



Franklin Templeton Australia Funds

Interim Financial report for the half-year ended 31 December
2023



Franklin Templeton Australia Funds

Interim financial report for the half-year ended 31 December 2023

Franklin Global Growth Fund

ARSN 132 597 972

Franklin Australian Absolute Return Bond Fund

ARSN 601 662 631

Franklin Templeton Australia Funds

Interim financial report for the half-year ended 31 December 2023

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This interim report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made in respect of Franklin Templeton Australia Funds during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

Directors' report

The Responsible Entity of Franklin Templeton Australia Funds (the "Funds") for the financial half-year ended 31 December 2023 was Franklin Templeton Australia Limited (ABN 76 004 835 849) (the "Responsible Entity").

The directors of Franklin Templeton Australia Limited, the Responsible Entity and Manager of Franklin Templeton Australia Funds, present their report together with the interim financial statements of the Funds for the financial half-year ended 31 December 2023.

- Franklin Global Growth Fund constituted on 11 July 2008;
- Franklin Australian Absolute Return Bond Fund constituted on 22 December 2014.

Principal Activities

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

The Funds did not have any employees during the financial half-year.

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

Directors

The following persons held office as directors of Responsible Entity during the financial half-year and up to the date of this report unless noted otherwise:

F. Walsh (Chairperson) (appointed 9th November 2023)

M. Harrison (resigned 9th November 2023)

G. Shaneyfelt

E. Venner

Q. Lupo

M. Sund

Review and results of operations

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

Franklin Templeton Australia Funds
Directors' report
For the half-year ended 31 December 2023

Directors' report (continued)

Review and results of operations (continued)

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

	Franklin Global Growth Fund*		Franklin Australian Absolute Return Bond Fund**	
	Half-year ended		Half-year ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	<u>34,646</u>	<u>36,237</u>	<u>50,477</u>	<u>1,360</u>
<i>Distributions - A Class</i>				
Distribution paid and payable (\$'000)	<u>-</u>	<u>-</u>	<u>6,903</u>	<u>10,947</u>
Distributions (cents per unit)	<u>-</u>	<u>-</u>	<u>0.8377</u>	<u>1.1006</u>
<i>Distributions - M Class</i>				
Distribution paid and payable (\$'000)	<u>-</u>	<u>-</u>	<u>4,152</u>	<u>5,118</u>
Distributions (cents per unit)	<u>-</u>	<u>-</u>	<u>0.8866</u>	<u>1.1527</u>
<i>Distributions - Total</i>				
Distribution paid and payable (\$'000)	<u>-</u>	<u>-</u>	<u>11,055</u>	<u>16,065</u>

Please note there was a change with the class codes effective from 27 October 2023 for the following funds -

*Franklin Global Growth Fund - A and M class (formerly known as "W class" & "I class" respectively)

*Franklin Global Growth Fund Hedged - A (Hedged) and M (Hedged) class (formerly known as "W class" & "I class" respectively)

**Franklin Australian Absolute Return Bond Fund - A and M class (formerly known as "W class" & "I class" respectively)

Significant changes in state of affairs

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

Matters subsequent to the end of the financial half-year

As disclosed in note 10 to the financial statements, no matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

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

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

Indemnity and insurance of officers and auditors

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

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

Fees paid to the Responsible Entity and its associates out of the Funds' property during the financial half-year are disclosed in note 8 to the financial statements.

Directors' report (continued)

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

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

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial half-year are also disclosed in note 8 to the financial statements.

Interests in the Funds

The movement in units on issue in the Funds during the financial half-year is disclosed in note 6 to the financial statements.

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

Environmental regulation

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

Rounding of amounts to the nearest thousand dollars

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

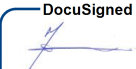
Single set of financial statements

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

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

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

DocuSigned by:

Director _____
36BA20B365DB241C...
M. Sund
Melbourne
7 March 2024



Auditor's Independence Declaration

- Franklin Global Growth Fund
- Franklin Australian Absolute Return Bond Fund (collectively "the Funds")

As lead auditor for the review of the Funds for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Kate L Logan', written in a cursive style.

Kate L Logan
Partner
PricewaterhouseCoopers

Melbourne
7 March 2024

Franklin Templeton Australia Funds
Statements of comprehensive income
For the half-year ended 31 December 2023

Statements of comprehensive income

	Notes	Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
		Half-year ended		Half-year ended	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		\$'000	\$'000	\$'000	\$'000
Investment income					
Interest income		710	311	22,869	22,029
Dividend income		2,224	4,571	–	–
Distribution income		205	252	–	–
Net gains/(losses) on financial instruments at fair value through profit or loss		35,548	35,953	30,300	(17,508)
Other operating income		3	1	375	118
Total net investment income/(loss)		38,690	41,088	53,544	4,639
Expenses					
Management costs	8	3,956	4,713	2,842	3,161
Transaction costs		88	138	63	117
Other operating expenses		–	–	162	1
Total operating expenses		4,044	4,851	3,067	3,279
Operating profit/(loss) for the half-year		34,646	36,237	50,477	1,360
Finance costs attributable to unitholders					
Distributions to unitholders	7	–	–	(11,055)	(16,065)
(Increase)/decrease in net assets attributable to unitholders	6	(34,646)	(36,237)	(39,422)	14,705
Profit/(loss) for the half-year		–	–	–	–
Other comprehensive income for the half-year		–	–	–	–
Total comprehensive income for the half-year		–	–	–	–

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

Franklin Templeton Australia Funds
Statements of financial positions
As at 31 December 2023

Statements of financial positions

	Notes	Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
		As at		As at	
		31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000
Assets					
Cash and cash equivalents		29,296	52,363	56,263	12,864
Margin accounts		–	–	24,371	34,916
Receivables		2,068	2,290	475	1,452
Accrued income		197	219	70	21
Due from brokers - receivable for securities sold		3,544	–	–	–
Financial assets at fair value through profit or loss	4	<u>922,360</u>	<u>970,716</u>	<u>1,159,999</u>	<u>1,321,203</u>
Total assets		<u>957,465</u>	<u>1,025,588</u>	<u>1,241,178</u>	<u>1,370,456</u>
Liabilities					
Margin accounts		–	–	9,740	976
Distribution payable	7	–	34,725	1,173	4,302
Payables		2,823	4,254	3,126	17,049
Due to brokers - payable for securities purchased		4,021	–	–	–
Financial liabilities at fair value through profit or loss	5	<u>11</u>	<u>434</u>	<u>21,199</u>	<u>31,927</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>6,855</u>	<u>39,413</u>	<u>35,238</u>	<u>54,254</u>
Net assets attributable to unitholders - liability	6	<u>950,610</u>	<u>986,175</u>	<u>1,205,940</u>	<u>1,316,202</u>

The above statements of financial positions should be read in conjunction with the accompanying notes.

Franklin Templeton Australia Funds
Statements of changes in equity
For the half-year ended 31 December 2023

Statements of changes in equity

	Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
	Half-year ended		Half-year ended	
	31 December 2023 \$'000	31 December 2022 \$'000	31 December 2023 \$'000	31 December 2022 \$'000
<i>Total equity at the beginning of the half-year</i>	-	-	-	-
<i>Comprehensive income for the half-year</i>				
Profit/(loss) for the half-year	-	-	-	-
Other comprehensive income for the half-year	-	-	-	-
<i>Total comprehensive income for the half-year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Transactions with unitholders</i>				
Operating profit/(loss) attributed to unitholders	-	-	-	-
Applications	-	-	-	-
Redemptions	-	-	-	-
Units issued upon reinvestment of distributions	-	-	-	-
Distributions paid and payable	-	-	-	-
<i>Total transactions with unitholders</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total equity at the end of the half-year</i>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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

Franklin Templeton Australia Funds
Statements of cash flows
For the half-year ended 31 December 2023

Statements of cash flows

	Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
	Half-year ended		Half-year ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	\$'000	\$'000	\$'000	\$'000
<i>Cash flows from operating activities</i>				
Proceeds from sale of financial instruments at fair value through profit or loss	188,873	199,809	1,622,395	139,744
Purchases of financial instruments at fair value through profit or loss	(103,694)	(138,797)	(1,421,617)	(111,090)
Transaction costs	(88)	(138)	(63)	(117)
Dividends received	2,210	4,863	(3)	(4)
Distributions received	205	255	-	-
Interest received	710	311	24,396	20,381
Other income received	-	-	301	-
Management costs paid	(4,585)	(4,681)	(3,559)	(3,068)
Payment of other expenses	(3)	(201)	(162)	(24)
<i>Net cash inflow/(outflow) from operating activities</i>	<u>83,628</u>	<u>61,421</u>	<u>221,688</u>	<u>45,822</u>
<i>Cash flows from financing activities</i>				
Proceeds from applications by unitholders	84,575	122,892	183,377	232,361
Payments for redemptions by unitholders	(157,216)	(178,052)	(346,134)	(248,460)
Distributions paid	(32,833)	(1,883)	(13,312)	(37,599)
<i>Net cash inflow/(outflow) from financing activities</i>	<u>(105,474)</u>	<u>(57,043)</u>	<u>(176,069)</u>	<u>(53,698)</u>
<i>Net increase/(decrease) in cash and cash equivalents</i>				
	(21,846)	4,378	45,619	(7,876)
Cash and cash equivalents at the beginning of the half-year	52,363	36,241	12,864	45,366
Effects of foreign currency exchange rate changes on cash and cash equivalents	(1,221)	202	(2,220)	(488)
<i>Cash and cash equivalents at the end of the half-year</i>	<u>29,296</u>	<u>40,821</u>	<u>56,263</u>	<u>37,002</u>
<i>Non-cash financing activities</i>	<u>1,892</u>	<u>108</u>	<u>872</u>	<u>1,981</u>

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

1 General information

These financial statements cover Franklin Templeton Australia Funds (the "Funds") as managed investment schemes under the *Corporations Act 2001*. There were no significant changes in the nature of the Funds' activities during the financial half-year. The Funds may be terminated in accordance with the provisions of the Funds' Constitutions. The Funds are domiciled in Australia. The respective constitution dates are as follows:

- Franklin Global Growth Fund constituted on 11 July 2008;
- Franklin Australian Absolute Return Bond Fund constituted on 22 December 2014.

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

This interim financial report is presented in Australian currency.

The principal activity of each Fund is to invest in accordance with the investment objectives and guidelines as set out in the Fund's current Product Disclosure Statement and its Constitution.

The financial statements were authorised for issue by the directors on 7 March 2024. The directors of the Responsible Entity have the power to amend and reissue this interim financial report.

2 Basis of preparation of interim report

This interim general purpose financial statements for the financial half-year ended 31 December 2023 have been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim report includes financial statements for Franklin Global Growth Fund and Franklin Australian Absolute Return Bond Fund as individual entities.

The Funds are for-profit unit trusts for the purpose of preparing the financial statements.

This interim financial report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual financial report for the financial year ended 30 June 2023 and any public announcements made in the respect of the Funds during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Funds' 2023 annual financial report for the financial year ended 30 June 2023.

(i) New accounting standards or amendments adopted by the Fund

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial half-year beginning 1 July 2023 that would be expected to have a material impact on the Funds.

There are no standards that are not yet effective and that are expected to have a material impact on the Funds in the prior periods or will affect the current or future reporting periods and on foreseeable future transactions.

3 Fair value measurement

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

- Financial assets/liabilities at fair value through profit or loss (see note 4 and 5);
- Derivative financial instruments

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

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

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

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

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

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

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

3 Fair value measurement (continued)

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

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

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

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

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

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

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

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

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

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

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

Recognised fair value measurements

The tables overleaf set out the Fund's financial assets and liabilities measured at fair value according to the fair value hierarchy at 31 December 2023 and 30 June 2023:

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2023

3 Fair value measurement (continued)

Recognised fair value measurements (continued)

At 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Franklin Global Growth Fund				
Financial assets at fair value through profit or loss				
Derivatives	–	1,219	–	1,219
Listed equities	895,174	–	–	895,174
Listed unit trusts	25,967	–	–	25,967
Total	921,141	1,219	–	922,360
Financial liabilities at fair value through profit or loss				
Derivatives	–	11	–	11
Total	–	11	–	11
At 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	–	11	–	11
Listed equities	944,795	–	–	944,795
Listed unit trusts	25,910	–	–	25,910
Total	970,705	11	–	970,716
Financial liabilities at fair value through profit or loss				
Derivatives	–	434	–	434
Total	–	434	–	434

At 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Franklin Australian Absolute Return Bond Fund				
Financial assets at fair value through profit or loss				
Derivatives	4,607	14,858	–	19,465
Fixed interest securities	–	1,140,534	–	1,140,534
Total	4,607	1,155,392	–	1,159,999
Financial liabilities at fair value through profit or loss				
Derivatives	9,541	11,658	–	21,199
Total	9,541	11,658	–	21,199
At 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	2,380	9,497	–	11,877
Fixed interest securities	–	1,305,300	–	1,305,300
Money market securities	4,026	–	–	4,026
Total	6,406	1,314,797	–	1,321,203
Financial liabilities at fair value through profit or loss				
Derivatives	8,342	23,585	–	31,927
Total	8,342	23,585	–	31,927

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2023

3 Fair value measurement (continued)

(iii) Transfers between levels

The following table present the transfers between levels of the fair value hierarchy in the half-year ended 31 December 2023 and 30 June 2023.

At 31 December 2023	Franklin Australian Absolute Return Bond Fund		
	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000
Transfers between levels 2 and 3: Floating rate notes	-	-	-
At 30 June 2023	Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000
Transfers between levels 2 and 3: Floating rate notes	-	5,000	(5,000)

There were no transfers between levels during the half year ended 31 December 2023 and 30 June 2023 for Franklin Global Growth Fund.

(iv) Movement in level 3 instruments

The following table presents investments classified as level 3 within the Fund as at 31 December 2023 and 30 June 2023.

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

There were no investments classified as level 3 within Franklin Global Growth Fund as at 31 December 2023 and 30 June 2023.

(v) Fair value of financial instruments not carried at fair value

The carrying value of receivables and payables are assumed to approximate their fair values. Net assets attributable to unitholders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current half-year or for the year ended 30 June 2023.

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2023

4 Financial assets at fair value through profit or loss

	Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
	As at		As at	
	31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000
Financial assets at fair value through profit or loss				
Derivatives	1,219	11	19,465	11,877
Equity securities	895,174	944,795	-	-
Fixed interest securities	-	-	1,140,534	1,305,300
Listed unit trusts	25,967	25,910	-	-
Money market securities	-	-	-	4,026
Total financial assets at fair value through profit or loss	922,360	970,716	1,159,999	1,321,203
Comprising:				
Derivatives				
Forward currency contracts	1,219	11	8,557	2,954
Australian fixed interest futures	-	-	861	186
International fixed interest futures	-	-	3,746	2,194
Swaps	-	-	6,301	6,543
Total derivatives	1,219	11	19,465	11,877
Equity securities				
International equity securities listed on a prescribed stock exchange	895,174	944,795	-	-
Total equity securities	895,174	944,795	-	-
Fixed interest securities				
Australian other public sector bonds	-	-	231,046	307,778
International other public sector bonds	-	-	78,884	113,532
Australian corporate bonds	-	-	427,735	467,237
International corporate bonds	-	-	132,982	139,397
Australian commercial mortgages	-	-	37,097	19,908
Australian floating rate notes	-	-	149,533	156,114
International floating rate notes	-	-	63,820	48,325
Australian other fixed interest securities	-	-	7,093	7,606
International other fixed interest securities	-	-	12,344	45,403
Total fixed interest securities	-	-	1,140,534	1,305,300
Listed unit trusts				
International listed property trusts	25,967	25,910	-	-
Total listed unit trusts	25,967	25,910	-	-
Money market securities				
Australian money market securities	-	-	-	4,026
Total money market securities	-	-	-	4,026
Total financial assets at fair value through profit or loss	922,360	970,716	1,159,999	1,321,203

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2023

5 Financial liabilities at fair value through profit or loss

	Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
	As at		As at	
	31 December 2023 \$'000	30 June 2023 \$'000	31 December 2023 \$'000	30 June 2023 \$'000
Financial liabilities at fair value through profit or loss				
Derivatives	11	434	21,199	31,927
Total financial liabilities at fair value through profit or loss	11	434	21,199	31,927
Comprising:				
Derivatives				
Forward currency contracts	11	434	–	8,964
Australian fixed interest futures	–	–	1,248	330
International fixed interest futures	–	–	6,521	4,755
Australian money market futures	–	–	1,772	3,257
Swaps	–	–	11,658	14,621
Total derivatives	11	434	21,199	31,927
Total financial liabilities at fair value through profit or loss	11	434	21,199	31,927

6 Net assets attributable to unitholders

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

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

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

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

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

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

The Funds have elected into the AMIT tax regime, however their net assets attributable to unitholders remain disclosed as a liability as their multi-class structure means they have not met the strict criteria for recognition as equity. The Funds' respective Constitutions have been amended on the same date and as a result, they no longer have a contractual obligation to pay distributions to unitholders.

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2023

6 Net assets attributable to unitholders (continued)

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

	As at			
	31 December 2023			30 June 2023
	No.'000	\$'000	No.'000	\$'000
Franklin Global Growth Fund - A Class*				
Opening balance	297,416	686,843	355,268	696,523
Applications	24,682	56,474	57,207	123,002
Redemptions	(47,326)	(108,419)	(115,068)	(247,419)
Units issued upon reinvestment of distributions	149	344	9	19
Increase/(decrease) in net assets attributable to unitholders	-	23,616	-	114,718
Closing balance	<u>274,921</u>	<u>658,858</u>	<u>297,416</u>	<u>686,843</u>
Franklin Global Growth Fund - A Class (AUD Hedged)**				
Opening balance	7,470	14,982	30,359	53,377
Applications	1,506	2,943	5,916	10,779
Redemptions	(341)	(666)	(28,805)	(52,919)
Increase/(decrease) in net assets attributable to unitholders	-	870	-	3,745
Closing balance	<u>8,635</u>	<u>18,129</u>	<u>7,470</u>	<u>14,982</u>
Franklin Global Growth Fund - M Class*				
Opening balance	100,190	258,364	119,537	261,672
Applications	9,609	24,603	27,884	67,110
Redemptions	(17,430)	(44,631)	(47,272)	(114,735)
Units issued upon reinvestment of distributions	600	1,548	41	90
Increase/(decrease) in net assets attributable to unitholders	-	9,095	-	44,227
Closing balance	<u>92,969</u>	<u>248,979</u>	<u>100,190</u>	<u>258,364</u>
Franklin Global Growth Fund - M Class (AUD Hedged)**				
Opening balance	11,594	25,986	12,502	24,542
Applications	132	291	2,474	5,109
Redemptions	(1,235)	(2,698)	(3,382)	(7,177)
Increase/(decrease) in net assets attributable to unitholders	-	1,065	-	3,512
Closing balance	<u>10,491</u>	<u>24,644</u>	<u>11,594</u>	<u>25,986</u>
Total		<u>950,610</u>		<u>986,175</u>

Please note there was a change with the class codes effective from 27 October 2023 for the following -

*Franklin Global Growth Fund - A and M class (formerly known as "W class" & "I class" respectively)

**Franklin Global Growth Fund Hedged - A (Hedged) and M (Hedged) class (formerly known as "W class" & "I class" respectively)

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2023

6 Net assets attributable to unitholders (continued)

	31 December 2023		As at 30 June 2023	
	No.'000	\$'000	No.'000	\$'000
Franklin Australian Absolute Return Bond Fund - A Class*				
Opening balance	894,323	836,572	1,030,360	966,915
Applications	129,158	122,750	249,718	234,647
Redemptions	(239,141)	(226,995)	(386,452)	(362,976)
Units issued upon reinvestment of distributions	132	125	697	653
Increase/(decrease) in net assets attributable to unitholders	-	26,170	-	(2,667)
Closing balance	<u>784,472</u>	<u>758,622</u>	<u>894,323</u>	<u>836,572</u>
Franklin Australian Absolute Return Bond Fund - M Class*				
Opening balance	510,729	479,630	395,272	371,131
Applications	62,532	59,621	271,841	256,176
Redemptions	(111,640)	(105,932)	(158,459)	(149,387)
Units issued upon reinvestment of distributions	790	747	2,075	1,944
Increase/(decrease) in net assets attributable to unitholders	-	13,252	-	(234)
Closing balance	<u>462,411</u>	<u>447,318</u>	<u>510,729</u>	<u>479,630</u>
Total		<u>1,205,940</u>		<u>1,316,202</u>

*Please note there was a change with the class codes effective from 27 October 2023 for Franklin Australian Absolute Return Bond Fund - A and M class (formerly known as "W class" & "I class" respectively)

As stipulated within the Funds' Constitution, each unit represents a right to an individual share in the Funds and does not extend to a right in the underlying assets of the Funds.

Capital Risk Management

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

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

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2023

7 Distributions to unitholders

The distributions during the half-year were as follows:

There were no distributions declared for Franklin Global Growth Fund for the financial half-year ended 31 December 2023 and 31 December 2022.

	Franklin Australian Absolute Return Bond Fund			
	Half-year ended			
	31 December		31 December	
	2023		2022	
Franklin Australian Absolute Return Bond Fund - A Class*				
	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July	1,641	0.1860	1,859	0.1810
- 31 August	1,587	0.1870	1,877	0.1850
- 30 September	1,514	0.1887	1,846	0.1852
- 31 October	727	0.0926	1,797	0.1813
- 30 November	722	0.0926	1,780	0.1832
Distribution payable				
- 31 December	712	0.0908	1,788	0.1849
	<u>6,903</u>		<u>10,947</u>	
Franklin Australian Absolute Return Bond Fund - M Class*				
	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July	986	0.1941	814	0.1913
- 31 August	895	0.1946	837	0.1934
- 30 September	910	0.1977	860	0.1939
- 31 October	455	0.1003	848	0.1896
- 30 November	445	0.1002	873	0.1914
Distribution payable				
- 31 December	461	0.0997	886	0.1931
	<u>4,152</u>		<u>5,118</u>	

*Please note there was a change with the class codes effective from 27 October 2023 for Franklin Australian Absolute Return Bond Fund - A and M class (formerly known as "W class" & "I class" respectively)

8 Related party transactions

Responsible Entity

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

Key management personnel

(a) Directors

The following persons held office as directors of Franklin Templeton Australia Limited during the financial half-year or since the end of financial half-year and up to end of this report:

F. Walsh (Chairperson) (appointed 9th November 2023)

M. Harrison (resigned 9th November 2023)

G. Shaneyfelt

E. Venner

Q. Lupo

M. Sund

(b) Other Key Management Personnel

There was no other person considered to be Key Management Personnel with the authority for the strategic direction and management of the Funds.

(c) Compensation of Key Management Personnel

No amount is paid by the Funds directly to the directors of the Responsible Entity. Consequently, no compensation as defined by AASB 124 Related Party Disclosure is paid by the Funds to the directors as Key Management Personnel.

Key management personnel unitholdings

At 31 December 2023, no key management personnel held units in the Funds (31 December 2022: Nil)

Related party transactions

During the financial half-year ended 31 December 2023, the Responsible Entity was entitled to receive an all-inclusive management cost (inclusive of GST, net of RITC available to the Funds) over the Funds' average net assets attributable to unitholders for the financial half-year as follows:

	Franklin Global Growth Fund*		Franklin Australian Absolute Return Bond Fund**	
	Half-year ended		Half-year ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
ICR (%)				
A Class	0.89	0.90	0.50	0.50
M Class	0.74	0.75	0.40	0.40
A Class (AUD Hedged)	0.89	0.90	-	-
M Class (AUD Hedged)	0.74	0.75	-	-

Please note there was a change with the class codes effective from 27 October 2023 for the following funds -

*Franklin Global Growth Fund - A and M class (formerly known as "W class" & "I class" respectively)

*Franklin Global Growth Fund Hedged - A (Hedged) and M (Hedged) class (formerly known as "W class" & "I class" respectively)

**Franklin Australian Absolute Return Bond Fund - A and M class (formerly known as "W class" & "I class" respectively)

Management costs include management fees, Responsible Entity fees and other expenses or reimbursements deducted in relation to the Fund, but do not include transactional and operational costs such as brokerage. Management costs are not paid directly by the unitholder of the Funds.

8 Related party transactions (continued)

Related party transactions (continued)

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

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

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

	Franklin Global Growth Fund		Franklin Australian Absolute	
	Half-year ended		Return Bond Fund	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	\$	\$	\$	\$
Management costs for the half-year paid by the Funds to the Responsible Entity	3,956,098	4,712,471	2,841,878	3,160,791
Total fees payable to the Responsible Entity at the half-year end	1,953,790	2,715,111	1,378,850	2,007,434

9 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, contingent liabilities or commitments as at 31 December 2023 (30 June 2023: nil).

10 Events occurring after the financial half-year

There are no significant events that have occurred since the balance date which would impact on the financial positions of the Funds as disclosed in the statements of financial positions as at 31 December 2023 or on the results and cash flows of the Funds for the half-year ended on that date.


**Franklin Templeton Australia Funds
Directors' declaration
For the half-year ended 31 December 2023**

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 31 December 2023 and of their performance, for the financial half-year ended on that date;
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.

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

DocuSigned by:

Director _____
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M. Sund

Melbourne

7 March 2024



Independent auditor's review report to the unitholders of:

- Franklin Global Growth Fund
- Franklin Australian Absolute Return Bond Fund (collectively "the Funds")

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of the Funds which comprises the statements of financial positions as at 31 December 2023, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the half-year ended on that date, selected explanatory notes and the directors of the Responsible Entity's (Franklin Templeton Australia Limited) declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Funds do not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Funds' financial positions as at 31 December 2023 and of their performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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

Responsibilities of the directors for the half-year financial report

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

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Funds' financial positions as at 31 December 2023 and of their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Kate L Logan

Kate L Logan
Partner

Melbourne
7 March 2024