Fund may be leveraged up to 200 per cent of the Fund's Net Asset Value, with potentially all or a significant portion of such exposure being generated by short positions.

- Exceptional circumstances may include periods characterised by: (i) lack of liquidity, such that Brandywine Global alternatively seeks exposure in derivative markets; (ii) volatility whereby Brandywine Global seeks to hedge or be opportunistic while respecting the investment policies and restrictions applicable to the Fund; (iii) imperfect “**correlations**” and unanticipated market conditions.
- The Fund may invest up to 10% of its Net Asset Value in Units or shares of open-ended collective investment schemes, provided they comply with the minimum rating requirements above.
- The sum of the Fund’s active net long currency exposures (other than Australian dollar) shall not exceed 15% of the Fund.
- The sum of the Fund’s active net short currency exposures (other than Australian dollar) shall not exceed -15% of the Fund.
- The sum of the gross active currency exposures (other than Australian dollar) shall not exceed 30% of the Fund.
- The average duration of the Fund’s investments will range between 0 and +10 years.

The Fund will not invest in securities issued by companies directly involved in:

- the production of “**controversial weapons**”;
- the manufacture of tobacco products;
- mining or extraction of thermal coal, or extraction of oil from tar sands (subject to a 10% revenue threshold).

Should an investment cease to be consistent with the screens imposed, such investment will be divested as soon as reasonably practicable and in the best interests of investors.

The exclusions are limited to securities that fall within the categories noted above. The Fund may invest in securities that are involved in the same supply chain as an excluded investment or have an association with an excluded investment, for example, the Fund may invest in securities that have exposure to Companies involved in:

- the distribution of “**controversial weapons**” or production or distribution of other types of weapons not considered “**controversial weapons**”;
- the distribution of tobacco and tobacco products;
- the generation of electricity from thermal coal or involved in mining of thermal coal within the revenue limits;
- the extraction or distribution of oil from tar sands within the revenue limits.

Brandywine Global considers the data provided by a third-party vendor (where available) in assessing revenue thresholds for excluding companies. Brandywine Global's analysts also compare the data provided by the third-party data provider with their own internal research and to the extent of any inconsistency, Brandywine Global's analysis will prevail. Revenue is generally on a gross basis. The screening may not include the parent or subsidiaries of companies.

Compliance with negative screens is monitored through a third-party monitoring system generally on a daily basis. Brandywine Global reviews the composition of the screens regularly and as the data is available from third party vendors.

In addition to the above restrictions above, the following investment parameters will apply as follows:

Diversification:

- The Fund will generally have a maximum of 75% of the Fund in U.S. “**high yield debt**”.
- The Fund will generally have a maximum of 75% of the Fund in Non-U.S. high yield debt.
- The Fund will generally have a maximum of 50% of the Fund in “**emerging market debt**”.
- Investment Grade debt may range from 0 -100% of the Fund.

In addition, the following limits will apply at time of purchase:

- Asset backed and mortgage-backed securities will not exceed 25% of the Fund in aggregate.
- Convertible securities will not exceed 15% of the Fund.
- No more than 5% of the Fund shall be invested in any one non-sovereign issue at time of purchase.
- Securities of companies of any one industry will not exceed 35% of the Fund.
- No more than 15% of the Fund will be invested in Bank Loans
- The Fund may employ economic leverage via the use of derivatives. The Fund may be leveraged by the use of derivatives up to 200% of the Fund's net asset value.

Franklin Templeton Australia may change the investment strategy and guidelines of the Fund at any time. If Franklin Templeton Australia changes the investment strategy or guidelines it will advise Unit holders of the change.

6.6 Labour, Environment, Social and Ethical considerations

In addition to the exclusions noted in Section 6.6 above, we monitor underlying investments for compliance with labour, social, ethical, and environmental practices and standards. These considerations are not the primary or sole drivers of buying, retaining or selling investments. To the extent that Brandywine Global believes that those matters may negatively affect the value or performance of an underlying investment, they may be considered as risks that would require reducing or selling out of an investment on a case-by-case basis. Brandywine Global does not have a predetermined view as to what comprises a labour standard or an environmental, social or ethical consideration and has no predetermined view as to the extent to which a labour standard or an environmental, social or ethical consideration will be taken into account. Brandywine Global has no set approach or timeframe to monitoring and review of this methodology.

6.7 Liquidity

As at the date of this PDS, Franklin Templeton Australia reasonably expects to be able to realise at least 80% of the assets of the Fund within 10 days under normal market conditions.

Example of leverage on investment returns and losses

Leverage trading is often 'relative value' in nature which involves taking long and short positions in asset markets. Relative value trading involves holding a long position in a particular stock or bond, or derivative, and hedging this position by holding a short position in another stock or bond, or derivative. Investment gains can be made where the long position rises in value more than the short position. Gains can also be made where both assets decline in value so long as the long position declines less than the short position. That is, so long as the relative return of the long position is greater than that of the short position. However, the use of leverage resulting from taking long/short positions can also generate losses.

In the simplified example provided (which excludes transaction costs, and assumes no change in the AUD/USD exchange rate), we show how the use of leverage can magnify both gains and losses using the following scenarios:

- Australian bond futures appreciate 1% relative to US bond futures; or
- Australian bond futures depreciate 1% relative to US bond futures.

First, we review the gain/loss of a \$1,000 starting investment position without leverage trading and compare the gain/losses if each bond futures position is leveraged 10 times (1,000%) for gross leverage of 20 times (2,000%).

No leverage		
Bond futures position BEFORE appreciation/depreciation	Starting position	
Australian bond futures purchased and held long e.g. a long position in Australian 10-year government bond futures	\$1,000	
US bond futures sold short e.g. a short position in US 10-year government bond futures	-\$1,000	
Bond futures position AFTER appreciation/depreciation	If Australian bond futures appreciates 1% relative to US bond future	If Australian bond futures depreciates 1% relative to US bond future
Australian bond futures (long)	\$1,010	\$990
US bond futures (short)	-\$1,000	-\$1,000
Gain/Loss	\$10 (gain)	-\$10 (loss)

Each bond futures position leveraged 10 times for gross leverage of 20 times		
Bond futures position BEFORE appreciation/depreciation	Starting position	
Australian bond futures purchased and held long e.g. a long position in Australian 10-year government bond futures	\$10,000	
US bond futures is sold short e.g. a short position in US 10-year government bond futures	-\$10,000	
Bond futures position AFTER appreciation/depreciation	If Australian bond futures appreciates 1% relative to US bond future	If Australian bond futures depreciates 1% relative to US bond future
Australian bond futures (long)	\$10,100	\$9,900
US bond futures (short)	-\$10,000	-\$10,000
Gain/Loss	\$100 (gain)	-\$100 (loss)

This example shows that the gain/loss without the use of leverage is $\pm\$10$, compared to a magnified gain/loss of $\pm\$100$ with the use of leverage.

7 Risks you should consider

It is important that you understand and accept the risks before you invest. We recommend you talk to an adviser about the risks involved in investing in the Fund and how it might impact on your individual financial circumstances.

General Risks

Investment in any fund carries risks, including volatility of returns. Volatility refers to the degree to which returns may fluctuate around their long-term average. Each asset class, whether it is cash, fixed interest, property, Australian or international shares, has associated investment risks and the return achieved by each will vary accordingly. You should be aware that an investment in the Fund contains risk and neither the performance of the Fund nor the security of your investment is guaranteed by Franklin Templeton or the Investment Manager.

Investments in the Fund are generally subject to risks, including possible delays in the payment of withdrawal proceeds, and loss of income and capital. The following discussion of certain risk factors does not purport to be an exhaustive list or a complete explanation of all the risks involved in an investment in the Fund.

The Responsible Entity considers the risk level of the Fund to be high.

7.1 What are the risks of investing in the Fund?

You should note:

- all investments carry risk;
- assets with the highest long-term returns may also carry the highest level of short-term risk;
- the value of investments will vary;
- the level of returns will vary and future returns may differ from past returns; and
- returns are not guaranteed and you may lose some of your money.

The level of risk for you will vary depending on a range of factors, including age, investment timeframes, where other parts of your wealth are invested and your risk tolerance. You should consult with your financial adviser before investing and from time to time, to ensure your investment is, and remains, appropriate to your needs.

The significant risks of the Fund are included below. This section does not purport to cover or explain all the risks of investing in the Fund.

Fund Risk

There are risks of investing in the Fund rather than investing directly in individual securities. Risks include, but are not limited to, the risk that:

- the Fund terminates;
- the fees and expenses will typically be higher compared to investing directly in individual securities and such fees and expenses may increase and the tax outcomes may be different;
- investments and withdrawals by one or more Unit holders may have an impact on other Unit holders; or
- there is a change in the Responsible Entity or an investment manager.

Market Risk

The market prices of the Fund's securities may go up or down, sometimes rapidly or unpredictably, due to local and/or global market conditions, such as real or perceived adverse economic or political conditions, governments policy change, inflation, changes in interest rates, lack of liquidity in the asset markets, adverse investor sentiment, or world events.

Investment Risk

There can be no assurance that the Fund investment objective will be attained. Neither the Investment Manager nor Franklin Templeton Australia guarantees the performance of the Fund.

The value of shares in the Fund may rise or fall, as the capital value of the Fund may fluctuate. The investment income of the Fund is based on the income earned on the securities the Fund holds, less expenses incurred. Therefore, the Fund's investment income may be expected to fluctuate in response to changes in such expenses or income. Due to their investment policies, the Fund may have highly volatile performance.

Service Provider Risk

The Fund, to a certain extent, is reliant on external service providers in connection with the operation of the Fund and investment activities. There is a risk with these arrangements that the service providers may default in the performance of their obligations or seek to terminate the services with the result that the Fund may be required to seek an alternative supplier and, in the interim, investment activities and other functions of the Fund may be affected.

Counterparty Risk

Counterparty risk is the risk to each party of a contract that the counterparty will fail to perform its contractual obligations and/or to respect its commitments under the term of such contract, whether due to insolvency, bankruptcy, or other cause. When a counterparty risk arises from the use of derivatives, the value of derivative and consequently the value of the Fund may be adversely affected.

Derivatives Risk

Derivatives are financial contracts that offer access to the performance of an underlying asset and are used to implement investment strategies in the most risk efficient manner possible. The use of derivatives to hedge the risk of physical securities will involve 'basis risk', which refers to the possibility that derivatives may not move exactly in line with the physical security. Fluctuations in the price of derivatives will be reflective of movements in the underlying assets, reference rate or index to which the derivatives relate. Consequently, the derivatives should not be expected to fully hedge the risk of the physical security. Derivatives are also used as substitutes for physical securities. In doing so there is the risk that a derivative may not be a perfect substitute for the underlying security it aims to replace and may not mirror its movements completely. Other risks associated with derivatives may include:

- Loss of value because of a sudden price move or because of the passage of time;
- Potential illiquidity of the derivative;
- The Fund being unable to meet payment obligations as they arise;
- Significant volatility in prices of the underlying asset;
- Some derivatives are leveraged and therefore may magnify or otherwise increase investment losses to the Fund;
- Legal risk which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly; and
- Counterparty risk which is the risk that parties to derivatives contracts and other investment instruments may not perform their contractual obligations and may default when settlement is due.

Note that neither Franklin Templeton Australia nor Brandywine Global guarantee that the Fund's derivatives strategy will be successful.

Distribution Risk

The hedging strategy may impact the distributions paid by Fund. When the base currency is appreciating relative to other currencies, the gains from hedging may result in additional income being distributed by the Fund and where the base currency is depreciating relative to other currencies, the losses from hedging may offset other income received by the Fund and may result in lower or no income being distributed from the Fund for a distribution period.

Investment in Options, Futures and Swap Contracts

For the purpose of hedging, efficient portfolio management, duration management, leverage and risk management the Fund may seek to protect or enhance the returns from their underlying assets by using options, futures and swap contracts. The ability to use these techniques and instruments may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these techniques and instruments will be achieved. Participation in the options or futures markets, in swap contracts and in foreign exchange transactions involves investment risks and transaction costs to which the Fund would not be subject if they did not use these techniques and instruments. If the Investment Manager's predications of movement in the directions of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to the Fund may leave the Fund in a less favourable position than if such techniques and instruments were not used.

Investment Strategy Risk

This is the risk that the investment strategy of the Fund will sustain losses due to the poor performance of capital markets or poor decisions by Brandywine Global within the confines of the investment strategy. For example, the Fund may take significant, long-term positions that Brandywine Global believes are undervalued by the market. Companies in which the Fund invests may remain out of favour with the market for extended periods of time. The Fund may continue to hold, and in some cases add to, a declining position so long as Brandywine Global continues to view the market as incorrectly valuing the security. As a result, the Fund faces the risk of miss-estimation in Brandywine Global's fundamental analysis regarding the companies in which the Fund invests. The

performance of the Fund may not closely correlate to specific market indices over time and may include extended periods of underperformance as compared to the broader market.

Interest Rate Risk

The value of fixed income securities held by the Fund will generally vary inversely with changes in interest rates and such variation may affect the value of the Fund's interest income and Net Asset Value of the Fund accordingly.

Currency Risk

Movements in exchange rates may cause rises or falls in the value of the units of the Fund held by the Fund which are denominated in a different currency to that of the base currency of a Fund. The value of these investments may decrease if the currency in which they are traded falls relative to a Fund's base currency. As a result, currency fluctuations may indirectly affect the value of a Fund's investment and, in turn, may also adversely affect the value of units held by a unitholder.

Leverage Risk

The Fund may be exposed to a form of economic leverage via the use of derivatives. The exposure of a leveraged portfolio to movements in the instruments and markets in which it invests can be greater than the value of the assets within a portfolio. Therefore, if a leveraged portfolio generates a positive return, the returns will be greater than the returns generated by an equivalent unleveraged portfolio. Similarly, if the investments generate a negative return, the losses will be greater than losses generated by an equivalent unleveraged portfolio.

Short Selling Risk

In taking short positions, the Fund bears the risk of an increase in the price of an investment over which the short position is taken. Such an increase could lead to a substantial loss.

Investment in High Yielding Debt Securities Risk

Due to the volatile nature of sub-investment grade assets and the corresponding risk of default, there may be significant capital losses and the possibility of fluctuations in the income return level of the Fund.

When economic conditions appear to be deteriorating, medium or low-rated securities may decline in value due to heightened concern over credit quality, regardless of the prevailing interest rates. Adverse economic developments can disrupt the market for low-rated securities, and severely affect the ability of issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities.

Low-rated securities also present risks based on payment expectations. If the Fund experiences unexpected net redemptions, it may be forced to sell its higher-rated securities, resulting in a decline in the overall credit quality of the Fund's investment portfolio and increasing the exposure of the Fund to the risks of low-rated securities.

Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.

Asset-Backed Securities Risk

The principal of asset-backed securities may be prepaid at any time. As a result, if such securities were purchased at a premium, a prepayment rate that is faster than expected will reduce yield to maturity, while a prepayment rate that is slower than expected will have the opposite effect. Conversely, if the securities are purchased at a discount, prepayments faster than expected will increase yield to maturity and prepayments slower than expected will decrease it. Accelerated prepayments also reduce the certainty of the yield because the Funds must reinvest the assets at the then-current rates. Accelerated prepayments on securities purchased at a premium also impose a risk of loss of principle because the premium may not have been fully amortised at the time the principle is repaid in full.

Mortgage-Backed Securities Risk

Mortgage-backed securities provide a monthly payment consisting of interest and principal payments. Additional payments may be made out of unscheduled repayments of principal resulting from the sale of the underlying property, refinancing or foreclosure, net of fees or costs that may be incurred. When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage refinancing slows, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed-income securities.

Emerging Markets Risk

Investments in "Emerging Markets" carry risks additional to those inherent in other investment, some of which are set out below.

Economic & political factors: Investments in securities of issuers located in "**Emerging Market Countries**" involve special considerations and risks, including the risks associated with high rates of inflation and interest with respect to the various economies, the limited liquidity and relatively small market capitalisation of the securities markets in Emerging Market Countries,

relatively higher price volatility, large amounts of external debt and political, economic and social uncertainties, including the possible imposition of exchange controls or other foreign governmental laws or restrictions which may affect investment opportunities. In addition, with respect to certain Emerging Market Countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments that could affect investments in those countries. Moreover, individual emerging market economies may differ favourably or unfavourably from the economies of developed nations in such respects as growth of gross national product, rates of inflation, capital investment, resources, self-sufficiency and the balance of payments position. Certain emerging market investments may also be subject to foreign withholding taxes.

Market liquidity and volatility: The securities markets in Emerging Market Countries are substantially smaller, less liquid and more volatile than the major securities markets. A limited number of issuers in most, if not all, securities markets in Emerging Market Countries may represent a disproportionately large percentage of market capitalisation and trading volume. The combination of price volatility and the less liquid nature of securities markets in Emerging Market Countries may, in certain cases, affect the Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.

Information standards: In addition to their smaller size, lesser liquidity and greater volatility, securities markets in Emerging Market Countries are less developed than the securities in more developed markets with respect to disclosure, reporting and regulatory standards. There is less publicly available information about the issuers of securities in these markets than is regularly published by issuers in the more developed market. Further, corporate laws regarding fiduciary responsibility and protection of stockholders may be considerably less developed than those in more developed market. Emerging market issuers may not be subject to the same accounting, auditing and financial reporting standards as companies in more developed market. Inflation accounting rules in some Emerging Market Countries require, for companies that keep accounting records in the local currency for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to reflect the high rates of inflation to which those companies are subject. Inflation accounting may indirectly generate losses or profits for certain companies in Emerging Market Countries. Thus, statements and reported earnings may differ from those of companies in other countries.

Custodial risks: As the Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Fund which are traded in such markets, and which have been entrusted to sub-custodians may be exposed to greater risk compared to countries with developed custodial and/or settlement systems.

Political and Economic Developments Risk

The political, economic and social structure of some foreign countries may be less stable and more volatile than those in domestic market that the investors are more familiar with. Investments in these countries may be subject to the risks of internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases.

Liquidity Risk

The risk that arises when adverse market conditions affect the ability to sell assets at desired price when necessary. Reduced liquidity may have a negative impact on the price of the assets. When a Fund holds less liquid investments, the Fund's portfolio may become harder to value, and if the Fund is forced to sell these investments to meet redemption requests or for other cash needs, the fund may suffer a loss. Liquidity risk also refers to the possibility of the Fund not being able to meet redemption requests due to a lack of cash or the inability of the Fund to sell assets at acceptable market price to raise cash needed to meet the redemption requests.

Rated and Unrated Securities Risk

Ratings of securities represent the opinions of bond rating agencies which are relative and subjective and are not absolute standards of quality. Unrated debt securities are not necessarily of lower quality than rated securities, but they may not be attractive to as many buyers. The bond rating agencies may change, without prior notice, their ratings on particular debt securities held by a fund, and downgrades in ratings are likely to adversely affect the price of the relevant debt securities.

Investment Grade securities may be subject to the risk of being downgraded to below Investment Grade. Lower credit quality rated securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. If the issuer defaults, or such securities cannot be realised, or perform badly, the Fund and its unitholders may suffer substantial losses. In addition, the market for securities which are rated below Investment Grade and/or have a lower credit rating generally is of lower liquidity and less active than that for higher rated securities and the Fund's ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by factors such as adverse publicity and investor perception.

Credit Risk

All fixed income or other debt securities have the fundamental risk that the issuer may be unable to make interest payments or repay the capital. Generally, government securities offer the lowest credit risk, which is reflected in their lower yield. Corporate debt offers a higher yield due to its higher risk. However, changes in economic and political outlook affect the value of such securities.

Investment Selection Risk

The Investment Manager uses an investment selection process to identify investment opportunities which it believes are most likely to outperform over the medium to long term. There is a risk that these investments will not perform in line with the Investment Manager's expectations however this risk is mitigated to some extent by the knowledge, experience and processes of the Investment Manager.

Hedging Risk

Investors should note that the hedging strategy between the currency of the Fund and the currency exposure of the assets held is designed to reduce, but not eliminate, exchange-rate risk. There is no guarantee that the exposure of the currency in which the Fund is denominated can be fully hedged against the exposure of the asset held. The successful implementation of the hedging strategy may reduce the benefit of decreases in the value of currency of investment in relation to the base currency of the Fund.

Manager & Operational Risk

All Funds are exposed to possible manager and operational risk which include human error, system failures, poor procedures, lack of management controls, termination of the Fund, counterparty risk, changes in fees, replacement of the Responsible Entity and replacement of the Investment Manager.

Legal and Regulatory Risk

The Fund is subject to the risk that laws may change in any jurisdiction where the Fund is invested or operates. There is also a risk that taxation or other applicable laws and regulations may change that may affect the operation of the Fund.

Cyber security Risks

With the increased use of technologies such as the internet and other electronic media and technology to conduct business, the Responsible Entity, the Fund, as well as the Responsible Entity's service providers and their respective operations can be susceptible to operational, information security and related risks including cyber security attacks or incidents.

In general, cyber incidents can result from deliberate attacks or unintentional events, and include unauthorised access to digital systems, networks or devices (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information.

Cyber security breaches may cause disruptions and impact a business, potentially resulting in financial loss. This may impact the Fund's ability to calculate its Net Asset Value, trading and the ability of Unit holders to transact business. Cyber-attacks may violate privacy and other laws, resulting in regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs, and the loss of proprietary information. Among other potentially harmful effects, cyber-events may also result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support the Responsible Entity and the Responsible Entity's service providers.

The above may affect issuers of securities in which the Fund invests, counterparties, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for Fund holders) and other parties. In addition, substantial costs may be incurred in order to try to prevent any cyber incidents in the future.

Force Majeure Risk

Circumstances beyond our reasonable control may impact the operation, administration and performance of the Fund. Those include industrial disputes, failure of a securities exchange, fires, floods, hurricanes, earthquakes, wars, strikes and acts of terrorism, governmental pre-emption in connection with an emergency of state and pandemics.

mFund Risk

Investing through mFund involves certain additional risks. The ASX may suspend or revoke the admission of the Fund on mFund. Communication and system failure affecting the mFund system may also affect your investment, or the transactions processed via mFund have not been processed correctly. Should the Fund fail to comply with the mFund admission requirements, the Fund may lose its settlement status through the mFund service.

7.2 How are the risks managed?

Franklin Templeton Australia maintains disciplined management controls with robust and independent risk management processes and compliance systems and practices.

The Investment Manager manages the risks of the Fund.

Brandywine Global has a dedicated Risk Management Department with independent reporting lines and responsibilities. While risk management is also part of the daily investment function, this independent department provides impartial data analysis, pricing, analytics and risk oversight to support the investment team.

8 Fees and costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more or see the impact of fees based on your own circumstances, **the Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

8.1 Fees and other costs table

The information in the following Fees and Costs Summary can be used to compare costs between different managed investment schemes. Fees and costs can be paid directly from an investor's account or deducted from investment returns. For information on tax please see [Section 11](#) of this PDS.

Fees and Costs Summary

Brandywine Global Income Optimiser Fund		
Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs		
Management Fees and costs ^{1,2} The fees and costs for managing your investment	0.65% of the net asset value (NAV) of the Fund	The management fees are calculated in relation to the NAV of the Fund on a daily basis. The management fees are deducted from the Fund's assets and are generally paid to us quarterly in arrears. Otherwise, the fees and costs are variable and reflected in the unit price of the Fund as they are incurred.
Performance fees Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable.
Transaction costs ³ The costs incurred by the scheme when buying or selling assets	0.06% p.a. of the NAV of the Fund	Transaction costs incurred by the Fund are variable and deducted from the Fund as they are incurred and reflected in the valuation. They are disclosed net of amounts recovered by any buy-sell spreads.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
Establishment fee	Not applicable	Not applicable

The fee to open your investment		
Contribution fee The fee on each amount contributed to your investment.	Not applicable	Not applicable
Buy/sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	0.13% upon entry and 0.13% upon exit. The buy/sell spread may change due to market liquidity. The spreads shown above are accurate as at the date of this PDS.	These costs are an additional cost to the investor but are incorporated into the application and redemption unit price and arise when investing application monies and funding withdrawals from the Fund and are not separately charged to the investor. The Buy Spread is paid into the Fund as part of an application and the Sell Spread is left in the Fund as part of a redemption.
Withdrawal fee The fee on each amount you take out of your investment	Not applicable	Not applicable
Exit fee The fee to close your investment	Not applicable	Not applicable
Switching fee The fee for changing investment options	Not applicable	Not applicable
¹ This fee is inclusive of GST and net of RITCs. ² The amount of this fee may be negotiated. See Section 8.5 "Right to negotiate fees" for more information. ³ Calculated based on transaction costs charged to the Fund for the 12 months to 30 June 2023. Past costs (inclusive of GST and net of RITC) are not a reliable indicator of future costs.		

8.2 Additional explanation of fees and costs

All fees and costs are inclusive of the Goods and Services Tax ("GST") and take into account any expected RITCs.

Where fees and costs have been quoted to two decimal places, the actual fee amount may have been rounded.

Franklin Templeton Australia may make product access payments and fund manager payments to Master Trust and Wrap operators subject to the requirements of the Corporations Act. Franklin Templeton Australia may also pay other alternative forms of remuneration. Alternative remuneration is at Franklin Templeton Australia's expense. Additional fees may be paid to a financial adviser if an investor consulted a financial adviser. Where an investor receives financial advice, investors should refer to their Statement of Advice or their adviser's Financial Services Guide for full details of these fees.

8.3 Management Fees and Costs

The Management Fees and Costs include the management fees and Responsible Entity fees payable to us. Out of the Management Costs we will also pay certain other costs the Constitution of the Fund otherwise gives us, as the Responsible Entity, the right to recover. These other costs include custodian fees, administration fees, audit fees cost of interposed vehicles (if any) and other expenses and costs connected with the compliance committee and the compliance plan. The Management Costs is calculated and accrued daily based on the Net Asset Value of the Fund. The accrued fees are paid in arrears from the Fund at the end of each quarter. The Management Costs reduce the Fund's NAV and are reflected in the Unit price. While we choose to pay these other costs out of the Management Costs, we reserve the right to recover some or all of the expenses from the Fund.

The Management Fees and Costs do not include certain transaction costs. Please refer to Section 8.6 of this PDS.

8.4 Estimated administration and other costs

Estimated administration and other costs include the costs and/or expenses of the Fund (including those of the Responsible Entity, the Custodian and the Administrator). Administration and Other Fund costs may also include financial institution fees, costs of Unit holders' meetings, costs incurred by interposed vehicles (if any), costs of amending the Constitution of each Fund, costs of engaging auditors and/or other advisers, costs of promoting the Fund, costs of compliance and administrative costs generally.

8.5 Right to negotiate fees

We may enter into individual fee arrangements with “**wholesale clients**” (as defined in the Corporations Act) in accordance with applicable ASIC class order relief.

8.6 Transaction costs

In addition to the Management Fee and Costs, the Fund may incur transaction costs. Such costs include such as brokerage, settlement and clearing costs and any OTC derivative transaction costs (excluding such costs disclosed as indirect costs), such as derivatives used for hedging purposes. Transaction costs are an additional cost to the investor where they are not recovered by the Buy/Sell Spread and are generally incurred when the assets of the Fund are changed in connection with day-to-day trading or when there are applications or withdrawals which cause net cash flow into or out of the Fund.

Transaction costs exclude certain implicit or market impact costs.

Transaction costs incurred as a result of Unit holders coming into and going out of the Fund may be accounted for in the buy/sell spread. Other transaction costs are additional costs to Unit holders that are deducted from the assets of the Fund. Such costs are recovered as they are incurred and reflected in the Unit price.

The transaction costs are estimated to be 0.06% p.a. and are calculated based on administration and other costs charged to the Fund for the 12 months to 30 June 2023. Past costs (inclusive of GST and net of RITCs) are not a reliable indicator of future costs.

The transaction costs shown above are based on information available as at the date of issue of this PDS. Where the Responsible Entity considers any change to this estimate is not materially adverse the information may be updated on the Responsible Entity's website, www.franklintempleton.com.au.

Warning: Additional fees may be paid to a financial adviser if an investor consulted a financial adviser. Where an investor receives financial advice, investors should refer to their Statement of Advice or their adviser's Financial Services Guide for full details of these fees.

8.7 Buy/Sell spread estimate

The buy/sell spread is an estimate of the transaction costs that are incurred in buying and selling the underlying assets of the Fund as a result of applications and withdrawals. The Application Price is adjusted up by a buy spread and the Withdrawal Price is adjusted down by a sell spread. The dollar value of these costs based on an application or a withdrawal of \$5,000 is \$6.50 for each individual transaction. We can change the buy/sell spread at any time without prior notice. Please refer to our website for the current buy/sell spreads at www.franklintempleton.com.au. The actual buy/sell spread is subject to change from time to time depending on changes to the composition of the Fund's underlying assets and exposure to various investment managers. Where transaction costs are lower or higher than the estimated buy-sell spreads listed in this PDS, the actual costs may apply.

Any buy/sell spread is retained in the Fund and no portion is paid to Franklin Templeton Australia.

8.8 Changes to the fees and expenses

We may vary the fees specified at any time at our absolute discretion, without Unit holder consent, subject to the maximum fee amounts specified in the Constitution. If the variation is an increase we will give you 30 days advance written notice.

At the date of the PDS we do not intend to charge a contribution fee, withdrawal fee or performance fee (which are otherwise permitted under the Fund's Constitution) nor do we intend to increase the management fee component of the total Management Fees and Costs that we charge you.

We are entitled to recover out of the assets of the Fund all expenses which are properly incurred for operating the Fund, provided that such reimbursement is not prohibited by the Corporations Act. Fund expenses include, amounts payable in connection with custody, compliance, legal and tax consulting fees, banking, accounting and audit.

8.9 Rebates and related payments

Franklin Templeton Australia may also pay other alternative forms of remuneration. Alternative remuneration is at Franklin Templeton Australia's expense. Information regarding alternative forms of remuneration is maintained on a register maintained by Franklin Templeton Australia that is available for inspection.

8.10 Taxation

Taxation information is discussed in Section 11.

8.11 mFund Settlement Service

You must use an mFund accredited and licensed broker to facilitate your transactions on mFund. Your chosen broker may charge you additional fees which are not outlined in the “Fees and Costs” section of this PDS.

Information about the Fund’s NAV will be published monthly at www.asx.com.au/mfund.

8.12 Example of annual fees and costs for this investment option

This table provides an example of how the ongoing annual fees and costs in this investment option can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

Example - Brandywine Global Income Optimiser Fund		
Balance of \$50,000 with a contribution of \$5,000 during year		
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
Plus Management fees and costs	0.65%	And , for every \$50,000 you have in the Fund you will be charged or have deducted from your investment \$325 each year. ¹
Plus Performance fees	N/A	And , you will be charged or have deducted from your investment \$0 in performance fees each year
Plus Transaction costs	0.06%	And , you will be charged or have deducted from your investment \$30 in transaction costs
Equals Cost of Brandywine Global Income Optimiser Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of \$355 ^{*2} What it costs you will depend on the investment option you choose and the fees you negotiate.
<p>*Additional fees may apply.</p> <p>¹You should note that this example assumes a constant investment balance of \$50,000 in Units throughout the year. Management Fees and Costs will also be charged in relation to any additional contributions you make during the year and the amount you pay will depend on the proportion of the year during which the additional contributions are invested.</p> <p>²Assumes the additional \$5,000 was invested at the end of the year. If it is assumed the additional \$5,000 was invested at the beginning of the year, the Management Fees and Costs would be \$357.50 (\$55,000 x 0.65%). Please note this is an example only as the actual investment balance of your holding will vary on a daily basis.</p> <p>Note: This is an example. In practice, the actual investment balance of an investor will vary daily and the actual fees and expenses we charge are based on the value of the Fund. The indirect costs and other expenses component of management fees and costs and transaction costs may also be based on estimates. As a result, the total fees and costs that you are charged may differ from the figures shown in the table.</p> <p>Warning: If you have consulted a financial adviser, you may pay additional fees. You should refer to the Statement of Advice or Financial Services Guide provided by your financial adviser in which details of the fees are set out.</p>		

8.13 Calculator

The Australian Securities and Investments Commission provides a fees calculator at www.moneysmart.gov.au. This calculator can be used to calculate the effects of fees and costs on your investment.

9 Other information

9.1 Valuation of assets and Unit pricing

Entry and Exit Prices are based on the Net Asset Value of the Fund, the number of Units on issue and the Buy/Sell Spread, where applicable. In normal circumstances, Entry and Exit Prices will be determined for each Business Day. Franklin Templeton Australia may declare Entry and/or Exit Prices more or less frequently or may delay calculation in certain circumstances.

For the Fund in certain (generally infrequent) circumstances where a valuation cannot be obtained from an independent administrator or an independent valuation service provider, Franklin Templeton Australia can value the asset on another basis in accordance with its valuation policy, which is available upon request.

9.2 Application for and withdrawal of Units

An investor can acquire Units by making an application for Units. An application for Units is made by submitting an application form to the Responsible Entity or by making an application through mFund (Class A units only) by placing a buy order for Units with your licensed broker.

Application requests received before 12 noon on a Business Day will generally receive the Entry Price for that Business Day. Application requests received after 12 noon on a Business Day will generally receive the Entry Price for the next Business Day. Franklin Templeton Australia reserves the right not to accept an application request.

A Unit holder can dispose of Units by making a withdrawal from the Fund. A withdrawal is made by lodging a withdrawal request with the Responsible Entity or by making a withdrawal through mFund by placing a sell order for Units with your licensed broker. See section 12.3 in relation to mFund applications.

Withdrawal requests need to be received by the registrar, Link, before 12 noon on a Business Day and will generally receive the Exit Price for that Business Day. Withdrawal requests received after 12 noon on a Business Day will generally receive the Exit Price for the next Business Day.

Your Units may be compulsorily redeemed or a withdrawal request refused where you hold less, or a withdrawal would cause you to hold less, than the minimum holding amount (unless the withdrawal request relates to the balance of your holding). Franklin Templeton Australia may compulsorily redeem your Units if you cease to be, or cannot prove that you are, an Eligible Investor.

Investments in, and withdrawals from the Fund are subject to the following minimum investment and withdrawal amounts.

Application and Withdrawals from the Fund	The Fund is generally available for transactions on each Business Day. The deadline for receipt of an application or withdrawal request is 12 noon (Australian Eastern Daylight Time) on each Business Day.
Minimum initial investment	\$25,000
Minimum additional investment	\$5,000
Minimum withdrawal	\$5,000

9.3 Payment of withdrawals

Withdrawal proceeds are typically paid within 6 Business Days, although the Constitution of the Fund allows us up to 21 days or longer in certain circumstances. Franklin Templeton Australia may deduct money owed by you to Franklin Templeton Australia from a withdrawal. Proceeds from withdrawal will be paid in accordance with the Unit holder's instructions or as agreed with Franklin Templeton Australia.

Withdrawal requests of more than 5% of the Units on issue in the Fund may be treated as five separate requests, each for 1/5 of the original request received on five successive Business Days. Withdrawal requests of more than 10% of the number of Units on issue in the Fund over five consecutive Business Days may have the excess paid within 45 Business Days of the original request.

In some circumstances, Unit holders may not be able to redeem their Units within the usual period upon request. If the Responsible Entity determines that the Fund is not liquid, for the purposes of the Corporations Act 2001 (Cth), then you may only redeem from the Fund in accordance with the terms of a withdrawal offer (if any) made by the Responsible Entity in accordance with the Corporations Act. The Responsible Entity will notify Unit holders if the Responsible Entity determines that withdrawal rights will be suspended. The Responsible Entity reasonably expects that it will be able to realise at least 80% of its investment in the Fund within 10 Business Days.

There is no obligation on the Responsible Entity to make a withdrawal offer. The Responsible Entity anticipates that the Fund will generally be liquid.

Franklin Templeton Australia may at any time suspend consideration of withdrawal requests in the Fund, or defer its obligation to pay the withdrawal price in respect of a withdrawal request it has accepted, if it is not possible or not in the best interests of the members of the Fund, for it to process withdrawal requests or make the payment (as applicable) due to one or more circumstances outside its control such as restricted or suspended trading or extreme price fluctuation or uncertainty in the market for an asset of the Fund.

9.4 Distributions

The Fund may distribute income at 30 September, 31 December, 31 March and can determine to make an additional distribution from time to time. At present, the Fund intends to distribute all undistributed income at 30 June each year, but the Constitution for the Fund does allow us to accumulate income where the Fund is an Attribution Managed Investment Trust (“AMIT”) for the relevant year. A Unit holder’s entitlement to distributions of income is determined based on the number of Units held at the end of the relevant distribution period. Distributions will be paid within 10 Business Days of the end of the relevant distribution period. Unit holders who redeem Units during a distribution period will not receive a distribution of income in respect of those Units for that distribution period. The Constitution for the Fund does provide us with the power to, where Units are redeemed during a year for which the Fund is an AMIT, attribute tax components to a redeeming Unit holder in certain circumstances where the withdrawal constitutes a “Significant Withdrawal”. Income attributable to each Class may be impacted by the total level of fees charged to the Fund. Reinvested distributions will be taken to be issued on the next day after the end of the relevant distribution period. The Application Price for Units issued on the reinvestment of distributions will be based on the NAV of the Fund used to calculate the last Application Price for the relevant distribution period adjusted for certain income amounts. You may use the “Application Form for New Investors” to make a distribution election. If you are an existing investor and would like to change your distribution preference, you can use the “Change of Details Form”. Reinvested distributions will be taken to be issued on the next day after the distribution calculation date.

9.5 The Responsible Entity and the Constitution of the Fund

The Constitution of the Fund, the Corporations Act and general legal principles govern Franklin Templeton Australia’s responsibilities and rights as the Responsible Entity and the rights and liability of Unit holders.

Franklin Templeton Australia’s duties include:

- acting honestly and in the best interest of Unit holders;
- to exercise the degree of care, skill and diligence that a reasonable person would exercise if they were in Franklin Templeton Australia’s position; and
- in relation to the Fund, to treat Unit holders of the same class equally and Unit holders of different classes fairly; and to exercise care and diligence.

The terms and conditions of the Constitution of the Fund are binding on Franklin Templeton Australia and on the Fund Unit holders respectively. Some of the key terms and conditions of the Constitution and the relevant law include:

- the nature and entitlements of Units in the Fund;
- amendments to the Constitution of the Fund and how meetings of Unit holders can be called and operated;
- termination of the Fund and the retirement and removal of Franklin Templeton Australia as Responsible Entity;
- remuneration of Franklin Templeton Australia as Responsible Entity;
- the powers of Franklin Templeton Australia to make investments on behalf of the Fund;
- the considerations and powers of Franklin Templeton Australia in accepting applications and paying withdrawals;
- the processes and procedures when the Fund is not liquid;
- the indemnity which Franklin Templeton Australia is owed by the Fund; and
- details of the Compliance Committee and the Compliance Plan.

The Constitution contains provisions designed to limit the liability of Unit holders so that they are not, by reason only of being Unit holders, under any personal obligation to indemnify Franklin Templeton Australia, or any creditor of Franklin Templeton Australia in the event of there being any deficiency of assets of the Fund. The law, however, in relation to liability of Unit holders is complex and to date, limitations on the liability of Unit holders have not been tested by Australian courts. Therefore, it is not possible for Franklin Templeton Australia to give an absolute assurance that liability of Unit holders will be limited in all circumstances. Franklin Templeton Australia will provide investors with a free copy of the Constitution for the Fund upon request.

9.6 Investing via an IDPS or a Master Trust

Investors accessing the Fund indirectly through an IDPS or a Master Trust do not acquire the rights of a Unit holder. Rather, the operator of the IDPS or Master Trust acquires the Units and the rights of a Unit holder, meaning the right to receive distributions, confirmations, reports, attend meetings and make complaints. The rights of IDPS or Master Trust investors, including the taxation implications of investing, should be set out in disclosure documents issued by the IDPS or Master Trust operator.

9.7 Related party dealings

Franklin Templeton Australia may transact business with related parties on “arms’ length” terms, whether the related party acts as agent or principal. Franklin Templeton Australia may delegate its functions to related parties or other third parties. Franklin Templeton Australia may invest in other trusts for which we are the Responsible Entity.

Subject to the Corporations Act, we and our associates may hold Units in the Fund. We are also permitted by the Constitution (subject to the Corporations Act) to:

- to deal with ourself (as Responsible Entity of the Fund or in another capacity), an associate or any Unit holder;
- have an interest in any contract or transact with ourself (as Responsible Entity of the Fund or in another capacity), an associate or any Unit holder;
- retain for our own benefit any profits or benefits derived from such contract or transaction; and
- act in the same or similar capacity in relation to any other managed investment schemes.

Any such arrangement will be based on arms’ length terms.

As described in Section 3 the investment managers of the Fund are associates of Franklin Templeton Australia.

Franklin Templeton Australia may also pay other alternative forms of remuneration. Alternative remuneration is at Franklin Templeton Australia’s expense. Information regarding alternative forms of remuneration is maintained on a register maintained by Franklin Templeton Australia that is available for inspection.

9.8 Anti-money laundering

Anti-money laundering laws in Australia may require Franklin Templeton Australia to obtain additional information to verify the identity of an investor, any underlying beneficial owner of Units in the Fund and the source of any payment.

The processing of applications or withdrawals may be delayed or suspended until the requested information is provided in a satisfactory form.

9.9 Consents to quote

ASIC Regulatory Guide 55 — Consent to quote

**Brandywine Global Investment
Management, LLC**

Brandywine Global has consented to statements about it in the form and context in which they appear (and has not withdrawn their consent before the date of this PDS).

9.10 Complaints

We have established procedures for dealing with complaints.

If you have invested via a Master Trust or Wrap Service and have a concern, you should first contact the Operator of the Master Trust or Wrap Service through which you invested in the Fund. The Operator will handle your complaint in accordance with its complaint handling procedures and may, in accordance with those procedures, refer the complaint to us.

If you have an inquiry or complaint, you can either phone us on 1800 673 776 during business hours or write to:

Franklin Templeton Australia

GPO Box 24011
Melbourne VIC 3001

Your written complaint will be acknowledged within five business days, and we will make every effort to resolve your issues within 30 days of being notified.

If any complaint remains unresolved after 30 days or the issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority, or AFCA. AFCA provides a fair and independent financial complaint

resolution service that is free to consumers.

Website: www.afca.org.au

Email: info@afca.org.au

Telephone: 1800 931 678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

10 Privacy

10.1 Your privacy at Franklin Templeton Australia

Keeping customer information secure is a top priority for us at Franklin Templeton Australia. In Australia, Franklin Templeton Australia is subject to the Australian Privacy Principles under the Privacy Act 1988 (Cth). The Franklin Templeton Australia Privacy Policy outlines how we intend to deliver all the rights and protections customers are entitled to. Where there are differences between the Franklin Templeton Australia Privacy Policy and the Privacy Act, the stronger protection applies. This policy also describes:

- who we collect information from;
- the types of personal information collected and held by us;
- how this information is collected and held;
- the purposes for which your personal information is collected, held, used and disclosed;
- how you can gain access to your personal information and seek its correction;
- how you may complain or inquire about our collection, handling, use or disclosure of your personal information and how that complaint or inquiry will be handled; and
- whether we are likely to disclose your personal information to any overseas recipients.

10.2 Who do we collect personal information from?

In the course of providing our products and services Franklin Templeton Australia, including our related entities, may collect personal information from clients, or potential clients.

10.3 What types of personal information do we collect?

In the course of providing products and services, but may collect:

- Personal Information including names, addresses and other contact details; dates of birth; and financial information.
- Sensitive Information including government identifiers (such as your TFN), your nationality, country of birth, professional memberships, family court orders and criminal records.

How do we collect and hold your personal information?

How we collect personal information will largely be dependent upon whose information we are collecting. If it is reasonable and practical to do so, we collect personal information directly from you. Where possible Franklin Templeton Australia has attempted to standardise the collection of personal information by using specifically designed forms (e.g. our Application Forms). However, given the nature of our operations we often also receive personal information by email, letters, notes, over the telephone, in face-to-face meetings and through financial transactions. We may also collect personal information from other people (e.g. a third-party administrator) or independent sources, however, we will only do so where it is not reasonable and practical to collect the information from you directly.

Sometimes we may be provided with your personal information without having sought it through our normal means of collection. We refer to this as “unsolicited information”. Where we collect unsolicited information we will only hold, use and or disclose that information if we could otherwise do so had we collected it by normal means. If that unsolicited information could not have been collected by normal means then we will destroy, permanently delete or de-identify the information as appropriate.

10.4 Use and disclosure of information

We will only collect, store and disclose personal information reasonably necessary for one or more of our functions or activities (the primary purpose) or for a related secondary purpose that would be reasonably expected by you, or to which you have consented. Such purposes may include:

- processing an application;
- processing receipts and payments; and servicing customer accounts;
- responding to customer inquiries about applications, accounts or services;
- understanding customer's needs and offering products to meet those needs;
- meeting the legislative requirements of laws such as the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act); and

- allowing our affiliates and selected third parties to promote their products and services to customers.

If you do not provide personal information requested, Franklin Templeton Australia may not be able to provide a particular service or may be required by law to take particular actions such as deducting taxation at the top marginal rate.

We may also need to collect personal information in order to comply with our legal obligations, such as the Anti-Money Laundering and Counter-Terrorism Financing Rules (AML/CTF Rules), under the AML/CTF Act.

It may be necessary for Franklin Templeton Australia to disclose your personal information to certain third parties in order to assist us with one or more of our functions or activities. This may include organisations providing fund administration or custodial services under an arrangement with us.

We only collect sensitive information reasonably necessary for one or more of these functions or activities if we have the consent of the individuals to whom the sensitive information relates, or if the collection is necessary to lessen or prevent a serious threat to life, health or safety or another permitted general situation.

The nature of information collected and maintained by Franklin Templeton Australia generally comprises name, address, telephone number, other identifying information and certain personal financial details ("personal information"). We consider this personal information and other account information which we collect from you on applications or other forms, to be confidential. We will take steps to safeguard it according to strict standards of security and confidentiality.

Franklin Templeton Australia is able to offer you a wide range of financial services and products which may be of value to you. We are committed to respecting the privacy of your personal information. If you do not wish us or other companies to communicate marketing offers to you, you may withdraw your consent by simply informing us:

Mail

Franklin Templeton Australia
GPO Box 24011, Melbourne VIC 3001

Free call

1800 673 776

Email

auclientadmin@franklintempleton.com

In common with many organisations, we are able to keep our costs down by obtaining some routine services from external service providers. Unless you have instructed us otherwise, your information may be provided to such external service providers for these purposes.

10.5 Quality of personal information

It is our intention to ensure that the personal information in our client files is complete and accurate. To assist us with this, please notify us about changes to the information you have provided to us. Furthermore, if you believe that the information that we have about you is not accurate, complete or up to date, please contact the Privacy Officer at the above address and we will use all reasonable effort to correct the information. Once we have ceased using your personal information, we will either destroy or de-identify your personal information.

10.6 Access and further information

We may store information about you in databases that may be maintained inside or outside Australia by other companies within the Franklin Templeton Resources group or by other third-party storage providers.

We store personal information in a variety of formats including on databases, in hard copy files and on personal devices, including laptop computers.

The security of your personal information is of paramount importance to us, and we take all reasonable steps to protect the personal information we hold about you from misuse, loss, unauthorised access, modification, or disclosure.

These steps include:

- Restricting access to information on our databases on a need to know, basis with different levels of security being allocated to staff based on their roles and responsibilities and security profile.
- Ensuring all staff are aware that they are not to reveal or share personal passwords.
- Ensuring where sensitive information is stored in hard copy files that these files are stored in lockable filing cabinets in lockable rooms. Access to these records is restricted to staff on a need to know, basis.

- Implementing physical security measures at our premises to prevent break-ins.
- Implementing security systems, policies and procedures designed to protect personal information storage on our computer networks.
- Implementing human resources policies and procedures, such as email and internet usage, confidentiality, and document security policies, designed to ensure that staff follow correct protocols when handling personal information.
- Undertaking due diligence with respect to third party service providers who may have access to personal information, including customer identification providers and cloud service providers, to ensure as far as practicable that they are compliant with the Australian Privacy Principles or a similar privacy regime.

Personal information we hold that is no longer needed, or required to be retained by any other laws, is destroyed in secure manner, deleted or de-identified as appropriate.

Our website may contain links to other websites. We do not share your personal information with those websites, and we are not responsible for their privacy practices. Please check their privacy policies.

10.7 When we disclose your personal information

We only use personal information for the purposes for which it was given to us, or for purposes which are directly related to one or more of our functions or activities. We may disclose your personal information to government agencies, and other recipients from time to time, only if one or more of the following apply:

- you have consented;
- you would reasonably expect us to use or disclose your personal information in this way;
- we are authorised or required to do so by law;
- disclosure will lessen or prevent a serious threat to the life, health or safety of an individual or to public safety;
- where another permitted general situation applies; and
- disclosure is reasonably necessary for a law enforcement related activity.

10.8 Disclosure of your personal information to overseas recipients

We may disclose personal information about an individual to overseas organisations that help us provide our services, in certain circumstances. We will however take all reasonable steps not to disclose an individual's personal information to overseas recipients unless:

- we have the individual's consent (which may be implied);
- we have satisfied ourselves that the overseas recipient is compliant with the Australian Privacy Principles, or a similar privacy regime;
- we form the opinion that the disclosure will lessen or prevent a serious threat to the life, health or safety of an individual or to public safety; or
- we are taking appropriate action in relation to suspected unlawful activity or serious misconduct.

10.9 How we ensure the quality of your personal information

We take all reasonable steps to ensure the personal information we hold, use, and disclose is accurate, complete and up-to-date. These steps include ensuring that the personal information is accurate, complete and up-to-date at the time of collection and when using or disclosing the personal information.

On an ongoing basis we maintain and update personal information when we are advised by individuals or when we become aware through other means that their personal information has changed.

Please contact us if any of the details you have provided change. You should also contact us if you believe that the information we have about you is not accurate, complete or up-to-date.

10.10 How to gain access to your personal information we hold

If you are a client of Franklin Templeton Australia, you may request access to your personal information that Franklin Templeton Australia or an outsourced service provider hold in relation to your investment by submitting your request in writing to the address noted above.

We will provide you with access to this information if we are able to. We retain the right to request adequate proof of identification before authorising any requests for access to personal information.

If we do not agree to provide you with access to or to amend your personal information as requested, you will be notified accordingly. Where appropriate we will provide you with the reason/s for our decision. If the rejection relates to a request to change your personal information you may make a statement about the requested change and we will attach this to your record.

10.11 Changes to the Privacy Policy

Franklin Templeton Australia may make changes to the Franklin Templeton Australia Privacy Policy from time to time for any reason. We will publish those changes on our web site. This Privacy Policy was last amended in October 2022 and is accessible on our website at www.franklintempleton.com.au.

11 Tax

11.1 Tax Considerations generally applicable to the Fund

The information set out below is a broad overview of some of the tax consequences for Australian residents of investing in the Fund. It does not take into account the specific circumstances of each Unit holder that may invest in the Fund and should not be used as the basis upon which potential Unit holders make an investment decision.

This information has been prepared based on Australian tax law and administrative and judicial interpretations of such as at the date of this PDS.

This summary does not take into account the position of Unit holders who are assessed on their disposal of Units otherwise than under the Australian capital gains tax provisions, such as Unit holders who are in the business of trading or dealing in Units or securities.

Franklin Templeton Australia elected to opt into the new Attribution Managed Investment Trust (“AMIT”) tax regime, to apply from the year ended 30 June 2018. Set out below is a summary of how the AMIT regime will apply to the Fund. However, if the Fund ceases to satisfy the qualification requirements to be an AMIT, this material may not be relevant. We have also set out below some information that is relevant to the Funds irrespective of whether the AMIT regime applies or not.

The taxation implications of investing in the Fund are particular to each Unit holder’s circumstances. Franklin Templeton Australia recommends that you seek professional tax advice, particularly if (for Australian tax purposes) you are not a resident of Australia or you are a “temporary resident” of Australia. Nothing contained in this PDS should be construed as the giving of, or be relied upon, as tax advice.

No Australian income tax should be payable by the Fund on the income of the Fund provided Unit holders become presently entitled to all of the taxable income of the Fund each financial year. Franklin Templeton Australia intends to take all reasonable steps to ensure that these requirements are satisfied.

11.2 Taxation of the Fund - AMIT

On the basis that the Fund is an AMIT for tax purposes, Australian resident Unit holders of the Fund should be taxed on the tax components of the Fund that are attributed to them each year.

The tax components of the Fund that are attributed to an Australian resident Unit holder will be disclosed in a statement, known as the “AMIT member annual statement” or “AMMA statement”, following the Fund’s financial year end of 30 June. Aside from the tax components of the Fund which are attributed to a Unit holder in respect of the relevant financial year, the AMMA statement will also state an estimate of the expected cost base adjustment to the Unit holder’s units for the relevant year.

The tax components which are attributed by the Fund to Unit holders should include the tax components of the Fund that are reflected in any distributions made by the Fund to Unit holders for the relevant year. Unit holders may also be attributed tax components where they undertake a significant withdrawal of units in the Fund, or where Franklin Templeton Australia determines that part of the taxable income of the Fund should be accumulated and not distributed. Franklin Templeton Australia does not currently have an intention to accumulate taxable income of the Fund.

Unit holders should be subject to the regime for cost base adjustments provided for interests in AMITs. Under this regime, Unit holders may experience an upward cost base adjustment to the extent that the taxable components attributed to them for the year exceed the amounts distributed to them for the year, or a downward cost base adjustment to the extent that the distributions made to them exceed the taxable components attributed to them. As outlined above, the AMMA statement that Unit holders are provided should provide details of Franklin Templeton Australia’s estimate of these cost base adjustments.

Should the Fund not be an AMIT for a particular year of income:

- Unit holders should be taxed on the taxable income generated by the Fund to the extent that they are ‘presently entitled’ to all of the distributable income of the Fund. Franklin Templeton Australia intends to administer the Fund such that Unit holders of these Funds are ‘presently entitled’ to all of the distributable income of these Funds each year.
- Instead of being provided with an AMMA statement as described above, Unit holders will be provided with a distribution statement. This distribution statement will include information regarding the taxable net income of the Fund which Unit holders may be assessed on, based on their distributions and ‘present entitlement’ to the distributable income of the Fund. This should assist Unit holders in the completion of their tax returns for the relevant years.
- The regime for cost base adjustments that apply to units in AMITs (including the potential for upward cost base adjustments) should not apply. However, Unit holders may have downward adjustments to the cost base of their units in certain circumstances.

11.3 Taxable components from the Fund

We have set out below some of the tax consequences associated with certain components of the taxable income of the Funds which Unit holders may be attributed.

11.4 Capital gains

The disposal of certain investments by the Fund may give rise to capital gains for the Fund. Accordingly, the tax components that a Unit holder is attributed or distributed from the Fund may include a component of taxable capital gains, which should be included in the Unit holder's taxable capital gains for the relevant year.

As previously discussed, the inclusion of non-assessable amounts in the distributions made by the Fund may have capital gains tax consequences for Unit holders, such as the potential for downward cost base adjustments (or even capital gains where there is insufficient cost base) for a Unit holders' units in the Fund.

The amounts attributed to Unit holders may also include amounts that are referable to the discount capital gains concession. Irrespective of whether a Unit holder is assessed on these amounts, to the extent that these amounts are distributed by the Fund to Unit holders, no downward cost base adjustment should arise for the Unit holder in respect of these amounts.

11.5 Foreign income and tax credits

The Fund may realise assessable foreign-sourced income from their investments. Assessable foreign-sourced income components may be attributed or distributed by the Fund to Unit holders.

The Fund may also attribute or otherwise pass through foreign income tax offsets to Unit holders in respect of certain foreign taxes withheld from foreign-sourced income realised by the Fund. These should be disclosed in the AMMA statement that are provided to Unit holders following the end of the financial year (see discussed above).

11.6 Other gains

The Fund may realise other types of assessable income, for example, gains arising on certain derivatives which may be entered into by the Fund.

As the Fund's investments may be denominated in a currency other than Australian dollars, the Fund may realise foreign currency gains in certain circumstances. The tax components of the Fund that are attributed or distributed to Unit holders may include amounts that are referable to these foreign currency gains.

11.7 Foreign taxes

Foreign taxes may be imposed where a Fund's investments or dealings have some connection with a foreign jurisdiction.

For example, the United States of America has enacted rules known as the Foreign Account Tax Compliance Act (FATCA), which commenced on 1 July 2014. FATCA withholding tax at 30% may apply to certain payments of US sourced income (and certain other amounts) unless the recipient is FATCA compliant.

As Responsible Entity of the Fund, we are a Reporting Australian Financial Institution (AFI) and comply with our obligations under the FATCA Intergovernmental Agreement with the US (FATCA IGA) and Australian domestic laws. Under the FATCA Agreement, we do not report information directly to the IRS. Instead, we report to the Australian Taxation Office (ATO) and the information is made available to the IRS, in compliance with Australian privacy laws, under existing rules and safeguards in the Australia-U.S. Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income. We conduct appropriate due diligence procedures as set out in the FATCA IGA.

Provided we comply with registration, due diligence and reporting requirements in accordance with the FATCA IGA and associated Australian domestic law, and we comply with self-certification requests from other parties, the Funds will not be subject to FATCA withholding on payments made to them. We may request that you provide certain information about yourself and (where you are an entity) your controlling persons in order for the Funds to comply with their FATCA IGA obligations.

Subject to law, we may delay or refuse to accept an Application (and return any monies received with the Application without interest) where there is a delay or failure to produce the required information. Alternately we may be required to treat the Applicant, or Unit holder, as reportable to the ATO. By applying to invest in the Fund, you warrant that you, your agent, or your nominated representative will provide us with all additional information and assistance that may be requested in order to comply with our ongoing obligations under FATCA and the FATCA IGA.

In the event that we/the Fund incur any amount of withholding tax (including FATCA withholding tax) and/or penalties, neither we/the Fund will be required to compensate you for any such tax or penalties.

11.8 Disposal or withdrawal of Units by Unit holders

Under the capital gains tax provisions, Unit holders who redeem or otherwise dispose of their Units in the Fund may realise a capital gain or loss on the withdrawal or disposal. The amount of the capital gain or loss should broadly equal the excess of the consideration they receive in respect of the withdrawal or disposal over the cost base of their Unit.

As previously discussed, the application of the AMIT regime to the Fund means that the cost base of Units in the Fund may be adjusted for the relevant year based on the distributions received on the Units and the tax components attributed to the Unit holder in respect of the Units for the relevant year. Any such cost base adjustments that arise in respect of the financial year in which Units that are redeemed or disposed of should be taken into account in calculating the capital gain or loss which arises for Unit holders in respect of the withdrawal or disposal.

Unit holders may be able to claim a capital gains tax discount to reduce any net capital gain arising on the disposal or withdrawal of their Units if they have held their Units for 12 months or more prior to the disposal or withdrawal and relevant conditions are satisfied.

11.9 Tax File Number or Australian Business Number

Collection of tax file numbers ("TFN") is authorised and the use and disclosure of TFNs are strictly regulated by the tax laws and the Privacy Act. Unit holders may, but are not required to, quote a TFN, a TFN exemption or, if your investment is made in the course or furtherance of an enterprise carried on by you, an ABN.

If a Unit holder does not provide a TFN or an ABN, withholding tax may be deducted from distributions made to the Unit holder.

11.10 GST

Unit holders should not be subject to GST on applications to or withdrawals from the Fund. The Fund may incur GST in respect of various supplies that it acquires. However, a RITC may be available to the Fund on certain supplies.

11.11 Non-resident Investors

For any investor in a Fund who is an Australian non-resident for Australian tax purposes, Franklin Templeton Australia may be required to withhold Australian tax from any distributions. The applicable withholding tax rate will vary depending on the type of distribution, the non-resident investor's country of residence and whether Australia has a double tax treaty with that country.

Under the AMIT regime, if the taxable components attributed to a foreign resident investor exceed the distributions made, then the trustee of the relevant Fund will be required to pay tax on behalf of the foreign resident investor on that excess. In this case, Franklin Templeton Australia may deduct amounts on account of such taxes from amounts payable to the non-resident investor, and may, if required, compulsorily redeem Units to meet these tax liabilities.

11.12 Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (CRS) is a global standard for the collection, reporting and exchange of financial account information on foreign tax residents. The CRS tackles and deters cross-border tax evasion by establishing a common international standard for financial institutions to identify and report information about the financial accounts of foreign residents to their local tax authority and for tax authorities to exchange this information. Under Australian legislation implementing the CRS, banks and other financial institutions will collect and report to the ATO, financial account information of non-residents. The ATO will exchange this information with the participating foreign tax authorities of those non-residents.

The Australian CRS implementing legislation applies from 1 July 2017. The first exchange of information occurred 2018. This legislation requires certain Australian financial institutions to conduct due diligence and collect certain information from new and existing investors. We may request that you provide certain information about yourself and (where you are an entity) your controlling persons in order for us to comply with our CRS obligations.

Subject to law, we may delay or refuse to accept an Application (and return any monies received with the Application without interest) where there is a delay or failure to produce the required information. Alternately we may be required to treat the Applicant, or Unit holder, as reportable to the appropriate governmental agency(s). By applying to invest in the Fund, you warrant that you, your agent, or your nominated representative will provide us with all additional information and assistance that may be requested in order to comply with our ongoing obligations under any CRS laws.

12 How to transact

12.1 How to make an application

To invest in the Fund complete an “Application Form for New Investors” or an “Application for Existing Investors” (Application Forms) available by contacting our Investor Services team (see [Section 12.12](#) Contact us).

12.2 Non-resident investors

The Fund is only available to persons receiving this PDS in Australia.

12.3 mFund applications

Please note for existing investors, a buy or sell order (“order”) for settlement through mFund received prior to 11.00am on a Business Day by your licensed broker will likely be given the same date value, but this is not guaranteed.

Any order or instruction received prior to our cut-off times will generally be processed at the Unit price for that Business Day. Where an order or instruction is received after our cut-off times, it will generally be processed at the Unit price for the following Business Day.

Your confirmation statement will be sent when your instruction is processed or the transaction settles through CHESS. Please contact your broker or Franklin Templeton Australia if you have not received your statement. If you invest via mFund, your broker will complete your identification requirements. Please contact your broker to effect any changes to these details.

The broker will transmit the updated information via CHESS or in certain situations to us, where necessary.

Your broker will complete any required Anti-Money Laundering and Counter-Terrorism Financing paperwork. Funds on the mFund Settlement Service (“mFund”) are not traded on an exchange and investors will not trade Units with other investors on the market.

12.4 Application form

The Application Forms for both new and existing clients can be obtained by contacting Franklin Templeton Australia.

In the case of joint applications, all applicants must sign. Applications lodged by companies must be signed in accordance with their constitution. Applications by trustees must be made in the name of, and signed by, the trustees. If an applicant wishes to specify individuals who have authority to act on their behalf in relation to their investment, they may do so by completing the “Additional Authorised Signatories” section.

12.5 Reporting

Franklin Templeton Australia will confirm transactions to Unit holders in the Fund and provide monthly reporting that documents the Units issued and/or redeemed over the period and the balance of Units held. Monthly reporting that includes performance will be made available on our website. Audited accounts for the Fund will also be made available on our website at www.franklintempleton.com.au. Unit holders may also request to receive copies of the accounts by mail. Unit holders will receive other information as required under the Corporations Act for each financial year.

12.6 Applicant verification

Pursuant to the Australian AML/CTF Act, Franklin Templeton Australia must establish and enforce suitable risk control procedures and identification and verification procedures. These procedures require applicants to provide satisfactory proof of identity as detailed in Section 1 of the Application Form for New Investors. These documents must be verified by Franklin Templeton Australia before any application for Units can be processed. These procedures may require us from time to time to re-verify that information or request additional information. Franklin Templeton Australia accepts no liability for any loss an applicant may incur, of whatsoever nature that may arise in the application of these identification and verification procedures.

12.7 Investing via a Master Trust or Wrap Service

Investors accessing the Trusts indirectly through a Master Trust or Wrap Service do not acquire the rights of a Unit holder. Rather, the operator acquires the Units and the rights of a Unit holder, meaning that the right to receive distributions, confirmations, reports, attend meetings and make complaints. The rights of Master Trust or Wrap Service investors, including the taxation implications of investing, should be set out in disclosure documents issued by the Master Trust or Wrap Service operator.

12.8 Withdrawal Form

Complete the Withdrawal Form and send it to:

Mail

Link Market Services Ltd
Locked Bag 5038
Parramatta NSW 2124

The Withdrawal Form can be obtained by contacting Franklin Templeton Australia or online at www.franklintempleton.com.au.

In the case of joint withdrawals, all Unit holders must sign. Withdrawals lodged by companies must be signed in accordance with their constitution. Withdrawals by trustees must be made in the name of, and signed by, the trustees. If a Unit holder wishes to specify individuals who have authority to act on their behalf in relation to their investment, they may do so by completing the “Additional Authorised Signatories” section.

12.9 Anti-money laundering

Anti-money laundering laws in Australia may require Franklin Templeton Australia to obtain additional information to verify the identity of an investor, any underlying beneficial owner of Units in the Fund and the source of any payment. The processing of applications or withdrawals may be delayed or suspended until the requested information is provided in a satisfactory form.

12.10 Conflicts of interest and related party transactions

Subject to the Corporations Act, we and our associates may hold Units in the Fund. We are also permitted by the Constitution (subject to the Corporations Act), to deal with ourself (as Responsible Entity / trustee of the Fund or in another capacity), an associate or any Unit holder; have an interest in any contract or transaction with ourself (as Responsible Entity / trustee of the Fund or in another capacity), an associate or any Unit holder and retain for our own benefit any profits or benefits derived from such contract or transaction and act in the same or similar capacity in relation to any other managed investment schemes. Any such arrangement will be based on arms’ length terms.

From time-to-time Franklin Templeton Australia may encounter conflicts in respect of its duties to Unit holders and to its own interests. Franklin Templeton Australia recognises it has an overriding duty to act in the best interests of Unit holders and will resolve any conflicts fair and reasonably in accordance with the law, ASIC and Franklin Templeton Australia’s own policies.

12.11 Cooling-off rights

If you are a “retail investor” after you invest in the Fund you have a period of 14 days (the cooling-off period) during which you can cancel the investment and have your funds repaid to you. The entire value of your investment may not be repaid depending on the impact of market movements, taxes, management fees, transaction costs etc. during the time you are invested in the Fund. The cooling off right terminates immediately if you exercise certain other investor rights, such as withdrawing part of your investment. The cooling off right does not apply in certain circumstances, such as where Units are issued upon the reinvestment of distributions. The right to cool off does not apply to you if you invest in a Master Trust or Wrap Service as you do not acquire the rights of a Unit holder in the Fund. If you have any questions about cooling off rights, please contact your financial planner or us on 1800 673 776.

12.12 Contact us

Please contact Franklin Templeton Australia:

Free call: 1800 673 776

Mail

Franklin Templeton Australia
Level 47, 120 Collins Street
Melbourne VIC 3000

Email: auclientadmin@franklintempleton.com

Website: www.franklintempleton.com.au

13 Glossary of important terms

Business Cycle

Business Cycle means the recurring and fluctuating levels of economic activity, including expansion and contraction, that an economy experiences over a long period of time. Business Cycles, and the phases within them, may be irregular, varying in frequency, magnitude and duration.

Business Day

A day, other than a Saturday or a Sunday on which banks are open for general banking business in Melbourne.

Constitution

The Constitution describes the rights, responsibilities and beneficial interests of both investors and the Responsible Entity in relation to the Fund.

Controversial weapons

Controversial weapons includes but is not limited to cluster bombs, landmines, chemical and biological weapons and depleted uranium weapons.

Corporations Act

The Corporations Act 2001 (Cth) (the principal legislation regulating companies in Australia at a federal and interstate level), as amended from time to time.

Correlation

A statistic that measures the degree to which two securities move in relation to each other.

Derivative

A financial contract that derives its value from an underlying security, liability or index. Derivatives come in many varieties, including futures, options and swaps.

Duration

Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Bond prices are said to have an inverse relationship with interest rates. Therefore, rising interest rates indicate bond prices are likely to fall, while declining interest rates indicate bond prices are likely to rise.

Emerging Market Countries

Emerging markets are developing economies, many of which are experiencing rapid growth and industrialization. These countries possess securities markets that are progressing toward, but have not yet reached, the standards of developed nations. Emerging markets typically have fewer and smaller publicly traded companies than developed markets. Securities markets there may have lower liquidity, less regulation, and weaker accounting standards than more mature markets such as the U.S., Japan, Australia and many countries in Europe.

Emerging Market Debt

Emerging market debt is defined as securities where the currency of the security or the country of risk of the security is classified by the World Bank as low or middle income in its annual classification of national incomes. This calculation will include emerging market bonds as well as currency forwards that create long emerging market currency exposure. For the purpose of these guidelines, China will be considered a developed market.

Entry Price and Exit Price

The exit price is determined in accordance with the Constitution. The entry price and the exit price on a business day are, in general terms, equal to the product of the Net Asset Value of the Fund divided by the number of Units on issue and:

- For the Entry Price, adjusted up for transaction costs (the buy spread); and
- For the Exit price, adjusted down for transaction costs (the sell spread).

Economic Leverage

Economic Leverage is the use of various financial instruments to increase the potential return of an investment.

Financial Leverage

Financial Leverage is the use of borrowed capital to increase the potential return of an investment.

High Yield Debt

High Yield Debt consists of investments with below investment grade ratings (below BBB- or the equivalent) assigned by all NRSROs that provides such a rating, or if unrated, deemed to be of comparable quality. In the case of split ratings, the highest rating will apply. NRSRO means one of the following Nationally Recognized Statistical Rating Organizations: Standard & Poor's Ratings Services, Moody's Investor Service, Inc., and Fitch, Inc..

IDPS

Investor Directed Portfolio Services (IDPS) are custodial, transactional and consolidated reporting services, which are often referred to as master funds, master trusts or wrap services. An IDPS allows you to manage and retain control of your investment portfolio, plus have access to a range of different investments through one service provider, with the advantage of consolidated tax, transaction and performance reporting.

Investment Grade

Investment Grade in reference to a security means that the security has a rating of BBB- or higher from S&P or Baa3 or higher from Moody's or the equivalent or higher from another NRSRO.

mFund

mFund is an unlisted managed fund admitted for settlement under the ASX Operating Rules and available to investors through the mFund Settlement Service.

Net Asset Value

Net Asset Value is often abbreviated to NAV. It is calculated by subtracting the total value of a company's balance sheet liabilities (amounts it owes) from its assets. The Net Asset Value per Unit is calculated by dividing the Net Asset Value by the total number of Units in issue.

Retail investor

A retail investor is an investor that does not satisfy one of the requirements to be classified as a "wholesale investor", as defined under Section 761G of the Corporations Act 2001, which can be found at <https://www.legislation.gov.au>.

Reduced Input Tax Credit (RITC)

RITC means Reduced Input Tax Credit as defined in A New Tax System (Goods and Services Tax) Act 1999.

Standard Risk Measure (SRM)

A measure of investment risk, the SRM assigns a Risk Label from Very low to Very high, and a corresponding Risk Band from 1 to 7 for each option, based on the number of expected years of negative returns over any 20-year period.

Unit

When you invest in a managed fund, you are allocated a number of units in the Fund. Each unit represents an equal portion of the Fund's value. If the assets held by the fund go up, the unit price also rises. The value of each unit in the fund is determined by the Net Asset Value.

Volatility

Volatility is a statistical measure of the dispersion of returns for a given security or market index. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security. In other words, volatility refers to the amount of uncertainty or risk about the size of changes in a security's value. A higher volatility means that a security's value can potentially be spread out over a larger range of values. This means that the price of the security can change dramatically over a short time period in either direction. A lower volatility means that a security's value does not fluctuate dramatically, but changes in value at a steady pace over a period of time.

Wholesale investor

Wholesale investors means a "wholesale client" as defined in the Corporations Act 2001.

Wrap Service

A wrap service (or wrap account) is a means of consolidating and managing an investor's investment portfolio and financial plans.