



Franklin Templeton Australia Funds

Financial report for the year ended 30 June 2024



Franklin Templeton Australia Funds

Annual report for the year ended 30 June 2024

Franklin Global Growth Fund

ARSN 132 597 972

Franklin Templeton Global Aggregate Bond Fund

ARSN 160 124 096

Franklin Australian Absolute Return Bond Fund

ARSN 601 662 631

Franklin Australian Core Plus Bond Fund

ARSN 617 966 042

Franklin Templeton Australia Funds

Annual report for the year ended 30 June 2024

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These financial statements cover Franklin Templeton Australia Funds.

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

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

Directors' report

The Responsible Entity of Franklin Templeton Australia Funds (the "Funds") for the year ended 30 June 2024 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 financial statements of the Funds for the year ended 30 June 2024. The respective constitution dates are as follows:

- Franklin Global Growth Fund 11 July 2008 (amended 05 March 2024 for the purpose of Franklin Global Growth Fund (Managed Fund));
- Franklin Templeton Global Aggregate Bond Fund 18 October 2012 (amended 25 November 2021);
- Franklin Australian Absolute Return Bond Fund 22 December 2014 (amended for the purpose of Franklin Australian Absolute Return Bond Fund (Managed Fund));
- Franklin Australian Core Plus Bond Fund 24 March 2017 (amended 25 November 2021).

Principal Activities

The Funds invest in accordance with the investment policy of the Fund 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 year.

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

Directors

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

M. Abell (appointed 20th March 2024)

M. Harrison (resigned 9th November 2023)

G. Shaneyfelt (appointed as Chairperson on 20th March 2024)

F. Walsh (appointed 9th November 2023)

E. Venner (resigned 31st March 2024)

Q. Lupo

M. Sund

Review and results of operations

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

**Franklin Templeton Australia Funds
Directors' report
For the year ended 30 June 2024**

Review and results of operations (continued)

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

	Franklin Global Growth Fund**		Franklin Templeton Global Aggregate Bond Fund*		Franklin Australian Absolute Return Bond Fund*	
	Year ended		Year ended		Year ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	<u>34,469</u>	200,927	<u>743</u>	1,020	<u>71,615</u>	25,025
<i>Distributions - A Class</i>						
Distribution paid and payable (\$'000)	<u>32,288</u>	24,966	<u>-</u>	-	<u>13,391</u>	18,348
Distributions (cents per unit)	<u>12.4730</u>	8.3945	<u>-</u>	-	<u>1.7481</u>	1.9001
<i>Distributions - M Class</i>						
Distribution paid and payable (\$'000)	<u>10,788</u>	9,759	<u>-</u>	-	<u>8,141</u>	9,578
Distributions (cents per unit)	<u>14.0448</u>	9.7402	<u>-</u>	-	<u>1.8339</u>	2.0042
<i>Distributions - Total</i>						
Distribution paid and payable (\$'000)	<u>43,076</u>	34,725	<u>-</u>	-	<u>21,532</u>	27,926
					Franklin Australian Core Plus Bond Fund*	
					Year ended	
					30 June 2024	30 June 2023
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)					<u>3,220</u>	(122)
<i>Distributions - A Class</i>						
Distribution paid and payable (\$'000)					<u>239</u>	516
Distributions (cents per unit)					<u>0.2550</u>	0.6749
<i>Distributions - M Class</i>						
Distribution paid and payable (\$'000)					<u>-</u>	-
Distributions (cents per unit)					<u>0.2967</u>	0.7950
<i>Distributions - X Class</i>						
Distribution paid and payable (\$'000)					<u>1</u>	22
Distributions (cents per unit)					<u>0.3211</u>	0.7908
<i>Distributions - Total</i>						
Distribution paid and payable (\$'000)					<u>240</u>	538

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 (Unhedged)" & "I Class (Unhedged)" respectively)

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

*Franklin Templeton Global Aggregate Bond Fund, Franklin Australian Absolute Return Bond Fund, Franklin Australian Core Plus Bond Fund - A and M Class (formerly known as "W Class" & "I Class" respectively)

There were no distributions for Franklin Global Growth Fund - A (Hedged) and M (Hedged) Class (formerly known as "W Class (Hedged)" & "I Class (Hedged)" respectively) during the year ended 30 June 2024 and 30 June 2023.

Directors' report (continued)

Significant changes in state of affairs

On 15 April 2024, units in Class A of the Franklin Global Growth Fund (Managed Fund) (ASX code:FRGG) and Class A of the Franklin Australian Absolute Return Bond Fund (Managed Fund) (ASX code: FRAR) have been quoted on the AQUA Market of the ASX, so that investors can invest in these classes by either purchasing units on the ASX or applying for units directly with the Responsible Entity. Investors can withdraw from these classes by either directly making a withdrawal request to the Responsible Entity or by selling units on the ASX.

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

Matters subsequent to the end of the financial year

As disclosed in note 13 to the financial statements, no matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect:

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

Likely developments and expected results of operations

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

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

Indemnity and insurance of officers and auditors

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

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

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

No fees were paid out of the Funds' property to the directors of the Responsible Entity during the financial year (2023: Nil).

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

Interests in the Funds

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

The value of the Funds' assets and liabilities are disclosed on the 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.

Directors' report (continued)

Rounding of amounts to the nearest thousand dollars

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

Single set of financial statements

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

Auditor's independence declaration

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

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

DocuSigned by:

Director _____
36BA20B33DB241C...
M. Sund
Melbourne
23 September 2024



Auditor's Independence Declaration

As lead auditor for the audit of Franklin Templeton Australia Funds for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

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

The declaration is in respect of the following Funds:

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

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

Kate Logan
Partner
PricewaterhouseCoopers

Melbourne
23 September 2024

Franklin Templeton Australia Funds
Statements of comprehensive income
For the year ended 30 June 2024

Statements of comprehensive income

	Notes	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
		Year ended		Year ended		Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Investment income							
Interest income		1,178	908	1,356	1,552	45,032	45,346
Dividend income		4,625	7,304	-	-	-	-
Distribution income		389	427	-	-	-	-
Net gains/(losses) on financial instruments at fair value through profit or loss		36,242	201,622	(366)	(314)	31,658	(14,065)
Other operating income		3	9	29	125	537	350
Total net investment income/ (loss)		42,437	210,270	1,019	1,363	77,227	31,631
Expenses							
Management costs	14	7,797	9,083	229	294	5,486	6,305
Transaction costs		171	260	1	5	126	225
Other operating expenses		-	-	46	44	-	76
Total operating expenses		7,968	9,343	276	343	5,612	6,606
Operating profit/ (loss) for the year		34,469	200,927	743	1,020	71,615	25,025
Finance costs attributable to unitholders							
Distributions to unitholders	10	(43,076)	(34,725)	-	-	(21,532)	(27,926)
(Increase)/decrease in net assets attributable to unitholders	9	8,607	(166,202)	(743)	(1,020)	(50,083)	2,901
Profit/(loss) for the year		-	-	-	-	-	-
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-

Franklin Templeton Australia Funds
Statements of comprehensive income
For the year ended 30 June 2024

Statements of comprehensive income (continued)

		Franklin Australian Core Plus Bond Fund	
		Year ended	
		30 June 2024	30 June 2023
Notes		\$'000	\$'000
Investment income			
	Interest income	2,300	2,148
	Distribution income	–	32
	Net gains/(losses) on financial instruments at fair value through profit or loss	1,148	(2,070)
	Other operating income	10	16
	Total net investment income/(loss)	3,458	126
Expenses			
	Management costs	227	230
	Transaction costs	11	18
	Total operating expenses	238	248
	Operating profit/(loss) for the year	3,220	(122)
Finance costs attributable to unitholders			
	Distributions to unitholders	(240)	(538)
	(Increase)/decrease in net assets attributable to unitholders	(2,980)	660
	Profit/(loss) for the year	–	–
	Other comprehensive income for the year	–	–
	Total comprehensive income for the year	–	–

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

Franklin Templeton Australia Funds
Statements of financial positions
As at 30 June 2024

Statements of financial positions

	Notes	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
		As at		As at		As at	
		30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Assets							
Cash and cash equivalents	11	33,472	52,363	1,568	6,494	29,954	12,864
Margin accounts		–	–	–	–	38,927	34,916
Receivables		2,367	2,290	17	110	4,779	1,452
Accrued income		155	219	–	–	12	21
Due from brokers - receivable for securities sold		–	–	385	–	3,175	–
Financial assets at fair value through profit or loss	6	834,369	970,716	38,204	42,335	1,063,068	1,321,203
Total assets		870,363	1,025,588	40,174	48,939	1,139,915	1,370,456
Liabilities							
Margin accounts		–	–	8	136	5,532	976
Distribution payable	10	43,076	34,725	–	–	6,979	4,302
Payables		5,036	4,254	182	368	22,005	17,049
Due to brokers - payable for securities purchased		–	–	154	–	3,084	–
Financial liabilities at fair value through profit or loss	7	14	434	11	286	24,588	31,927
Total liabilities (excluding net assets attributable to unitholders)		48,126	39,413	355	790	62,188	54,254
Net assets attributable to unitholders - liability	9	822,237	986,175	39,819	48,149	1,077,727	1,316,202

Franklin Templeton Australia Funds
Statements of financial positions
As at 30 June 2024

Statements of financial positions (continued)

		Franklin Australian Core Plus Bond Fund	
		As at	
		30 June	30 June
		2024	2023
Notes		\$'000	\$'000
Assets			
	11	1,733	4,678
Cash and cash equivalents			
Margin accounts		1,113	1,584
Receivables		5	127
Accrued income		2	–
Financial assets at fair value through profit or loss	6	<u>29,931</u>	<u>70,758</u>
Total assets		<u>32,784</u>	<u>77,147</u>
Liabilities			
Margin accounts		294	17
Payables		27	2,336
Financial liabilities at fair value through profit or loss	7	<u>549</u>	<u>1,438</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>870</u>	<u>3,791</u>
Net assets attributable to unitholders - liability	9	<u>31,914</u>	<u>73,356</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 year ended 30 June 2024**

Statements of changes in equity

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Total equity at the beginning of the year	-	-	-	-	-	-
Comprehensive income for the year						
Profit/(loss) for the year	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Total equity at the end of the year	-	-	-	-	-	-

	Franklin Australian Core Plus Bond Fund	
	Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000
Total equity at the beginning of the year	-	-
Comprehensive income for the year		
Profit/(loss) for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	-
Total equity at the end of the year	-	-

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

Franklin Templeton Australia Funds
Statements of cash flows
For the year ended 30 June 2024

Statements of cash flows

	Notes	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
		Year ended		Year ended		Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		366,747	521,361	19,873	26,185	5,028,895	1,871,935
Purchases of financial instruments at fair value through profit or loss		(193,729)	(276,143)	(15,818)	(15,790)	(4,748,047)	(1,873,988)
Transaction costs paid		(171)	(260)	(1)	(5)	(126)	(225)
Dividends received		4,467	7,198	89	(14)	4	(4)
Distributions received		389	427	–	–	–	–
Interest received		1,178	908	1,356	1,674	47,478	43,588
Other income received		23	39	31	129	593	1,546
Management costs paid		(8,495)	(9,185)	(299)	(364)	(6,291)	(6,122)
Payment of other expenses		–	–	(46)	(44)	(370)	(76)
Net cash inflow/ (outflow) from operating activities	12(a)	170,409	244,345	5,185	11,771	322,136	36,654
Cash flows from financing activities							
Proceeds from applications by unitholders		169,687	207,155	2,839	2,445	301,420	490,674
Payments for redemptions by unitholders		(325,303)	(426,751)	(12,026)	(18,317)	(588,764)	(512,524)
Distributions paid		(32,833)	(1,883)	–	–	(17,652)	(47,216)
Net cash inflow/ (outflow) from financing activities		(188,449)	(221,479)	(9,187)	(15,872)	(304,996)	(69,066)
Net increase/ (decrease) in cash and cash equivalents		(18,040)	22,866	(4,002)	(4,101)	17,140	(32,412)
Cash and cash equivalents at the beginning of the financial year		52,363	36,241	6,494	10,415	12,864	45,366
Effects of foreign currency exchange rate changes on cash and cash equivalents		(851)	(6,744)	(924)	180	(50)	(90)

1 General information

These financial statements cover Franklin Templeton Australia Funds (the "Funds") as managed investment schemes under the *Corporations Act 2001*. 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 11 July 2008 (amended 05 March 2024 for the purpose of Franklin Global Growth Fund (Managed Fund));
- Franklin Templeton Global Aggregate Bond Fund 18 October 2012 (amended 25 November 2021);
- Franklin Australian Absolute Return Bond Fund 22 December 2014 (amended for the purpose of Franklin Australian Absolute Return Bond Fund (Managed Fund));
- Franklin Australian Core Plus Bond Fund 24 March 2017 (amended 25 November 2021).

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

The financial statements are presented in the Australian currency.

The Funds invest in equity securities, listed unit trusts, listed property trusts, unlisted unit trusts, debt 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.

On 15 April 2024, units in Class A of the Franklin Global Growth Fund (Managed Fund) (ASX code:FRGG) and Class A of the Franklin Australian Absolute Return Bond Fund (Managed Fund) (ASX code: FRAR) have been quoted on the AQUA Market of the ASX, so that investors can invest in these classes by either purchasing units on the ASX or applying for units directly with the Responsible Entity. Investors can withdraw from these classes by either directly making a withdrawal request to the Responsible Entity or by selling units on the ASX.

The financial statements were authorised for issue by the directors on 23 September 2024. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policies

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

(a) Basis of preparation

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

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

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

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

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

(i) Compliance with International Financial Reporting Standards

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

(ii) New and amended standards adopted by the Funds

The Funds have applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2023:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2]

The amendment listed above did not have any impact on the amounts recognised in prior periods and are not expected to materially affect the current or future periods.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(iii) New accounting standards, amendments and interpretations effective after 1 July 2024 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Funds.

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

(i) Classification

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

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

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

Liabilities

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

(ii) Recognition/derecognition

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

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

(iii) Measurement

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

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

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

(iv) Offsetting financial instruments

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

(c) Net assets attributable to unitholders

For classes quoted on AQUA market:

Investors can invest in these classes by either purchasing units on the ASX or applying for units directly with the Responsible Entity. Investors can withdraw from these classes by either directly making a withdrawal request to the Responsible Entity or by selling units on the ASX.

2 Summary of material accounting policies (continued)

(c) Net assets attributable to unitholders (continued)

For unquoted classes:

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

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

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

(d) Cash and cash equivalents

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

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

(e) Margin accounts

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

(f) Investment income

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

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

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

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

(g) Expenses

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

(h) Income Tax

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

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

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

(i) Distributions

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

(j) Segment Information

The Funds with quoted classes are within the scope of AASB 8 *Operating Segments*. An operating segment is a distinguishable component of the Fund that is engaged in business activity from which the Fund earns revenues and incurs expenses, whose operating results are regularly reviewed by the Fund's chief operating decision maker to make decisions about the allocation of resources to the segment and assess its performance, and for which discrete financial information is available.

2 Summary of material accounting policies (continued)

(j) Segment Information (continued)

The Fund's chief operating decision maker is the Directors of the Responsible Entity, as it is responsible for assessing and managing fund performance. Each quoted fund is considered a single operating segment, as each fund has a single investment strategy that the Directors of the Responsible Entity uses to assess and manage fund performance.

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

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

(l) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(m) Due from/to brokers

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

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

(n) Receivables and accrued income

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

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

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

2 Summary of material accounting policies (continued)

(o) Payables

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

All distributions payable are recognised in the statement of financial position as at the end of each reporting period, where this amount remains unpaid as at the end of the reporting period. Refer to Note 10 for details.

(p) Applications and redemptions

For classes quoted on AQUA market:

Investors can buy and sell units of the Fund through a broker who will use the CHESSE to settle the transactions.

The price applied to the investor's buy order will be the market price at the time of purchase as reflected by the price at which they have bought units on the ASX.

The exit price applied to the investors sell order will be the market price as reflected by the price at which they have sold units on the ASX.

For unquoted classes:

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds.

Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of units redeemed.

(q) Goods and Services Tax (GST)

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

Payables are stated with the amount of GST included.

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

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

(r) Comparative revisions

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

(s) Use of estimates

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

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

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

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

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

(t) Investment entity exception

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

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

(a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;

2 Summary of material accounting policies (continued)

(t) Investment entity exception (continued)

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

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

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

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

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

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

(u) Rounding of amounts

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

3 Financial risk management

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

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

	Franklin Global Growth Fund				
	US Dollars \$'000	Swiss Francs \$'000	Euros \$'000	Japanese Yen \$'000	Danish Krone \$'000
30 June 2024					
Assets					
Cash and cash equivalents	7,131	-	-	-	-
Receivables	197	1,180	189	-	57
Accrued income	155	-	-	-	-
Financial assets at fair value through profit or loss	<u>673,636</u>	<u>51,438</u>	<u>51,109</u>	<u>30,852</u>	<u>27,094</u>
Total assets	<u>681,119</u>	<u>52,618</u>	<u>51,298</u>	<u>30,852</u>	<u>27,151</u>
Net increase/(decrease) in exposure from foreign currency forward contracts					
- Buy foreign currency	389	164	96	104	59
- Sell foreign currency	<u>(31,143)</u>	<u>(2,529)</u>	<u>(2,494)</u>	<u>(1,524)</u>	<u>(1,309)</u>
Net exposure including foreign currency forward contracts	<u>650,365</u>	<u>50,253</u>	<u>48,900</u>	<u>29,432</u>	<u>25,901</u>

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

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Templeton Global Aggregate Bond Fund					
	US Dollars \$'000	Euros \$'000	British Pounds \$'000	Polish Zloty \$'000	Renminbi \$'000	Other Currencies \$'000
30 June 2024						
Assets						
Cash and cash equivalents	335	371	17	–	50	139
Receivables	–	–	–	11	–	–
Due from brokers - receivable for securities sold	–	385	–	–	–	–
Financial assets at fair value through profit or loss	<u>18,706</u>	<u>8,756</u>	<u>2,539</u>	<u>2,417</u>	<u>1,519</u>	<u>3,527</u>
Total assets	<u>19,041</u>	<u>9,512</u>	<u>2,556</u>	<u>2,428</u>	<u>1,569</u>	<u>3,666</u>
Liabilities						
Margin accounts	8	–	–	–	–	–
Due to brokers - payable for securities purchased	–	154	–	–	–	–
Financial liabilities at fair value through profit or loss	<u>9</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2</u>
Total liabilities (excluding net assets attributable to unitholder)	<u>17</u>	<u>154</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2</u>
Net increase/(decrease) in exposure from foreign currency forward contracts						
- Buy foreign currency	719	–	–	–	–	–
- Sell foreign currency	<u>(20,098)</u>	<u>(9,392)</u>	<u>(2,540)</u>	<u>(2,442)</u>	<u>(1,510)</u>	<u>(3,507)</u>
Net exposure including foreign currency forward contracts	<u>(355)</u>	<u>(34)</u>	<u>16</u>	<u>(14)</u>	<u>59</u>	<u>157</u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Australian Absolute Return Bond Fund			
	US Dollars	New Zealand Dollars	Euros	Japanese Yen
	\$'000	\$'000	\$'000	\$'000
30 June 2024				
Assets				
Cash and cash equivalents	1,529	618	91	-
Accrued income	8	-	-	-
Due from brokers - receivable for securities sold	3,175	-	-	-
Financial assets at fair value through profit or loss	<u>217,853</u>	<u>56,850</u>	<u>16,016</u>	<u>-</u>
Total assets	<u>222,565</u>	<u>57,468</u>	<u>16,107</u>	<u>-</u>
Liabilities				
Margin accounts	244	4,152	-	-
Due to brokers - payable for securities purchased	3,084	-	-	-
Financial liabilities at fair value through profit or loss	<u>18,379</u>	<u>841</u>	<u>-</u>	<u>-</u>
Total liabilities (excluding net assets attributable to unitholder)	<u>21,707</u>	<u>4,993</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in exposure from foreign currency forward contracts				
- Buy foreign currency	13,863	22,516	-	-
- Sell foreign currency	<u>(1,175,327)</u>	<u>(77,511)</u>	<u>(16,375)</u>	<u>-</u>
Net exposure including foreign currency forward contracts	<u>(960,606)</u>	<u>(2,520)</u>	<u>(268)</u>	<u>-</u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

Franklin Australian Core Plus Bond Fund

	New Zealand		
	US Dollars \$'000	Dollars \$'000	Euros \$'000
30 June 2024			
Assets			
Cash and cash equivalents	26	–	–
Financial assets at fair value through profit or loss	<u>2,310</u>	<u>119</u>	<u>–</u>
Total assets	<u>2,336</u>	<u>119</u>	<u>–</u>
Liabilities			
Margin accounts	14	276	–
Financial liabilities at fair value through profit or loss	<u>249</u>	<u>55</u>	<u>–</u>
Total liabilities (excluding net assets attributable to unitholder)	<u>263</u>	<u>331</u>	<u>–</u>
Net increase/(decrease) in exposure from foreign currency forward contracts			
- Buy foreign currency	22,254	574	–
- Sell foreign currency	<u>(29,416)</u>	<u>(578)</u>	<u>–</u>
Net exposure including foreign currency forward contracts	<u>(5,089)</u>	<u>(216)</u>	<u>–</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

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

(ii) Cash flow and fair value interest rate risk

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

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

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

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Franklin Global Growth Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2024				
Financial assets				
Cash and cash equivalents	33,472	-	-	33,472
Receivables	-	-	2,367	2,367
Accrued income	-	-	155	155
Financial assets at fair value through profit or loss	-	-	834,369	834,369
Total assets	33,472	-	836,891	870,363
Financial liabilities				
Distribution payable	-	-	43,076	43,076
Payables	-	-	5,036	5,036
Financial liabilities at fair value through profit or loss	-	-	14	14
Total liabilities (excluding net assets attributable to unitholders)	-	-	48,126	48,126
Net assets attributable to unitholders - liability	33,472	-	788,765	822,237
Net exposure	33,472	-	788,765	822,237
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2023				
Financial assets				
Cash and cash equivalents	52,363	-	-	52,363
Receivables	-	-	2,290	2,290
Accrued income	-	-	219	219
Financial assets at fair value through profit or loss	-	-	970,716	970,716
Total assets	52,363	-	973,225	1,025,588
Financial liabilities				
Distribution payable	-	-	34,725	34,725
Payables	-	-	4,254	4,254
Financial liabilities at fair value through profit or loss	-	-	434	434
Total liabilities (excluding net assets attributable to unitholders)	-	-	39,413	39,413
Net assets attributable to unitholders - liability	52,363	-	933,812	986,175
Net exposure	52,363	-	933,812	986,175

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Franklin Templeton Global Aggregate Bond Fund			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000
30 June 2024				
Financial assets				
Cash and cash equivalents	1,568	–	–	1,568
Receivables	–	–	17	17
Due from brokers - receivable for securities sold	–	–	385	385
Financial assets at fair value through profit or loss	3,709	33,756	739	38,204
Total assets	5,277	33,756	1,141	40,174
Financial liabilities				
Margin accounts	8	–	–	8
Payables	–	–	182	182
Due to brokers - payable for securities purchased	–	–	154	154
Financial liabilities at fair value through profit or loss	–	9	2	11
Total liabilities (excluding net assets attributable to unitholders)	8	9	338	355
Net assets attributable to unitholders - liability	5,269	33,747	803	39,819
Net increase/(decrease) in exposure from International fixed interest futures	–	481	–	481
Net exposure	5,269	34,228	803	40,300
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	\$'000	\$'000	\$'000	\$'000
30 June 2023				
Financial assets				
Cash and cash equivalents	6,494	–	–	6,494
Receivables	–	–	110	110
Financial assets at fair value through profit or loss	4,025	37,681	629	42,335
Total assets	10,519	37,681	739	48,939
Financial liabilities				
Margin accounts	136	–	–	136
Payables	–	–	368	368
Financial liabilities at fair value through profit or loss	–	–	286	286
Total liabilities (excluding net assets attributable to unitholders)	136	–	654	790
Net assets attributable to unitholders - liability	10,383	37,681	85	48,149
Net increase/(decrease) in exposure from International fixed interest futures	–	(393)	–	(393)
Net exposure	10,383	37,288	85	47,756

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Franklin Australian Absolute Return Bond Fund			
30 June 2024	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets				
Cash and cash equivalents	29,954	-	-	29,954
Margin accounts	38,927	-	-	38,927
Receivables	-	-	4,779	4,779
Accrued income	-	-	12	12
Due from brokers - receivable for securities sold	-	-	3,175	3,175
Financial assets at fair value through profit or loss	226,111	836,004	953	1,063,068
Total assets	294,992	836,004	8,919	1,139,915
Financial liabilities				
Margin accounts	5,532	-	-	5,532
Distribution payable	-	-	6,979	6,979
Payables	-	-	22,005	22,005
Due to brokers - payable for securities purchased	-	-	3,084	3,084
Financial liabilities at fair value through profit or loss	4,616	19,631	341	24,588
Total liabilities (excluding net assets attributable to unitholders)	10,148	19,631	32,409	62,188
Net assets attributable to unitholders - liability	284,844	816,373	(23,490)	1,077,727
Net increase/(decrease) in exposure from Australian fixed interest futures	-	(192,187)	-	(192,187)
Net increase/(decrease) in exposure from International fixed interest futures	-	481,195	-	481,195
Net increase/(decrease) in exposure from Australian money market futures	1,086,676	-	-	1,086,676
Net exposure	1,371,520	1,105,381	(23,490)	2,453,411

Franklin Templeton Australia Funds
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3 Financial risk management (continued)

(a) Market risk (continued)

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

	Franklin Australian Absolute Return Bond Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2023				
Financial assets				
Cash and cash equivalents	12,864	–	–	12,864
Margin accounts	34,916	–	–	34,916
Receivables	–	–	1,452	1,452
Accrued income	–	–	21	21
Financial assets at fair value through profit or loss	<u>214,645</u>	<u>1,103,604</u>	<u>2,954</u>	<u>1,321,203</u>
Total assets	<u>262,425</u>	<u>1,103,604</u>	<u>4,427</u>	<u>1,370,456</u>
Financial liabilities				
Margin accounts	976	–	–	976
Distribution payable	–	–	4,302	4,302
Payables	–	–	17,049	17,049
Financial liabilities at fair value through profit or loss	<u>15,110</u>	<u>7,853</u>	<u>8,964</u>	<u>31,927</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>16,086</u>	<u>7,853</u>	<u>30,315</u>	<u>54,254</u>
Net assets attributable to unitholders - liability	<u>246,339</u>	<u>1,095,751</u>	<u>(25,888)</u>	<u>1,316,202</u>
Net increase/(decrease) in exposure from Australian fixed interest futures	–	52,523	–	52,523
Net increase/(decrease) in exposure from International fixed interest futures	–	260,459	–	260,459
Net increase/(decrease) in exposure from Australian money market futures	<u>1,088,838</u>	<u>–</u>	<u>–</u>	<u>1,088,838</u>
Net exposure	<u><u>1,335,177</u></u>	<u><u>1,408,733</u></u>	<u><u>(25,888)</u></u>	<u><u>2,718,022</u></u>

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Franklin Australian Core Plus Bond Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2024				
Financial assets				
Cash and cash equivalents	1,733	-	-	1,733
Margin accounts	1,113	-	-	1,113
Receivables	-	-	5	5
Accrued income	-	-	2	2
Financial assets at fair value through profit or loss	<u>7,019</u>	<u>22,680</u>	<u>232</u>	<u>29,931</u>
Total assets	<u>9,865</u>	<u>22,680</u>	<u>239</u>	<u>32,784</u>
Financial liabilities				
Margin accounts	294	-	-	294
Payables	-	-	27	27
Financial liabilities at fair value through profit or loss	<u>254</u>	<u>137</u>	<u>158</u>	<u>549</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>548</u>	<u>137</u>	<u>185</u>	<u>870</u>
Net assets attributable to unitholders - liability	<u>9,317</u>	<u>22,543</u>	<u>54</u>	<u>31,914</u>
Net increase/(decrease) in exposure from Australian fixed interest futures	-	3,059	-	3,059
Net increase/(decrease) in exposure from International fixed interest futures	-	14,700	-	14,700
Net increase/(decrease) in exposure from Australian money market futures	<u>57,294</u>	<u>-</u>	<u>-</u>	<u>57,294</u>
Net exposure	<u><u>66,611</u></u>	<u><u>40,302</u></u>	<u><u>54</u></u>	<u><u>106,967</u></u>

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Franklin Australian Core Plus Bond Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2023				
Financial assets				
Cash and cash equivalents	4,678	–	–	4,678
Margin accounts	1,584	–	–	1,584
Receivables	–	–	127	127
Financial assets at fair value through profit or loss	<u>6,418</u>	<u>64,166</u>	<u>174</u>	<u>70,758</u>
Total assets	<u>12,680</u>	<u>64,166</u>	<u>301</u>	<u>77,147</u>
Financial liabilities				
Margin accounts	17	–	–	17
Payables	–	–	2,336	2,336
Financial liabilities at fair value through profit or loss	<u>602</u>	<u>635</u>	<u>201</u>	<u>1,438</u>
Total liabilities (excluding net assets attributable to unitholders)	<u>619</u>	<u>635</u>	<u>2,537</u>	<u>3,791</u>
Net assets attributable to unitholders - liability	<u>12,061</u>	<u>63,531</u>	<u>(2,236)</u>	<u>73,356</u>
Net increase/(decrease) in exposure from Australian fixed interest futures	–	30,912	–	30,912
Net increase/(decrease) in exposure from International fixed interest futures	–	16,964	–	16,964
Net increase/(decrease) in exposure from Australian money market futures	<u>62,192</u>	<u>–</u>	<u>–</u>	<u>62,192</u>
Net exposure	<u><u>74,253</u></u>	<u><u>111,407</u></u>	<u><u>(2,236)</u></u>	<u><u>183,424</u></u>

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

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

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

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

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

Assumptions and limitations of VaR

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

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

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

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

3 Financial risk management (continued)

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

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

Franklin Global Growth Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2024	3.28	822,237	26,969
30 June 2023	5.15	986,175	50,788
Franklin Templeton Global Aggregate Bond Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2024	1.20	39,819	478
30 June 2023	1.03	48,149	496
Franklin Australian Absolute Return Bond Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2024	0.55	1,077,727	5,927
30 June 2023	0.65	1,316,202	8,555
Franklin Australian Core Plus Bond Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2024	1.39	31,914	444
30 June 2023	1.99	73,356	1,460

3 Financial risk management (continued)

(c) Credit risk

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

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

Credit risk is managed by ensuring that:

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

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

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

Rating	Franklin Templeton Global Aggregate Bond Fund	
	30 June 2024	30 June 2023
	\$'000	\$'000
AAA	4,912	2,647
AA+	1,915	1,526
AA	2,539	3,330
AA-	336	986
A+	3,697	9,169
A	2,202	148
A-	6,778	7,051
BBB+	8,180	8,000
BBB	5,113	7,509
BBB-	761	731
CCC	-	71
D	-	152
Not-rated	986	371
Total	37,419	41,691

Rating	Franklin Australian Absolute Return Bond Fund	
	30 June 2024	30 June 2023
	\$'000	\$'000
AAA	156,812	151,330
AA+	6,674	22,068
AA	6,528	68,328
AA-	89,914	63,695
A+	119,327	235,128
A	29,517	61,389
A-	233,638	152,370
BBB+	209,411	302,803
BBB	121,006	164,005
BBB-	82,765	88,210
BB+	2,831	-
Total	1,058,423	1,309,326

3 Financial risk management (continued)

(c) Credit risk (continued)

Rating	Franklin Australian Core Plus Bond Fund	
	30 June 2024 \$'000	30 June 2023 \$'000
AAA	8,674	32,079
AA+	2,916	8,744
AA	–	4,186
AA-	161	2,955
A+	1,494	4,382
A	520	1,517
A-	7,499	3,215
BBB+	4,049	7,762
BBB	2,780	3,190
BBB-	1,450	1,999
Total	29,543	70,029

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

(d) Liquidity risk

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

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

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

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

30 June 2024	Franklin Global Growth Fund				
	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Financial liabilities at fair value through profit or loss	14	–	–	–	14
Distribution payable	43,076	–	–	–	43,076
Payables	5,036	–	–	–	5,036
Net assets attributable to unitholders	822,237	–	–	–	822,237
Total	870,363	–	–	–	870,363

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

Franklin Templeton Australia Funds
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3 Financial risk management (continued)

(d) Liquidity risk (continued)

30 June 2024	Franklin Templeton Global Aggregate Bond Fund				
	Less than 1 month	1 - 6 months	6 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	–	11	–	–	11
Margin accounts	8	–	–	–	8
Payables	182	–	–	–	182
Due to brokers - payable for securities purchased	154	–	–	–	154
Net assets attributable to unitholders	<u>39,819</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>39,819</u>
Total	<u>40,163</u>	<u>11</u>	<u>–</u>	<u>–</u>	<u>40,174</u>

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

30 June 2024	Franklin Australian Absolute Return Bond Fund				
	Less than 1 month	1 - 6 months	6 - 12 months	Over 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss	341	5,036	–	19,211	24,588
Margin accounts	5,532	–	–	–	5,532
Distribution payable	6,979	–	–	–	6,979
Payables	22,005	–	–	–	22,005
Due to brokers - payable for securities purchased	3,084	–	–	–	3,084
Net assets attributable to unitholders	<u>1,077,727</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,077,727</u>
Total	<u>1,115,668</u>	<u>5,036</u>	<u>–</u>	<u>19,211</u>	<u>1,139,915</u>

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

3 Financial risk management (continued)

(d) Liquidity risk (continued)

30 June 2024	Franklin Australian Core Plus Bond Fund				Total \$'000
	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	
Financial liabilities at fair value through profit or loss	–	425	–	124	549
Margin accounts	294	–	–	–	294
Payables	27	–	–	–	27
Net assets attributable to unitholders	31,914	–	–	–	31,914
Total	32,235	425	–	124	32,784

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

4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statements of financial positions when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Agreements with over-the-counter derivatives are based on the ISDA Master Agreement. The gross and net positions of financial assets and liabilities that have been offset in the statements of financial positions are disclosed in the first three columns of the tables below:

Franklin Global Growth Fund						
Effects of offsetting on the statement of financial position			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets and liabilities presented in the statement of financial position \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2024						
Financial assets						
Derivatives financial instruments	240	-	240	-	-	240
Total	<u>240</u>	<u>-</u>	<u>240</u>	<u>-</u>	<u>-</u>	<u>240</u>
Financial liabilities						
Derivatives financial instruments	14	-	14	-	-	14
Total	<u>14</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>14</u>

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

4 Offsetting financial assets and financial liabilities (continued)

Franklin Templeton Global Aggregate Bond Fund						
Effects of offsetting on the statement of financial position			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets and liabilities presented in the statement of financial position \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2024						
Financial assets						
Derivatives financial instruments	785	-	785	(9)	(8)	768
Total	<u>785</u>	<u>-</u>	<u>785</u>	<u>(9)</u>	<u>(8)</u>	<u>768</u>
Financial liabilities						
Derivatives financial instruments	11	-	11	(9)	-	2
Total	<u>11</u>	<u>-</u>	<u>11</u>	<u>(9)</u>	<u>-</u>	<u>2</u>

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

4 Offsetting financial assets and financial liabilities (continued)

Franklin Australian Absolute Return Bond Fund						
Effects of offsetting on the statement of financial position			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets and liabilities presented in the statement of financial position \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2024						
Financial assets						
Derivatives financial instruments	4,645	-	4,645	(2,992)	(1,653)	-
Total	<u>4,645</u>	<u>-</u>	<u>4,645</u>	<u>(2,992)</u>	<u>(1,653)</u>	<u>-</u>
Financial liabilities						
Derivatives financial instruments	24,588	-	24,588	(2,992)	(6,856)	14,740
Total	<u>24,588</u>	<u>-</u>	<u>24,588</u>	<u>(2,992)</u>	<u>(6,856)</u>	<u>14,740</u>

Franklin Australian Absolute Return Bond Fund						
Effects of offsetting on the statement of financial position			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets and liabilities presented in the statement of financial position \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2023						
Financial assets						
Derivatives financial instruments	11,877	-	11,877	(711)	-	11,166
Total	<u>11,877</u>	<u>-</u>	<u>11,877</u>	<u>(711)</u>	<u>-</u>	<u>11,166</u>
Financial liabilities						
Derivatives financial instruments	31,927	-	31,927	(711)	-	31,216
Total	<u>31,927</u>	<u>-</u>	<u>31,927</u>	<u>(711)</u>	<u>-</u>	<u>31,216</u>

4 Offsetting financial assets and financial liabilities (continued)

Franklin Australian Core Plus Bond Fund

	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets and liabilities presented in the statement of financial position \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2024						
Financial assets						
Derivatives financial instruments	388	-	388	(88)	(119)	181
Total	<u>388</u>	<u>-</u>	<u>388</u>	<u>(88)</u>	<u>(119)</u>	<u>181</u>
Financial liabilities						
Derivatives financial instruments	549	-	549	(88)	(265)	196
Total	<u>549</u>	<u>-</u>	<u>549</u>	<u>(88)</u>	<u>(265)</u>	<u>196</u>

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

5 Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 Fair value measurement (continued)

Recognised fair value measurements

The following tables present the Funds' assets and liabilities measured and recognised at fair value as at 30 June 2024 and 30 June 2023

At 30 June 2024	Franklin Global Growth Fund			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets at fair value through profit or loss				
Derivatives	–	240	–	240
Listed equities	821,101	–	–	821,101
Listed unit trusts	13,028	–	–	13,028
Total	834,129	240	–	834,369

Financial liabilities at fair value through profit or loss				
Derivatives	–	14	–	14
Total	–	14	–	14

At 30 June 2023	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Derivatives	–	11	–	11
Listed equities	944,795	–	–	944,795
Listed unit trusts	25,910	–	–	25,910
Total	970,705	11	–	970,716
Financial liabilities at fair value through profit or loss				
Derivatives	–	434	–	434
Total	–	434	–	434

At 30 June 2024	Franklin Templeton Global Aggregate Bond Fund			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets at fair value through profit or loss				
Derivatives	46	739	–	785
Debt securities	–	37,419	–	37,419
Total	46	38,158	–	38,204
Financial liabilities at fair value through profit or loss				
Derivatives	9	2	–	11
Total	9	2	–	11

At 30 June 2023	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Derivatives	15	629	–	644
Debt securities	–	41,691	–	41,691
Total	15	42,320	–	42,335
Financial liabilities at fair value through profit or loss				
Derivatives	–	286	–	286
Total	–	286	–	286

5 Fair value measurement (continued)

Recognised fair value measurements (continued)

Franklin Australian Absolute Return Bond Fund				
At 30 June 2024	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Derivatives	1,685	2,960	–	4,645
Debt securities	–	1,051,749	–	1,051,749
Money market securities	6,674	–	–	6,674
Total	8,359	1,054,709	–	1,063,068
Financial liabilities at fair value through profit or loss				
Derivatives	5,036	19,552	–	24,588
Total	5,036	19,552	–	24,588
At 30 June 2023				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Derivatives	2,380	9,497	–	11,877
Debt 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
Franklin Australian Core Plus Bond Fund				
At 30 June 2024	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Derivatives	33	355	–	388
Debt securities	–	29,543	–	29,543
Total	33	29,898	–	29,931
Financial liabilities at fair value through profit or loss				
Derivatives	267	282	–	549
Total	267	282	–	549
At 30 June 2023				
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss				
Derivatives	99	630	–	729
Debt securities	–	70,029	–	70,029
Total	99	70,659	–	70,758
Financial liabilities at fair value through profit or loss				
Derivatives	683	755	–	1,438
Total	683	755	–	1,438

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

5 Fair value measurement (continued)

(iii) Transfers between levels

The following table present the transfers between levels of the fair value hierarchy in the year ended 30 June 2024 and 30 June 2023.

At 30 June 2024	Franklin Australian Absolute Return Bond Fund		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between levels 2 and 3:	-	-	-
At 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Transfers between levels 2 and 3:			
Debt securities	-	5,000	(5,000)

There were no transfers between levels for all funds during the financial year ended 30 June 2024.

There were no transfers between levels during the financial year ended 30 June 2023 for Franklin Global Growth Fund, Franklin Templeton Global Aggregate Bond Fund and Franklin Australian Core Plus Bond Fund.

(iv) Movement in level 3 instruments

The following table presents investments classified as level 3 within the Funds as at 30 June 2024 and 30 June 2023.

	Franklin Australian Absolute Return Bond Fund	
	Debt securities	
	30 June 2024 \$'000	30 June 2023 \$'000
Opening balance	-	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 statement of financial positions date	-	-

*Includes unrealised gains/(losses) recognised in profit or loss attributable to balances held at the end of reporting year.

There were no investments classified as level 3 within Franklin Global Growth Fund, Franklin Templeton Global Aggregate Bond Fund and Franklin Australian Core Plus Bond Fund as at 30 June 2024 and 30 June 2023.

Franklin Templeton Australia Funds
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6 Financial assets at fair value through profit or loss

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	As at		As at		As at	
	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Financial assets at fair value through profit or loss						
Derivatives	240	11	785	644	4,645	11,877
Equity securities	821,101	944,795	-	-	-	-
Debt securities	-	-	37,419	41,691	1,051,749	1,305,300
Listed unit trusts	13,028	25,910	-	-	-	-
Money market securities	-	-	-	-	6,674	4,026
Total financial assets at fair value through profit or loss	834,369	970,716	38,204	42,335	1,063,068	1,321,203
Comprising:						
Derivatives						
Forward currency contracts	240	11	739	629	953	2,954
Australian fixed interest futures	-	-	-	-	743	186
International fixed interest futures	-	-	46	15	942	2,194
Swaps	-	-	-	-	2,007	6,543
Total derivatives	240	11	785	644	4,645	11,877
Equity securities						
International equity securities listed on a prescribed stock exchange	821,101	944,795	-	-	-	-
Total equity securities	821,101	944,795	-	-	-	-
Debt securities						
International government bonds	-	-	920	869	-	-
Australian other public sector bonds	-	-	-	-	184,992	307,778
International other public sector bonds	-	-	17,206	19,104	54,479	113,532
Australian corporate bonds	-	-	-	-	385,370	467,237
International corporate bonds	-	-	11,346	14,782	119,913	139,397
Australian commercial mortgages	-	-	-	-	77,373	19,908
International commercial mortgages	-	-	4,238	2,911	-	-
Australian floating rate notes	-	-	-	-	122,814	156,114
International floating rate notes	-	-	3,709	4,025	94,691	48,325
Australian other fixed interest securities	-	-	-	-	-	7,606

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

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

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	As at		As at		As at	
	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Comprising:						
International other fixed interest securities	-	-	-	-	12,117	45,403
Total Debt securities	-	-	37,419	41,691	1,051,749	1,305,300
Listed unit trusts						
International listed property trusts	13,028	25,910	-	-	-	-
Total listed unit trusts	13,028	25,910	-	-	-	-
Money market securities						
Australian money market securities	-	-	-	-	-	4,026
International money market securities	-	-	-	-	6,674	-
Total money market securities	-	-	-	-	6,674	4,026
Total financial assets at fair value through profit or loss	834,369	970,716	38,204	42,335	1,063,068	1,321,203

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

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

	Franklin Australian Core Plus Bond Fund	
	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Financial assets at fair value through profit or loss		
Derivatives	388	729
Debt securities	29,543	70,029
Total financial assets at fair value through profit or loss	29,931	70,758
Comprising:		
Derivatives		
Forward currency contracts	232	174
Australian fixed interest futures	6	–
International fixed interest futures	27	99
Swaps	123	456
Total derivatives	388	729
Debt securities		
Australian other public sector bonds	11,696	43,270
International other public sector bonds	–	5,835
Australian corporate bonds	9,967	12,045
International corporate bonds	979	966
Australian floating rate notes	5,745	5,298
International floating rate notes	1,156	683
Australian other fixed interest securities	–	387
International other fixed interest securities	–	1,545
Total Debt securities	29,543	70,029
Total financial assets at fair value through profit or loss	29,931	70,758

An overview of the risk exposure relating to financial assets at fair value through profit or loss is included in Note 3 and Note 5 to the financial statements.

Franklin Templeton Australia Funds
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7 Financial liabilities at fair value through profit or loss

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	As at		As at		As at	
	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Financial liabilities at fair value through profit or loss						
Derivatives	14	434	11	286	24,588	31,927
Total financial liabilities at fair value through profit or loss	14	434	11	286	24,588	31,927
Comprising:						
Derivatives						
Forward currency contracts	14	434	2	286	341	8,964
Australian fixed interest futures	-	-	-	-	285	330
International fixed interest futures	-	-	9	-	972	4,755
Australian money market futures	-	-	-	-	3,779	3,257
Swaps	-	-	-	-	19,211	14,621
Total derivatives	14	434	11	286	24,588	31,927
Total financial liabilities at fair value through profit or loss	14	434	11	286	24,588	31,927

	Franklin Australian Core Plus Bond Fund	
	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Financial liabilities at fair value through profit or loss		
Derivatives	549	1,438
Total financial liabilities at fair value through profit or loss	549	1,438
Comprising:		
Derivatives		
Forward currency contracts	158	201
Australian fixed interest futures	46	230
International fixed interest futures	22	267
Australian money market futures	199	186
Swaps	124	554
Total derivatives	549	1,438
Total financial liabilities at fair value through profit or loss	549	1,438

An overview of the risk exposure and fair value measurements relating to financial liabilities at fair value through profit or loss is included in Note 3 and Note 5 to the financial statements.

8 Derivative financial instruments

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

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

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

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

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

The Funds may hold the following derivative financial instruments:

(i) Forward currency contracts

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

(ii) Futures

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

(iii) Options

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

(iv) Swaps

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

Franklin Templeton Australia Funds
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8 Derivative financial instruments (continued)

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

	Franklin Global Growth Fund					
	30 June 2024			30 June 2023		
	Fair Values			Fair Values		
Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	
Forward currency contracts	39,812	240	14	41,804	11	434
	<u>39,812</u>	<u>240</u>	<u>14</u>	<u>41,804</u>	<u>11</u>	<u>434</u>

	Franklin Templeton Global Aggregate Bond Fund					
	30 June 2024			30 June 2023		
	Fair Values			Fair Values		
Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	
Forward currency contracts	39,489	739	2	54,640	629	286
International fixed interest futures	481	46	9	(393)	15	–
	<u>39,970</u>	<u>785</u>	<u>11</u>	<u>54,247</u>	<u>644</u>	<u>286</u>

	Franklin Australian Absolute Return Bond Fund					
	30 June 2024			30 June 2023		
	Fair Values			Fair Values		
Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	
Forward currency contracts	1,307,209	953	341	3,135,814	2,954	8,964
Australian fixed interest futures	(192,187)	743	285	52,523	186	330
International fixed interest futures	481,195	942	972	260,459	2,194	4,755
Australian money market futures	1,086,676	–	3,779	1,088,838	–	3,257
Swaps	–	2,007	19,211	–	6,543	14,621
	<u>2,682,893</u>	<u>4,645</u>	<u>24,588</u>	<u>4,537,634</u>	<u>11,877</u>	<u>31,927</u>

8 Derivative financial instruments (continued)

	Franklin Australian Core Plus Bond Fund					
	30 June 2024			30 June 2023		
	Fair Values			Fair Values		
Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	
Forward currency contracts	52,831	232	158	118,651	174	201
Australian fixed interest futures	3,059	6	46	30,912	–	230
International fixed interest futures	14,700	27	22	16,964	99	267
Australian money market futures	57,294	–	199	62,192	–	186
Swaps	–	123	124	–	456	554
	<u>127,884</u>	<u>388</u>	<u>549</u>	<u>228,719</u>	<u>729</u>	<u>1,438</u>

Risk exposures and fair value measurements

Information about the Funds' exposure to credit risk, foreign exchange risk, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 5 to the financial statements. The maximum exposure to credit risk at the end of the reporting financial year is the carrying amount of each class of derivative financial instruments disclosed above.

9 Net assets attributable to unitholders

Franklin Global Growth Fund

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are up to four classes of unitholders in the Fund being A Class, A (Hedged) Class, M Class and M (Hedged) Class.

The management costs charged on A Class and M Class unitholdings are paid by the Fund to the Responsible Entity.

Franklin Templeton Global Aggregate Bond Fund

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are up to two classes of unitholders in the Fund being A Class and M Class.

The management costs charged on A Class and M Class unitholdings are paid by the Fund to the Responsible Entity. In all other respects, these classes of units carry equal rights.

Franklin Australian Absolute Return Bond Fund

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are up to two classes of unitholders in the Fund being A Class and M Class.

The management costs charged on A Class and M Class unitholdings are paid by the Fund to the Responsible Entity.

Franklin Australian Core Plus Bond Fund

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are up to three classes of unitholders in the Fund being A Class, M Class and X Class.

The management costs charged on A Class, M Class and X Class unitholdings are paid by the Fund to the Responsible Entity. In all other respects, these classes of units carry equal rights.

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

As the Funds are multi-class funds, units are classified as financial liabilities as they do not meet the requirements of equity in accordance with AASB 132 Financial instruments: Presentation.

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

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

	30 June 2024		As at 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	44,233	103,725	57,207	123,002
Redemptions	(82,935)	(195,054)	(115,068)	(247,419)
Units issued upon reinvestment of distributions	149	344	9	19
Increase/(decrease) in net assets attributable to unitholders	-	(8,233)	-	114,718
Closing balance	<u>258,863</u>	<u>587,625</u>	<u>297,416</u>	<u>686,843</u>
Franklin Global Growth Fund - A Class (Hedged)**				
Opening balance	7,470	14,982	30,359	53,377
Applications	2,505	5,001	5,916	10,779
Redemptions	(2,014)	(4,107)	(28,805)	(52,919)
Increase/(decrease) in net assets attributable to unitholders	-	599	-	3,745
Closing balance	<u>7,961</u>	<u>16,475</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	22,496	59,764	27,884	67,110
Redemptions	(46,478)	(123,073)	(47,272)	(114,735)
Units issued upon reinvestment of distributions	600	1,548	41	90
Increase/(decrease) in net assets attributable to unitholders	-	(1,692)	-	44,227
Closing balance	<u>76,808</u>	<u>194,911</u>	<u>100,190</u>	<u>258,364</u>
Franklin Global Growth Fund - M Class (Hedged)**				
Opening balance	11,594	25,986	12,502	24,542
Applications	468	1,071	2,474	5,109
Redemptions	(2,039)	(4,550)	(3,382)	(7,177)
Increase/(decrease) in net assets attributable to unitholders	-	719	-	3,512
Closing balance	<u>10,023</u>	<u>23,226</u>	<u>11,594</u>	<u>25,986</u>
Total		<u>822,237</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 (Unhedged)" & "I Class (Unhedged)" respectively)

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

9 Net assets attributable to unitholders (continued)

	30 June 2024		As at 30 June 2023	
	No.'000	\$'000	No.'000	\$'000
Franklin Templeton Global Aggregate Bond Fund - A Class*				
Opening balance	51,810	48,144	69,067	62,976
Applications	3,028	2,836	2,665	2,444
Redemptions	(12,758)	(11,909)	(19,922)	(18,296)
Increase/(decrease) in net assets attributable to unitholders	-	743	-	1,020
Closing balance	<u>42,080</u>	<u>39,814</u>	<u>51,810</u>	<u>48,144</u>
Franklin Templeton Global Aggregate Bond Fund - M Class*				
Opening balance	<u>6</u>	<u>5</u>	<u>6</u>	<u>5</u>
Closing balance	<u>6</u>	<u>5</u>	<u>6</u>	<u>5</u>
Total		<u>39,819</u>		<u>48,149</u>

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

9 Net assets attributable to unitholders (continued)

	30 June 2024		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	218,950	210,255	249,718	234,647
Redemptions	(421,203)	(404,536)	(386,452)	(362,976)
Units issued upon reinvestment of distributions	188	179	697	653
Increase/(decrease) in net assets attributable to unitholders	-	32,919	-	(2,667)
Closing balance	<u>692,258</u>	<u>675,389</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	98,296	94,510	271,841	256,176
Redemptions	(197,922)	(189,989)	(158,459)	(149,387)
Units issued upon reinvestment of distributions	1,074	1,023	2,075	1,944
Increase/(decrease) in net assets attributable to unitholders	-	17,164	-	(234)
Closing balance	<u>412,177</u>	<u>402,338</u>	<u>510,729</u>	<u>479,630</u>
Total		<u>1,077,727</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)

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

9 Net assets attributable to unitholders (continued)

	30 June		As at	
	2024	2023	30 June	2023
	No.'000	\$'000	No.'000	\$'000
Franklin Australian Core Plus Bond Fund - A Class*				
Opening balance	86,799	72,929	73,939	62,603
Applications	21,922	18,690	28,408	24,246
Redemptions	(72,617)	(63,263)	(15,548)	(13,263)
Increase/(decrease) in net assets attributable to unitholders	-	2,963	-	(657)
Closing balance	<u>36,104</u>	<u>31,319</u>	<u>86,799</u>	<u>72,929</u>
Franklin Australian Core Plus Bond Fund - M Class*				
Opening balance	115	104	1	2
Applications	160	150	114	105
Increase/(decrease) in net assets attributable to unitholders	-	3	-	(3)
Closing balance	<u>275</u>	<u>257</u>	<u>115</u>	<u>104</u>
Franklin Australian Core Plus Bond Fund - X Class				
Opening balance	362	323	5,677	5,134
Redemptions	-	-	(5,338)	(4,832)
Units issued upon reinvestment of distributions	1	1	23	21
Increase/(decrease) in net assets attributable to unitholders	-	14	-	-
Closing balance	<u>363</u>	<u>338</u>	<u>362</u>	<u>323</u>
Total		<u>31,914</u>		<u>73,356</u>

*Please note there was a change with the class codes effective from 27 October 2023 for Franklin Australian Core Plus 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. There are three classes of unitholders in the Funds being A Class, M Class and X Class.

Franklin Global Growth Fund - Class A (ASX: FRGG) and Franklin Australian Absolute Return Bond Fund - Class A (ASX: FRAR)

Where investors buy and sell through the ASX, they will generally incur brokerage and may pay more than the net asset value price when buying and receive less than the net asset value price when selling. An investor that applies for units directly with the Responsible Entity may pay a different price for units in the Fund to an investor who buys units on the ASX at the same time or on the same day. Similarly, an investor who redeems units directly with the Responsible Entity is likely to receive a different price for units in the Fund to an investor who sells units on the ASX at the same time or on the same day. These differences received by investors may result in a different return from an investment in the Fund.

Capital Risk Management

The Funds consider their net assets attributable to unitholders as capital. The amount of net assets attributable to unitholders can change materially 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.

10 Distributions to unitholders

The distributions during the financial year were as follows:

	Franklin Global Growth Fund			
	Year ended			
	30 June		30 June	
	2024		2023	
Franklin Global Growth Fund - A Class*	\$'000	CPU	\$'000	CPU
Distribution payable				
- 30 June	<u>32,288</u>	12.4730	<u>24,966</u>	8.3945
	<u><u>32,288</u></u>		<u><u>24,966</u></u>	
Franklin Global Growth Fund - M Class*	\$'000	CPU	\$'000	CPU
Distribution payable				
- 30 June	<u>10,788</u>	14.0448	<u>9,759</u>	9.7402
	<u><u>10,788</u></u>		<u><u>9,759</u></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 (Unhedged)" & "I Class (Unhedged)" respectively)

There were no distributions for Franklin Global Growth Fund - A (Hedged) and M (Hedged) Class (formerly known as "W Class (Hedged)" & "I Class (Hedged)" respectively) during the year ended 30 June 2024 and 30 June 2023.

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

10 Distributions to unitholders (continued)

Franklin Australian Absolute Return Bond Fund				
Year ended				
30 June		30 June		
2024		2023		
Franklin Australian Absolute Return Bond Fund - A Class*	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July	1,642	0.1860	1,859	0.1810
- 31 August	1,587	0.1870	1,878	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
- 31 December	712	0.0908	1,788	0.1849
- 31 January	734	0.0941	1,695	0.1764
- 28 February	350	0.0456	1,754	0.1860
- 31 March	351	0.0460	421	0.0453
- 30 April	360	0.0488	412	0.0445
- 31 May	351	0.0488	407	0.0443
Distribution payable				
- 30 June	<u>4,341</u>	<u>0.6271</u>	<u>2,711</u>	<u>0.3031</u>
	<u><u>13,391</u></u>		<u><u>18,348</u></u>	
Franklin Australian Absolute Return Bond Fund - M Class*	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July	986	0.1941	813	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
- 31 December	461	0.0997	886	0.1931
- 31 January	473	0.1023	998	0.1884
- 28 February	246	0.0533	1,054	0.1938
- 31 March	228	0.0540	269	0.0524
- 30 April	203	0.0488	271	0.0529
- 31 May	201	0.0488	278	0.0527
Distribution payable				
- 30 June	<u>2,638</u>	<u>0.6401</u>	<u>1,591</u>	<u>0.3115</u>
	<u><u>8,141</u></u>		<u><u>9,578</u></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)

10 Distributions to unitholders (continued)

Franklin Australian Core Plus Bond Fund				
Year ended				
	30 June 2024		30 June 2023	
Franklin Australian Core Plus Bond Fund - A Class*	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July	80	0.0846	128	0.1705
- 31 August	80	0.0850	128	0.1679
- 30 September	79	0.0854	134	0.1748
- 31 October	-	-	126	0.1617
	<u>239</u>		<u>516</u>	
Franklin Australian Core Plus Bond Fund - M Class*	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July**	-	0.0979	-	0.2008
- 31 August**	-	0.0993	-	0.1984
- 30 September**	-	0.0995	-	0.2051
- 31 October	-	-	-	0.1907
	<u>-</u>		<u>-</u>	
Franklin Australian Core Plus Bond Fund - X Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July**	-	0.1074	11	0.1998
- 31 August**	-	0.1050	7	0.1974
- 30 September	1	0.1087	3	0.2040
- 31 October	-	-	1	0.1896
	<u>1</u>		<u>22</u>	

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

There were no distributions for Franklin Templeton Global Aggregate Bond Fund - A and M Class (formerly known as "W Class" & "I Class" respectively) during the year ended 30 June 2024.

**Amounts rounded to nearest thousand dollars.

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

11 Cash and cash equivalents

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	As at		As at		As at	
	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Domestic cash at bank	26,341	45,230	656	3,713	22,315	7,536
Foreign cash at bank	7,131	7,133	912	2,781	2,238	4,154
Term deposits	—	—	—	—	5,401	1,174
Total cash and cash equivalents	33,472	52,363	1,568	6,494	29,954	12,864

	Franklin Australian Core Plus Bond Fund	
	As at	
	30 June 2024 \$'000	30 June 2023 \$'000
Domestic cash at bank	1,172	4,101
Foreign cash at bank	26	528
Term deposits	535	49
Total cash and cash equivalents	1,733	4,678

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

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

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Operating profit/(loss) for the year	34,469	200,927	743	1,020	71,615	25,025
Net (gains)/losses on financial instruments at fair value through profit or loss	(36,242)	(201,622)	366	314	(31,658)	14,065
Proceeds from sale of financial instruments at fair value through profit or loss	366,747	521,361	19,873	26,185	5,028,895	1,871,935
Purchases of financial instruments at fair value through profit or loss	(193,729)	(276,143)	(15,818)	(15,790)	(4,748,047)	(1,873,988)
Net change in accrued income and receivables	(138)	(77)	90	112	2,507	(566)
Net change in payables	(698)	(101)	(69)	(70)	(1,176)	183
Net cash inflow/(outflow) from operating activities	<u>170,409</u>	<u>244,345</u>	<u>5,185</u>	<u>11,771</u>	<u>322,136</u>	<u>36,654</u>
(b) Non-cash financing activities						
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	<u>1,892</u>	<u>109</u>	<u>-</u>	<u>-</u>	<u>1,202</u>	<u>2,597</u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

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

	Franklin Australian Core Plus Bond Fund	
	Year ended	
	30 June 2024	30 June 2023
	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss) for the year	3,220	(122)
Net (gains)/losses on financial instruments at fair value through profit or loss	(1,148)	2,070
Proceeds from sale of financial instruments at fair value through profit or loss	238,331	56,659
Purchases of financial instruments at fair value through profit or loss	(196,391)	(71,504)
Net change in accrued income and receivables	103	(210)
Net change in payables	(57)	38
Net cash inflow/(outflow) from operating activities	<u>44,058</u>	<u>(13,069)</u>
(b) Non-cash financing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	<u>1</u>	<u>21</u>

13 Remuneration of auditors

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

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$	\$	\$	\$	\$	\$
PricewaterhouseCoopers						
Audit and other assurance services						
Audit and review of financial statements	26,952	18,107	13,461	13,069	26,952	21,024
Audit of compliance plan	2,861	2,818	2,861	2,818	2,861	2,818
Audit of specified assertions	1,416	1,406	1,416	1,406	1,416	1,406
Total remuneration for audit and other assurance services	<u>31,229</u>	<u>22,331</u>	<u>17,738</u>	<u>17,293</u>	<u>31,229</u>	<u>25,248</u>
Taxation services						
Tax compliance services	8,864	8,583	8,864	8,583	8,864	8,583
Total remuneration for taxation services	<u>8,864</u>	<u>8,583</u>	<u>8,864</u>	<u>8,583</u>	<u>8,864</u>	<u>8,583</u>
Total remuneration of PricewaterhouseCoopers	<u>40,093</u>	<u>30,914</u>	<u>26,602</u>	<u>25,876</u>	<u>40,093</u>	<u>33,831</u>

13 Remuneration of auditors (continued)

	Franklin Australian Core Plus Bond Fund	
	Year ended	
	30 June 2024	30 June 2023
	\$	\$
PricewaterhouseCoopers		
Audit and other assurance services		
Audit and review of financial statements	13,461	13,069
Audit of compliance plan	2,861	2,818
Audit of specified assertions	1,416	1,406
Total remuneration for audit and other assurance services	17,738	17,293
Taxation services		
Tax compliance services	9,088	8,808
Total remuneration for taxation services	9,088	8,808
Total remuneration of PricewaterhouseCoopers	26,826	26,101

14 Related party transactions

Responsible Entity

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

Key management personnel

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

M. Abell (appointed 20th March 2024)

M. Harrison (resigned 9th November 2023)

G. Shaneyfelt (appointed as Chairperson on 20th March 2024)

F. Walsh (appointed 9th November 2023)

E. Venner (resigned 31st March 2024)

Q. Lupo

M. Sund

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

Related party transactions

During the year ended 30 June 2024, the Responsible Entity was entitled to receive an all-inclusive management cost (inclusive of GST, net of RITC available to the Funds) over the Funds' average net assets attributable to unitholders for the financial year as follows:

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
ICR (%)						
A Class	0.89	0.90	0.53	0.54	0.50	0.51
M Class	0.74	0.75	0.46	0.47	0.40	0.40
A Class (Hedged)	0.89	0.90	–	–	–	–
M Class (Hedged)	0.74	0.75	–	–	–	–

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2024

14 Related party transactions (continued)

Related party transactions (continued)

	Franklin Australian Core Plus Bond Fund	
	Year ended	
	30 June 2024	30 June 2023
ICR (%)		
A Class	0.34	0.34
M Class	0.25	0.24
X Class	0.10	0.10

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 Fund.

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

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

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

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$	\$	\$	\$	\$	\$
Management costs for the year paid by the Funds to the Responsible Entity	7,797,055	9,083,249	229,326	294,202	5,486,395	6,305,586
Total fees payable to the Responsible Entity at the year end	1,884,722	2,582,044	54,776	123,465	1,291,425	2,096,376

	Franklin Australian Core Plus Bond Fund	
	Year ended	
	30 June 2024	30 June 2023
	\$	\$
Management costs for the year paid by the Funds to the Responsible Entity	226,551	229,861
Total fees payable to the Responsible Entity at the year end	26,855	83,748
Management costs rebate income for the year received by the Funds from the Responsible Entity	-	5,343

Transactions with key management personnel

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

Key management personnel unitholdings

There are no transaction occurred with key management personnel during the reporting period 30 June 2024 or 30 June 2023.

14 Related party transactions (continued)

Key management personnel remuneration

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

Key management personnel loan disclosures

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

Other transactions within the Funds

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

15 Events occurring after the financial year

There are no material events that have occurred since statement of financial position date which would impact on the financial position of the Funds as disclosed in the statements of financial positions as at 30 June 2024 or on the results and cash flows of the Funds for the financial year.

16 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, contingent liabilities or commitments as at 30 June 2024 (30 June 2023: nil).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 63 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 30 June 2024 and of their performance, for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

DocuSigned by:

Director _____
36BA20B35DB241C...
M. Sund

Melbourne

23 September 2024



Independent auditor's report

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

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

*denotes funds with classes quoted on the ASX

Our opinion

In our opinion:

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

- (a) giving a true and fair view of the Funds' financial positions as at 30 June 2024 and of their financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statements of financial positions as at 30 June 2024
- the statements of comprehensive income for the year then ended
- the statements of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- the notes to the financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

Basis for opinion

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

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

Independence

We are independent of the Funds in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence*



Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Funds, their accounting processes and controls and the industry in which they operate.

Audit Scope

- Our audit focused on where the Funds made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Our audit approach reflects the nature of the investments held by the Funds and the consideration of the work undertaken by third-party service providers (service providers). The key service providers relevant to our audit are the administrator, who maintains the accounting records of the Funds, and the custodian, who provides custody services for the investments..

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit Committee.



Key audit matter

Investments in financial assets at fair value through profit or loss

Refer to note 2 (Summary of material accounting policies) and note 5 (Fair value measurement)

At 30 June 2024, investments in financial assets at fair value through profit or loss (hereinafter referred to as "investments") comprised primarily of investments in listed equities, listed unit trusts, debt securities, money market securities and derivatives.

Investments are a key audit matter because they represent the principal element of the statements of financial positions. A discrepancy in the valuation or existence of investments could cause the net assets attributable to unitholders to be materially misstated which would also impact the Funds' reported performance as the valuation of investments is the main driver of movements in the profit of the Funds.

How our audit addressed the key audit matter

To assess the design and operating effectiveness of the service providers' relevant controls, we performed the following procedures, amongst others for each relevant service provider:

- inspected the most recent reports provided to Franklin Templeton Australia Limited (the Responsible Entity) by the service providers setting out the controls in place at the service provider, which included an audit opinion from the service providers' auditors over the design and operating effectiveness of those controls as at 30 June 2024.
- developed an understanding of the control objectives and associated control activities and evaluated the results of the tests undertaken and the conclusions formed by the service providers' auditors on the design and operating effectiveness of controls, to the extent relevant to our audit of the Funds.
- inspected the audit report issued by each relevant service provider's auditor on the valuation and existence of the Funds' investments held in the custody as at 30 June 2024 and valuation of derivatives as at 30 June 2024. We compared the value of the investments at 30 June 2024 as recorded in the Funds' financial report and underlying accounting records to this report.

We also performed the following procedures, amongst others for the material investments, for a selection of investments not held in custody by the custodian:

- obtained a confirmation from the counterparties at year end and compared the confirmed balances to the Funds' accounting records.
- compared relevant quoted price data to the prices used by the fund administrator to value the investments.

Other information

The directors of the Responsible Entity (the directors) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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



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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf for the funds with classes quoted on the ASX, and https://www.auasb.gov.au/auditors_responsibilities/ar6.pdf for the remaining funds. This description forms part of our auditor's report.

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

PricewaterhouseCoopers

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

Kate Logan
Partner

Melbourne
23 September 2024