

Franklin Templeton Australia Funds

Interim financial report for the half-year ended
31 December 2024



Franklin Templeton Australia Funds

Interim financial report for the half-year ended 31 December 2024

Franklin Global Growth Fund

ARSN 132 597 972

Franklin Australian Absolute Return Bond Fund

ARSN 601 662 631

Franklin Templeton Australia Funds

Interim financial report for the half-year ended 31 December 2024

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This interim report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made in respect of Franklin Templeton Australia Funds during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

Franklin Templeton Australia Funds
Directors' report
For the half-year ended 31 December 2024

Directors' report

The Responsible Entity of the following investment management schemes, Franklin Templeton Australia Funds (the "Funds") for the financial half-year ended 31 December 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 interim financial statements of the Funds for the financial half-year ended 31 December 2024.

- Franklin Global Growth Fund 11 July 2008 (amended on 05 March 2024 for the purpose of Franklin Global Growth Fund (Managed Fund));
- Franklin Australian Absolute Return Bond Fund 22 December 2014 (amended on 05 March 2024 for the purpose of Franklin Australian Absolute Return Bond Fund (Managed Fund)).

Principal Activities

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

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

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

Directors

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

M. Abell

G. Shaneyfelt (Chairperson)

F. Walsh

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' Constitutions.

Franklin Templeton Australia Funds
Directors' report
For the half-year ended 31 December 2024

Directors' report (continued)

Review and results of operations (continued)

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

	Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
	Half-year ended		Half-year ended	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	<u>106,527</u>	<u>34,646</u>	<u>42,461</u>	<u>50,477</u>
<i>Distributions - A Class</i>				
Distribution paid and payable (\$'000)	<u>-</u>	<u>-</u>	<u>6,094</u>	<u>6,903</u>
Distributions (cents per unit)	<u>-</u>	<u>-</u>	<u>0.8943</u>	<u>0.8377</u>
<i>Distributions - M Class</i>				
Distribution paid and payable (\$'000)	<u>-</u>	<u>-</u>	<u>3,345</u>	<u>4,152</u>
Distributions (cents per unit)	<u>-</u>	<u>-</u>	<u>0.8953</u>	<u>0.8866</u>
<i>Distributions - Total</i>				
Distribution paid and payable (\$'000)	<u>-</u>	<u>-</u>	<u>9,439</u>	<u>11,055</u>

Significant changes in state of affairs

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

Matters subsequent to the end of the financial half-year

As disclosed in note 11 to the financial statements, no matter or circumstance has arisen since 31 December 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 remains indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds. The auditors of the Funds are in no way indemnified out of the assets of the Funds.

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

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

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

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

Directors' report (continued)

Interests in the Funds

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

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

Environmental regulation

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

Rounding of amounts to the nearest thousand dollars

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

Single set of financial statements

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

Auditor's independence declaration

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

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

Director 
 M. Sund

Melbourne
 7 March 2025



Auditor's Independence Declaration

As lead auditor for the review of Franklin Templeton Australia Funds for the half-year ended 31 December 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

The declaration is in respect of the following funds:

- Franklin Global Growth Fund
- Franklin Australian Absolute Return Bond Fund

A handwritten signature in black ink, appearing to read 'Kate L Logan'.

Kate L Logan
Partner
PricewaterhouseCoopers

Melbourne
7 March 2025

Franklin Templeton Australia Funds
Statements of comprehensive income
For the half-year ended 31 December 2024

Statements of comprehensive income

		Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
		Half-year ended		Half-year ended	
	Notes	31 December 2024 \$'000	31 December 2023 \$'000	31 December 2024 \$'000	31 December 2023 \$'000
Investment income					
Interest income		412	710	21,220	22,869
Dividend income		1,906	2,520	–	–
Distribution income		39	261	–	–
Net gains/(losses) on financial instruments at fair value through profit or loss		108,162	35,548	23,629	30,300
Other operating income		–	3	157	375
Total net investment income/(loss)		110,519	39,042	45,006	53,544
Expenses					
Management costs	8	3,615	3,956	2,426	2,842
Transaction costs		115	88	119	63
Withholding tax expense		262	352	–	–
Other operating expenses		–	–	–	162
Total operating expenses		3,992	4,396	2,545	3,067
Operating profit/(loss) for the half-year		106,527	34,646	42,461	50,477
Finance costs attributable to unitholders					
Distributions to unitholders	7	–	–	(9,439)	(11,055)
(Increase)/decrease in net assets attributable to unitholders	6	(106,527)	(34,646)	(33,022)	(39,422)
Profit/(loss) for the half-year		–	–	–	–
Other comprehensive income for the half-year		–	–	–	–
Total comprehensive income for the half-year		–	–	–	–

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

Franklin Templeton Australia Funds
Statements of financial positions
As at 31 December 2024

Statements of financial positions

		Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
		As at		As at	
	Notes	31 December 2024 \$'000	30 June 2024 \$'000	31 December 2024 \$'000	30 June 2024 \$'000
Assets					
Cash and cash equivalents		21,651	33,472	13,725	29,954
Margin accounts		468	—	29,511	38,927
Due from brokers - receivable for securities sold		2	—	—	3,175
Receivables		2,406	2,367	489	4,779
Accrued income		154	155	37	12
Financial assets at fair value through profit or loss	4	839,685	834,369	1,038,284	1,063,068
Total assets		864,366	870,363	1,082,046	1,139,915
Liabilities					
Margin accounts		—	—	2,519	5,532
Due to brokers - payable for securities purchased		—	—	—	3,084
Distribution payable	7	—	43,076	1,574	6,979
Payables		3,322	5,036	2,119	22,005
Financial liabilities at fair value through profit or loss	5	880	14	21,124	24,588
Total liabilities (excluding net assets attributable to unitholders)		4,202	48,126	27,336	62,188
Net assets attributable to unitholders - liability	6	860,164	822,237	1,054,710	1,077,727

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

Franklin Templeton Australia Funds
Statements of changes in equity
For the half-year ended 31 December 2024

Statements of changes in equity

	Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
	Half-year ended		Half-year ended	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	\$'000	\$'000	\$'000	\$'000
<i>Total equity at the beginning of the half-year</i>	—	—	—	—
<i>Comprehensive income for the half-year</i>				
Profit/(loss) for the half-year	—	—	—	—
Other comprehensive income for the half-year	—	—	—	—
<i>Total comprehensive income for the half-year</i>	—	—	—	—
<i>Total equity at the end of the half-year</i>	—	—	—	—

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

Franklin Templeton Australia Funds
Statements of cash flows
For the half-year ended 31 December 2024

Statements of cash flows

	Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
	Half-year ended		Half-year ended	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	\$'000	\$'000	\$'000	\$'000
<i>Cash flows from operating activities</i>				
Proceeds from sale of financial instruments at fair value through profit or loss	211,358	188,873	241,319	327,261
Purchases of financial instruments at fair value through profit or loss	(108,795)	(103,694)	(189,524)	(128,131)
Transaction costs paid	(115)	(88)	(119)	(63)
Dividends received	1,671	2,210	—	(3)
Distributions received	33	205	—	—
Interest received	412	710	21,065	24,434
Other income received	181	—	141	301
Management costs paid	(3,664)	(4,585)	(2,513)	(3,559)
Payment of other expenses	(1)	(1,216)	(364)	(601)
<i>Net cash inflow/(outflow) from operating activities</i>	101,080	82,415	70,005	219,639
<i>Cash flows from financing activities</i>				
Proceeds from applications by unitholders	108,468	84,575	144,287	183,377
Payments for redemptions by unitholders	(179,668)	(157,216)	(216,821)	(346,134)
Distributions paid	(42,047)	(32,833)	(13,866)	(13,312)
<i>Net cash inflow/(outflow) from financing activities</i>	(113,247)	(105,474)	(86,400)	(176,069)
<i>Net increase/(decrease) in cash and cash equivalents</i>	(12,167)	(23,059)	(16,395)	43,570
Cash and cash equivalents at the beginning of the half-year	33,472	52,363	29,954	12,864
Effects of foreign currency exchange rate changes on cash and cash equivalents	346	(8)	166	(171)
<i>Cash and cash equivalents at the end of the half-year</i>	21,651	29,296	13,725	56,263
<i>Non-cash financing activities</i>	1,028	1,892	977	872

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2024

1 General information

The financial statements cover the following managed investment schemes, Franklin Templeton Australia Funds (the "Funds") 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 on 05 March 2024 for the purpose of Franklin Global Growth Fund (Managed Fund));
- Franklin Australian Absolute Return Bond Fund 22 December 2014 (amended on 05 March 2024 for the purpose of Franklin Australian Absolute Return Bond Fund (Managed Fund)).

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

This interim financial report is presented in Australian currency.

The 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 Statements (PDS) and in accordance with the Funds' Constitutions.

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 7 March 2025. The directors of the Responsible Entity have the power to amend and reissue this interim financial report.

2 Basis of preparation of interim report

These interim general purpose financial statements for the financial half-year ended 31 December 2024 have been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

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

This interim financial report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual financial report for the financial year ended 30 June 2024 and any public announcements made in respect of the Funds during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Funds' 2024 annual financial report for the financial year ended 30 June 2024, except as noted below.

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

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial half-year beginning 1 July 2024 that would be expected to have a material impact on the Funds.

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

3 Fair value measurement

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

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

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

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

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

3 Fair value measurement (continued)

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

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any reduction 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 period applicable for an instrument with similar terms and conditions.

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

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

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

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

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

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2024

3 Fair value measurement (continued)

Recognised fair value measurements

The following tables set out the Funds' financial assets and liabilities measured and recognised at fair value at 31 December 2024 and 30 June 2024:

At 31 December 2024	Franklin Global Growth Fund			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	–	104	–	104
Listed equities	839,581	–	–	839,581
Total	839,581	104	–	839,685
Financial liabilities at fair value through profit or loss				
Derivatives	–	880	–	880
Total	–	880	–	880
At 30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'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

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2024

3 Fair value measurement (continued)

Recognised fair value measurements (continued)

Franklin Australian Absolute Return Bond Fund				
At 31 December 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	4,071	4,104	–	8,175
Debt securities	–	1,030,104	–	1,030,104
Money market securities	5	–	–	5
Total	4,076	1,034,208	–	1,038,284
Financial liabilities at fair value through profit or loss				
Derivatives	228	20,896	–	21,124
Total	228	20,896	–	21,124
At 30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'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

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

(iii) Transfers between levels

There were no transfers between levels during the half-year ended 31 December 2024 and for the financial year ended 30 June 2024.

(iv) Movement in level 3 instruments

There were no investments classified as level 3 within the Funds as at 31 December 2024 and 30 June 2024.

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

The carrying value of receivables and payables are assumed to approximate their fair values. Net assets attributable to unitholders' carrying value differ from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current half-year or for the year ended 30 June 2024.

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2024

4 Financial assets at fair value through profit or loss

	Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
	As at		As at	
	31 December 2024 \$'000	30 June 2024 \$'000	31 December 2024 \$'000	30 June 2024 \$'000
Financial assets at fair value through profit or loss				
Derivatives	104	240	8,175	4,645
Equity securities	839,581	821,101	–	–
Debt securities	–	–	1,030,104	1,051,749
Listed unit trusts	–	13,028	–	–
Money market securities	–	–	5	6,674
Total financial assets at fair value through profit or loss	839,685	834,369	1,038,284	1,063,068
Comprising:				
Derivatives				
Forward currency contracts	104	240	1,089	953
Australian fixed interest futures	–	–	303	743
International fixed interest futures	–	–	3,768	942
International exchange traded options	–	–	512	–
Swaps	–	–	2,503	2,007
Total derivatives	104	240	8,175	4,645
Equity securities				
International equity securities listed on a prescribed stock exchange	839,581	821,101	–	–
Total equity securities	839,581	821,101	–	–
Debt securities				
Australian other public sector bonds	–	–	154,333	184,992
International other public sector bonds	–	–	60,914	54,479
Australian corporate bonds	–	–	338,543	385,370
International corporate bonds	–	–	113,069	119,913
Australian commercial mortgages	–	–	93,572	77,373
Australian floating rate notes	–	–	130,304	122,814
International floating rate notes	–	–	117,073	94,691
Australian other fixed interest securities	–	–	9,546	–
International other fixed interest securities	–	–	12,750	12,117
Total Debt securities	–	–	1,030,104	1,051,749
Listed unit trusts				
International listed property trusts	–	13,028	–	–
Total listed unit trusts	–	13,028	–	–
Money market securities				
Australian money market securities	–	–	5	–
International money market securities	–	–	–	6,674
Total money market securities	–	–	5	6,674
Total financial assets at fair value through profit or loss	839,685	834,369	1,038,284	1,063,068

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2024

5 Financial liabilities at fair value through profit or loss

	Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
	As at		As at	
	31 December 2024	30 June 2024	31 December 2024	30 June 2024
	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss				
Derivatives	880	14	21,124	24,588
Total financial liabilities at fair value through profit or loss	880	14	21,124	24,588
Comprising:				
Derivatives				
Forward currency contracts	880	14	14,086	341
Australian fixed interest futures	—	—	228	285
International fixed interest futures	—	—	—	972
Australian money market futures	—	—	—	3,779
Swaps	—	—	6,810	19,211
Total derivatives	880	14	21,124	24,588
Total financial liabilities at fair value through profit or loss	880	14	21,124	24,588

6 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 of 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 Australian Absolute Return Bond Fund

As stipulated within the Fund's Constitution, each unit represents a right to an individual share of 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.

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
Notes to the financial statements
For the half-year ended 31 December 2024

6 Net assets attributable to unitholders (continued)

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

	As at			
	31 December		30 June	
	2024		2024	
	No.'000	\$'000	No.'000	\$'000
Franklin Global Growth Fund - A Class				
Opening balance	258,863	587,625	297,416	686,843
Applications	22,432	54,394	44,233	103,725
Redemptions	(50,856)	(123,343)	(82,935)	(195,054)
Units issued upon reinvestment of distributions	205	466	149	344
Increase/(decrease) in net assets attributable to unitholders	—	75,640	—	(8,233)
Closing balance	<u>230,644</u>	<u>594,782</u>	<u>258,863</u>	<u>587,625</u>
Franklin Global Growth Fund - A Class (Hedged)				
Opening balance	7,961	16,475	7,470	14,982
Applications	697	1,527	2,505	5,001
Redemptions	(1,674)	(3,614)	(2,014)	(4,107)
Increase/(decrease) in net assets attributable to unitholders	—	817	—	599
Closing balance	<u>6,984</u>	<u>15,205</u>	<u>7,961</u>	<u>16,475</u>
Franklin Global Growth Fund - M Class				
Opening balance	76,808	194,911	100,190	258,364
Applications	19,768	52,110	22,496	59,764
Redemptions	(15,651)	(42,212)	(46,478)	(123,073)
Units issued upon reinvestment of distributions	222	562	600	1,548
Increase/(decrease) in net assets attributable to unitholders	—	28,716	—	(1,692)
Closing balance	<u>81,147</u>	<u>234,087</u>	<u>76,808</u>	<u>194,911</u>
Franklin Global Growth Fund - M Class (Hedged)				
Opening balance	10,023	23,226	11,594	25,986
Applications	147	343	468	1,071
Redemptions	(3,574)	(8,833)	(2,039)	(4,550)
Increase/(decrease) in net assets attributable to unitholders	—	1,354	—	719
Closing balance	<u>6,596</u>	<u>16,090</u>	<u>10,023</u>	<u>23,226</u>
Total		<u>860,164</u>		<u>822,237</u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2024

6 Net assets attributable to unitholders (continued)

	As at			
	31 December		30 June	
	2024		2024	
	No.'000	\$'000	No.'000	\$'000
Franklin Australian Absolute Return Bond Fund - A Class				
Opening balance	692,258	675,389	894,323	836,572
Applications	93,340	92,712	218,950	210,255
Redemptions	(114,192)	(113,433)	(421,203)	(404,536)
Units issued upon reinvestment of distributions	18	17	188	179
Increase/(decrease) in net assets attributable to unitholders	–	21,175	–	32,919
Closing balance	<u>671,424</u>	<u>675,860</u>	<u>692,258</u>	<u>675,389</u>
Franklin Australian Absolute Return Bond Fund - M Class				
Opening balance	412,177	402,338	510,729	479,630
Applications	47,484	47,295	98,296	94,510
Redemptions	(84,642)	(83,590)	(197,922)	(189,989)
Units issued upon reinvestment of distributions	975	960	1,074	1,023
Increase/(decrease) in net assets attributable to unitholders	–	11,847	–	17,164
Closing balance	<u>375,994</u>	<u>378,850</u>	<u>412,177</u>	<u>402,338</u>
Total		<u>1,054,710</u>		<u>1,077,727</u>

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

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

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2024

7 Distributions to unitholders

The distributions during the half-year were as follows:

There were no distributions declared for Franklin Global Growth Fund for the financial half-year ended 31 December 2024 and 31 December 2023.

Franklin Australian Absolute Return Bond Fund				
Half-year ended				
	31 December 2024		31 December 2023	
Franklin Australian Absolute Return Bond Fund - A Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July	1,014	0.1473	1,641	0.1860
- 31 August	1,022	0.1485	1,587	0.1870
- 30 September	1,023	0.1492	1,514	0.1887
- 31 October	1,020	0.1495	727	0.0926
- 30 November	1,006	0.1496	722	0.0926
Distribution payable				
- 31 December	1,009	0.1502	712	0.0908
	<u>6,094</u>		<u>6,903</u>	
Franklin Australian Absolute Return Bond Fund - M Class	\$'000	CPU	\$'000	CPU
Distribution paid				
- 31 July	556	0.1475	986	0.1941
- 31 August	552	0.1487	895	0.1946
- 30 September	556	0.1493	910	0.1977
- 31 October	559	0.1497	455	0.1003
- 30 November	557	0.1498	445	0.1002
Distribution payable				
- 31 December	565	0.1503	461	0.0997
	<u>3,345</u>		<u>4,152</u>	

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2024

8 Related party transactions

Responsible Entity

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

Key management personnel

(a) Directors

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

M. Abell

G. Shaneyfelt (Chairperson)

F. Walsh

Q. Lupo

M. Sund

(b) Other Key Management Personnel

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

(c) Compensation of Key Management Personnel

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

Key management personnel unitholdings

At 31 December 2024, no key management personnel held units in the Funds (31 December 2023: Nil)

Related party transactions

During the financial half-year ended 31 December 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 half-year as follows:

	Franklin Global Growth Fund		Franklin Australian Absolute	
	Half-year ended		Return Bond Fund	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
ICR (%)				
A Class	0.88	0.89	0.50	0.50
M Class	0.73	0.74	0.40	0.40
A Class (Hedged)	0.88	0.89	—	—
M Class (Hedged)	0.73	0.74	—	—

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

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

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the half-year ended 31 December 2024

8 Related party transactions (continued)

Related party transactions (continued)

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

	Franklin Global Growth Fund		Franklin Australian Absolute Return Bond Fund	
	Half-year ended		Half-year ended	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	\$	\$	\$	\$
Management costs for the half-year paid by the Funds to the Responsible Entity	3,615,218	3,956,098	2,426,208	2,841,878
Total fees payable to the Responsible Entity at the half-year end	1,836,595	1,953,790	1,204,161	1,378,850

9 Segment Information

Franklin Global Growth Fund (Managed Fund)

The Fund operates solely in the business of providing investors with the performance of the market with an aim to deliver returns in excess of the MSCI World ex Australia Index – NR, in Australian dollar terms after fees and expenses (but before taxes), over the medium to longer term.

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.

Franklin Australian Absolute Return Bond Fund (Managed Fund)

The Fund operates solely in the business of providing investors with the performance of the market with an aim to deliver returns in excess of the Bloomberg AusBond Bank Bill Index, after fees and expenses (but before taxes), over the short to medium term.

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.

10 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2024 and 30 June 2024.

11 Events occurring after the financial half-year

No other material events have occurred since the end of the half-year which would impact on the financial position of the Funds disclosed in the statements of financial positions as at 31 December 2024 or on the results and cash flows of the Funds for the half-year ended on that date.

Franklin Templeton Australia Funds
Directors' declaration
For the half-year ended 31 December 2024


Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 19 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial positions as at 31 December 2024 and of their performance, for the financial half-year ended on that date;
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable.

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

Director _____
M. Sund

DocuSigned by:

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Melbourne
7 March 2025



Independent auditor's review report

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

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of the Funds which comprises the statements of financial positions as at 31 December 2024, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Funds' financial positions as at 31 December 2024 and of their performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibilities of the directors for the half-year financial report

The directors of Franklin Templeton Australia Limited (the Responsible Entity) are responsible for the preparation of the half-year 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 of the Responsible Entity determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Funds' financial position as at 31 December 2024 and of their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Kate L Logan

Kate L Logan
Partner

Melbourne
7 March 2025