Franklin Australian Absolute Return Bond Fund – Class A / Franklin Australian Absolute Return Bond Fund – Active ETF

Product Disclosure Statement

23 October 2025

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

Franklin Australian Absolute Return Bond Fund - Class A / Franklin Australian Absolute Return Bond Fund - Active ETF

ARSN	601 662 631
APIR	FRT0027AU
Class	Class A
ASX Ticker	FRAR

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

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1. Important Information

Franklin Templeton Australia Limited (ABN 76 004 835 849, AFSL 240827) ("Franklin Templeton Australia"), the "Responsible Entity" for the Franklin Australian Absolute Return Bond Fund (ARSN 601 662 631) (the "Fund"), has prepared this Product Disclosure Statement ("PDS") in relation to the Class A Units of the Fund.

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

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

A copy of this PDS has been lodged with the Australian Securities and Investments Commission ("ASIC") and, at the time of lodgement, Franklin Templeton Australia has made an application to ASX Limited ("ASX") for the quotation of Class A units on the ASX with the exchange ticker FRAR. Neither ASIC nor the ASX take responsibility for this PDS. If the application is approved by the ASX and the Class A Units are quoted on the ASX, the Units will be able to be traded on the ASX. No representation is made concerning the Class A Units' quotation on the ASX.

In this PDS, all fees and costs are expressed in Australian dollars inclusive of GST less any "**Reduced Input Tax Credits**" ("**RITCs**").

A reference to a "**Business Day**" means a day other than: (a) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and (b) any other day which ASX Settlement notifies facility users is not a Business Day.

A reference to a "**Melbourne Business Day**" means a day other than a Saturday or Sunday on which banks are open for general banking business in Melbourne.

References to "you" or "your" refers to you as the reader of the PDS and "we" and "our" refers to Franklin Templeton Australia.

All terms in "**bold**" are defined terms in the glossary.

Use of this PDS

The investments offered in this PDS are available only to persons receiving this PDS (electronically or in hard copy) within Australia. Investors can apply or withdraw units directly with Franklin Templeton Australia or can buy and sell units on the ASX. The offer under thisPDS is to investors applying or withdrawing units directly with Franklin Templeton Australia and investors who buy or sell units on the ASX may use the PDS for information purposes.

This PDS is available for those investors wishing to access the Fund via an Investor Directed Portfolio Service ("**IDPS**") or Master Trust. When investing in the Fund via an IDPS or Master Trust, the operator of the IDPS or the trustee of the Master Trust acquires the rights of a Unitholder in the Fund. In this case, your rights and liabilities will be governed by the terms and conditions of the relevant IDPS offer document or Master Trust PDS, which you must read carefully prior to directing the relevant operator or trustee to invest in the Fund. For more information, please refer to Section 11.6.

Target Market Determination

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

2. Fund at glance

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

Fund details	
Name of the Fund	Franklin Australian Absolute Return Bond Fund - Class A / Franklin Australian Absolute Return Bond Fund - Active ETF
ARSN	601 662 631
APIR	FRT0027AU
Exchange Ticker Code	FRAR
Investment objective	The investment objective of the Fund is to provide investors with access to an actively managed portfolio of fixed income strategies 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.
Performance Benchmark	Bloomberg AusBond Bank Bill Index
Approach to currency management	The Fund will utilise forward currency contracts to hedge the majority of the currency exposure back into Australian dollars, however the portfolio is permitted to hold active non-AUD currency positions up to a maximum of 20% of the portfolio.
Recommended investment timeframe	At least three years.
Risk of the Fund	The Responsible Entity considers the risk level of the Fund to be Medium. The Investment Manager has risk control methodologies in place which aim to mitigate the overall level of risk.
Net Asset Value	The Net Asset Value ("**NAV**") of the Fund is calculated by deducting the liabilities (including any accrued fees) of the Fund from the aggregate value of assets. The NAV published on a particular Melbourne Business Day reflects the value of the Fund on the previous day at the close of trading in each market in which the Fund invests. The NAV per Unit is calculated by dividing the NAV by the number of Units on issue in the Fund.
Market liquidity	Once quoted (and subject to market conditions), investors may purchase/sell their units on the market in the same way as other listed and quoted securities. The price investors enter and exit the Fund will be the price at which they buy or sell the units on the market. The Responsible Entity has appointed a market maker to maintain continuous liquidity to the market by acting as a buyer and seller to the secondary market. The market maker will create and redeem units as required to hold an inventory of units enabling it to provide buy and sell prices to the secondary market, while also potentially hedging their underlying positions. The purchase/sale of units on the ASX is not governed by the terms of this PDS and therefore the minimum investment/redemption requirement does not apply to units purchased on the ASX.
Application and Withdrawals from the Fund	Investors can invest in the Fund by either applying for units directly with the Responsible Entity using an Application Form or purchasing the units on the ASX. Investors can withdraw from the Fund by either directly making a **"withdrawal"** request to the Responsible Entity, or by selling units on the ASX. You need to hold your units on the issuer sponsored subregister to make your withdrawal request directly to the Responsible Entity. If your units are held on a Holder Identification Number ("HIN"), then your stockbroker can assist you in withdrawing from the Fund. You may contact the registry to transfer your holding from the issuer sponsored subregister to your HIN, or vice versa, however, fractions of a unit cannot be transferred onto a HIN. As such, you may exit the Fund in a different manner from when you entered the Fund. However, investors should be aware that entering and exiting the Fund via (i) the ASX; and (ii) by applying directly with the Responsible Entity may have different results, including the entry and exit price of your units. 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.
Management Fees and Costs[1]	0.50% p.a.
Distribution frequency	Monthly
Reporting	The following information will be made available on our website:

	• the NAV unit price (daily); • the full portfolio holdings of the Fund on a look-through basis (daily); • information about redemptions from the Fund (monthly); and • a copy of the latest PDS for the Fund. The following information is available on the "ASX Markets Announcement Platform". Copies of the ASX announcements for the Fund are also available on our website. • Distribution information (as applicable); • Total number of units on issue and information about redemptions from the Fund (monthly); • Notices to investors, including significant events and continuous disclosure notices; • The Fund's annual and any half-year financial reports (including financial statements); • The aggregate exposure of the Fund to all over-the-counter (OTC) Derivative counterparties as a percentage of the NAV of the Fund, excluding derivatives used solely to manage foreign exchange risk (monthly); • The value of the assets of the Fund (excluding the value of OTC Derivatives (other than those used solely to manage risk) but including any collateral obtained in relation to the OTC Derivatives) as a percentage of the Fund's NAV (monthly); • The aggregate notional exposure of the derivatives held (expressed as a percentage of the Fund's NAV), excluding derivatives used to manage risk (monthly); • Swap costs incurred by the Fund in relation to its OTC Derivatives (monthly); and • A breakdown of the collateral the Fund holds or is exposed to in relation to its OTC Derivatives by security type, country, sector, currency and credit rating, (monthly). Our website also has additional information about the Fund including performance and performance reports.
[1] See Section 7 for additional Fees and Costs information	

3. About us

Franklin Templeton Australia

Franklin Templeton Australia is the Responsible Entity for this Fund and a subsidiary of Franklin Resources, Inc. The Responsible Entity is solely responsible for the management of the Fund, which includes day-to-day administration and making investment decisions. Franklin Resources, Inc. [NYSE:BEN] is a global investment management organisation with subsidiaries operating as Franklin Templeton and serving clients in over 150 countries. Franklin Templeton's mission is to help clients achieve better outcomes through investment management expertise, wealth management and technology solutions. Through its specialist investment managers, the company offers specialisation on a global scale, bringing extensive capabilities in equity, fixed income, alternatives, and multi-asset solutions. With more than 1,600 investment professionals, and offices in major financial markets around the world, the California-based company has over 75 years of investment experience. For more information, please visit franklintempleton.com.au.

Investment Manager

The Responsible Entity is also the Investment Manager of the Fund but may appoint a related entity or entities as investment manager to manage some or all of the investments of the Fund and you may not be notified of this change.

How to contact Franklin Templeton Australia

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

Free call	1800 673 776
Mail	Franklin Templeton Australia Level 47, 120 Collins Street Melbourne VIC 3000
Website	franklintempleton.com.au
Email	auclientadmin@franklintempleton.com

How to contact MUFG Corporate Markets (Registrar)

Mail	MUFG Corporate Markets (AU) Limited Locked Bag 5038 Parramatta NSW 2124
Telephone	1800 673 776
Fax	+61 2 9287 0367

4 How the Fund works

4.1 Fund Structure

The Fund is a registered managed investment scheme.

The Fund comprises assets which are acquired by the Responsible Entity in accordance with the investment strategy for the Fund. Your rights as a Unit holder in the Fund are governed by a "Constitution", which sets out how the Fund is to be operated. The terms and conditions of the Constitution are binding on the Responsible Entity and each Unit holder (and all persons claiming through them).

The Responsible Entity has appointed JPMorgan Chase Bank, N.A. (Sydney branch) (ABN 43 074 112 011) ("J.P. Morgan") to provide custody and fund administration services. J.P. Morgan have provided their consent to be named and have not withdrawn their consent before the issue date of this PDS. J.P. Morgan has not been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. J.P. Morgan has not independently verified the information contained in this PDS and accordingly accepts no responsibility for the accuracy or completeness of the information. J.P. Morgan does not guarantee the success or the performance of the Fund nor the repayment of capital or any particular rate of capital or income return.

MUFG Corporate Markets (AU) Limited (ABN 54 083 214 537) ("MUFG") has been appointed as the registrar in relation to the Fund.

The custodian and registrar may be changed from time to time and the custodian may be changed where we are satisfied that the proposed new custodian meets applicable regulatory requirements.

A Unitholder's interest in the Fund is represented by "**Units**". A Unitholders has an interest in the assets of the Fund as a whole, subject to the liabilities of the Fund. A Unitholders does not have an interest in any particular asset of the Fund.

Classes of Units

The Responsible Entity may offer or withdraw classes of Units. Currently under this PDS one class of Units is offered: "Class A". The Responsible Entity has the ability to issue further classes of Units under separate PDSs or other offer documents from time to time.

4.2 How to transact in the Fund

Investors can invest in the Fund by either:

- Purchasing units on the ASX; or
- Applying for units directly with the Responsible Entity using an Application Form.

Both methods are described in further detail below.

Likewise, investors can withdraw from the Fund by either directly making a withdrawal request to the Responsible Entity, or by selling units on the ASX. Withdrawal requests made to the Responsible Entity are done so by submitting a paper-based Withdrawal Form.

You need to hold your units on the issuer sponsored subregister to make your withdrawal request directly to the Responsible Entity's unit registry. If your units are held on a HIN, then your stockbroker can assist you in withdrawing from the Fund. You may contact the registry to transfer your holding from the issuer sponsored subregister to your HIN, or vice versa. Fractional holdings cannot be transferred to a HIN (for example, if an investor holds 100.5 units on the issuer sponsored subregister, a maximum of 100 units could be transferred to a HIN). Any fractional unit holding remaining after the conversion or transfer will be withdrawn by us and the withdrawal proceeds paid to you. As such, you may exit the Fund in a different manner from when you entered the Fund. However, investors should be aware that entering and exiting the Fund via (i) the ASX; and (ii) by applying directly with the Responsible Entity may have different results, including the entry and exit price of your units. The process of transferring your holdings between the issuer sponsored subregister and a HIN may also delay the processing the sale of the units on the ASX while the transfer is completed. Conversely, the transfer from HIN to issuer sponsored subregister may delay the processing of your withdrawal request while the transfer is completed.

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 in prices received by investors may result in a different return from an investment in the Fund.

4.3 Purchasing units on the ASX

Once the Units are quoted on the ASX, investors can invest in the Fund by buying units through a broker who will settle the buy order on the "**CHESS**" settlement service. Application forms are not required to be completed and there is no minimum investment amount. 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.

Likewise, once the Units are quoted on the ASX, investors can withdraw from the Fund by selling Units through a broker who will settle the sell order on the CHESS settlement service. Withdrawal forms are not required to be completed and there is no minimum withdrawal amount. 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.

Liquidity on the ASX

Once the Units are quoted on the ASX, Units are transacted (bought and sold) on the secondary market, in the same manner as other securities quoted on an exchange.

Market Maker

The Responsible Entity has an obligation to facilitate an orderly and liquid market in the Fund. The Responsible Entity has appointed a market maker to maintain continuous liquidity to the market by acting as a buyer and seller to the secondary market.

A market maker will create and redeem Units as required to hold an inventory of Units enabling it to provide buy and sell prices to the secondary market, while also potentially hedging their underlying positions.

The market maker uses information such as the Material Portfolio Information, NAV and the iNAV to determine the price of Fund units and places a bid/ask spread around this value before sending these prices to the ASX as bid and ask orders.

The Responsible Entity has appointed a market maker that:

a) has experience in making markets in exchange quoted products and other types of listed securities in both Australia and overseas;

b) is an ASX participant and has an agreement with the ASX to act as a market maker; and

c) has the necessary skill and expertise to perform a market making function.

Under the market making arrangements, the market maker will generally retain for its own account any trading profit or bear any loss generated by its market making activities.

The Responsible Entity may replace a market marker appointed in respect of the Fund or appoint additional market makers in its absolute discretion.

4.4 Investing directly with the Responsible Entity

Investors can acquire interests in the Fund by applying for Units and can redeem from the Fund by making a withdrawal request in relation to the Units they hold. The price at which Units are acquired (**"Application Price"**) or redeemed (**"Withdrawal Price"**) is determined in accordance with the Constitution.

The Application Price and the Withdrawal Price on a **"Business Day"** are, in general terms, equal to the product of the Net Asset Value (**"NAV"**) referable to Class A Units divided by the number of Class A Units on issue and:

- for the Application Price, adjusted up for transaction costs (called the "buy spread"); and
- for the Withdrawal Price, adjusted down for transaction costs (called the "sell spread").

The Application Price and the Withdrawal Price are generally determined each Business Day.

The Application Price and the Withdrawal Price will increase as the market value of the Fund's assets increases and will decrease as the market value of the Fund's assets decreases.

How we process your money

An investor can acquire Units by making an application for Units directly with Franklin Templeton Australia. An application for Units is made by lodging either an "Application Form" or an "Additional Application Form" ("application forms").

Application forms need to be received by the registrar and appropriate funding provided to the Fund's nominated bank account by 12 noon on a Melbourne Business Day to receive that day's Application Price.

Access to your money

A Unitholder can dispose of Units by making a withdrawal from the Fund with Franklin Templeton Australia. A withdrawal request can be made by lodging a "Withdrawal Form".

Withdrawal Forms need to be received by the registrar by 12 noon on a Melbourne Business Day to receive that day's Withdrawal Price.

Withdrawals are typically paid within 10 Melbourne Business Days although the Constitution allows us up to 21 days or longer in certain circumstances. Withdrawal proceeds will be paid to an investor's nominated bank account.

In some circumstances, such as a suspension of trading on a securities exchange, Unitholders may not be able to redeem their Units within the usual period upon request. If the Fund becomes illiquid, for the purposes of the "**Corporations Act**", then you may only redeem from the Fund in accordance with the terms of a withdrawal offer (if any) made by the Responsible Entity in accordance with the Corporations Act. Where withdrawals have been suspended, units in the Fund may continue to trade on the ASX provided that the Fund continues to comply with the ASX Rules. If the Fund ceases to comply with the ASX Rules, then the ASX may suspend trading of units on the ASX and investors may continue to withdraw units directly from the Responsible Entity unless withdrawals have been suspended in accordance with the Constitution.

There is no obligation on the Responsible Entity to make a withdrawal offer. The Responsible Entity anticipates that the Fund will generally be liquid. We generally require a balance of $10,000 for units held off-market to keep your investment open and if your balance held off-market falls below this amount, we may (after giving 30 days' notice) redeem your Units without a withdrawal request from you.

The Constitution for the Fund does provide us with the power to, where Units are redeemed during a year for which the Fund is an AMIT, allocate income as part of the Withdrawal Price of a Unit to a redeeming Unitholder in certain circumstances where the withdrawal constitutes a "**Significant Withdrawal**" to ensure a fair and reasonable allocation between investors.

4.5 Minimum investment

Unless otherwise determined by us, the minimum initial investment is $25,000. Additional investments can be made at any time. The minimum additional investment amount is $5,000. We may accept a minimum investment amount of less than $25,000 at our discretion. We may also accept a minimum additional investment amount of less than $5,000 at our discretion.

There is no minimum number of units if you invest in the Fund via the ASX.

Additional investments can be made into an existing account at any time. The minimum amount for an additional investment made using electronic funds transfer ("EFT") or cheque is $5,000. No minimum amount applies to additional investments made by BPAY®.

We may accept initial and additional investment applications for smaller amounts at our discretion.

The processing of applications for lower amounts may be delayed while approval is sought for the lower application amount.

We may also reject applications at our discretion.

If you invest into the Fund indirectly through an Investor Directed Portfolio Service ("IDPS") or IDPS-like scheme (commonly referred to as a master trust or wrap account), the minimum investment amount will be determined by the operator of the master trust or wrap account and may be higher or lower than if you invest in the Fund directly.

4.6 Valuation of Fund assets and unit pricing

The Fund's assets are typically valued each Business Day. Unit prices are usually calculated each Business Day. We may declare Unit prices more or less frequently or delay calculation in certain circumstances.

A formal written policy has been established by us in relation to the guidelines and any relevant factors that are taken into account when exercising any discretion in calculating unit prices (including determining the value of assets and the amount of liabilities). A copy of our policy is available to investors on request free of charge.

4.7 Authorised Participants

This section is only applicable to Authorised Participants, being those investors who have entered into an agreement with the Responsible Entity to create and redeem units for the purposes of facilitating liquidity on the ASX.

Authorised Participants Agreement ('AP Agreement')

Authorised Participants are required to provide the Responsible Entity with a signed AP Agreement prior to transacting with the Responsible Entity and are required to comply with any additional requirements set out in the AP Agreement.

Applying and redeeming

An Authorised Participant can make a request to apply for and/or redeem units in the Fund in accordance with their AP Agreement by submitting a request to the Responsible Entity or the Fund's Registrar. Requests to apply/redeem units in the Fund can be submitted via an Application/Withdrawal Form or as otherwise determined by the Responsible Entity.

Applications or redemptions consist only of a cash amount equal to the application or withdrawal amount as appropriate, adjusted by the applicable buy/sell spread for the transaction.

Units issued to Authorised Participants will be quoted on the Fund's CHESS subregister under the ASX AQUA Rules with effect from the settlement of the issue of the relevant units.

A sell spread may be payable by Authorised Participants for unit redemptions. Refer to 'Additional explanation of fees and costs' for more information on sell spreads.

The Responsible Entity may refuse any application or redemption request as permitted by the Constitution or if the request is not in accordance with the terms of the AP Agreement. If this occurs, the Responsible Entity will notify the Authorised Participant.

4.8 Key differences between the ASX Listing Rules and the AQUA Rules

An application has been made to the ASX for units in the Fund to be traded on the ASX under the AQUA Rules as exchange traded products. The AQUA Rules are available at www.asx.com.au. The following table highlights the key differences between products that are quoted under the ASX Listing Rules, such as securities of a listed entity, and an investment product that is quoted under the ASX AQUA Rules.

Requirement	Investment products quoted under the Listing Rules	Investment products quoted under AQUA Rules
Control	A listed entity has control over the operation of its business and in doing so can influence the value of its own securities. For example, the management and the board of a listed entity may carry out corporate actions that have a direct impact on security prices or can make decisions affecting business performance that in turn impact security prices.	An investment product quoted on the ASX is typically an investment vehicle through which investors obtain exposure to underlying assets. An issuer of an investment product quoted under the AQUA Rules typically controls the allocation of the investment product's funds among underlying assets but does not directly influence the value of the underlying assets. Instead, the value of the underlying assets (and by extension the value of the investment product) is dependent on the performance of the underlying assets rather than the financial performance of the issuer itself.
Continuous disclosure	Listed entities are subject to the continuous disclosure requirements under section 674 of the Corporations Act and, ASX Listing Rule 3.1.	Issuers of investment products quoted under the AQUA Rules are not subject to the continuous disclosure requirements under ASX Listing Rule 3.1 and section 674 of the Corporations Act. Under the AQUA Rule 10A.4.1, the RE will provide the ASX with any information that is not generally available and that may lead to the establishment of a false market in its products or would otherwise impact the price of its products. As an issuer of quoted investment products, the RE must also disclose certain specific information including: (a) information about the Fund's NAV each Business Day; (b) the Fund's NAV whenever the issuer's management activities cause the Fund's NAV to move by more than 10% since the last reported NAV; (c) information about redemptions; (d) information about distributions paid to Unitholders and any distribution statements (or information) made available or provided to Unitholders; and (e) any other information that is required to be disclosed to ASIC under s675 or 1017B of the Corporations Act, or would be required to be disclosed to ASIC under s323DA of the Corporations Act if the Responsible Entity or the Fund were listed.
Periodic disclosure	Entities listed on the ASX market are required to disclose half yearly and annual financial information or annual reports under Chapter 4 of the ASX Listing Rules.	Under AQUA Rules, issuers are not required to disclose their half yearly and annual financial information or annual reports. Responsible entities of registered managed investment schemes quoted on ASX are, however, still required to lodge financial reports for those managed investment schemes with ASX at practically the same time as they are provided to ASIC and investors (as required under Chapter 2M of the Corporations Act). In addition, under the AQUA Rules, issuers of quoted investment products must also disclose each month the total ETF securities on issue.
Corporate control	Requirements in the Corporations Act and ASX Listing Rules in relation to matters such as replacement of a responsible entity, takeovers, buy-backs, change of capital, new issues, restricted securities, directors' interests and substantial shareholding disclosures apply to companies and schemes listed on the ASX.	Many of the requirements in the Corporations Act and the ASX Listing Rules in relation to matters such as takeover bids, buy-backs, change of capital, new issues, restricted securities, disclosure of directors' interests and substantial shareholdings that apply to listed entities do not apply to investment products quoted under the AQUA Rules. Issuers of products quoted under the AQUA Rules are subject to general requirements to provide the ASX with any information concerning itself that may

Requirement	Investment products quoted under the Listing Rules	Investment products quoted under AQUA Rules
		lead to the establishment of a false market or materially affect the price of its products. As the Fund is a registered managed investment scheme, the Responsible Entity is still required to comply with the provisions of the Corporations Act including that the Responsible Entity may be removed by an extraordinary resolution of members.
Related party transactions	Entities listed on the ASX are subject to Chapter 10 of the ASX Listing Rules, which contains restrictions on transactions between an entity and persons in a position to influence the entity.	Chapter 10 of the ASX Listing Rules does not apply to investment products quoted under the AQUA Rules. The Responsible Entity is still required to comply with Chapter 2E and Part 5C.7 of the Corporations Act in respect of the Fund.
Auditor rotation requirements	There are specific requirements regarding auditor rotation in Division 5 of Part 2M.4 of the Corporations Act applying to listed entities.	Issuers of investment products quoted under the AQUA Rules are not subject to the requirements in Division 5 of Part 2M.4 of the Corporations Act. Under the Corporations Act the Responsible Entity is still required to appoint an independent auditor to carry out audits of the Fund's financial statements and the Fund's compliance plan.

4.9 Clearing House Electronic Subregister System (CHESS)

The **"Clearing House Electronic Subregister System (CHESS)"** performs two major functions in relation to trading on the ASX:

a) facilitates the clearing and settlement of trades in products quoted on the ASX; and

b) provides an electronic subregister for products quoted on the ASX.

The Registrar will maintain an electronic subregister with CHESS on behalf of Franklin Templeton Australia (the "CHESS sponsored" subregister) in addition to maintaining an "issuer sponsored" subregister. Franklin Templeton Australia will not issue investors with certificates in respect of their units. Rather, when investors purchase units on the ASX, they will either receive a holding statement from the Registrar which will set out the number of units they hold, together with the 'Securityholder Reference Number' (for holders on the issuer sponsored subregister) or a holding statement which will set out the number of units they hold, together with a 'Holder Identification Number' allocated by CHESS (for holders on the CHESS sponsored subregister).

4.10 Transfer of units

You may request that your stockbroker transfer your holding in the following circumstances:

- You wish to transfer your Shareholder Reference Number ("SRN") holding on the issuer sponsored subregister in the Fund to an account with that stockbroker (HIN holding on the CHESS subregister). You may only transfer whole units, and any partial units remaining after the conversion will be cancelled and become property of the Fund.
- You wish to transfer your HIN holding to another HIN or to transfer your units to an account directly with the Fund (SRN holding on the issuer sponsored subregister).

The process of transferring your holdings between the issuer sponsored subregister and a HIN may also delay the processing the sale of the units on the ASX while the transfer is completed. Conversely, the transfer from HIN to issuer sponsored subregister may delay the processing of your withdrawal request while the transfer is completed.

5 How we invest your money

5.1 What is the investment objective of the Fund?

The investment objective of the Fund is to provide investors with access to an actively managed portfolio of fixed income strategies with an aim to deliver returns in excess of the Bloomberg AusBond Bank Bill Index ("Benchmark"), after fees and expenses (but before taxes), over the short to medium term.

5.2 What does the Fund invest in?

The Fund seeks to achieve its investment objective by primarily investing in Australian dollar and non-Australian dollar-denominated fixed income instruments and debt obligations of government, government-related issuers (including supranational organisations supported by several national governments) and corporations worldwide. The Fund seeks to take advantage of fixed income opportunities in domestic markets and select strategies from the broader global universe, as well, including emerging markets. The Fund may hold cash and cash equivalents, exchange traded funds and equity securities that are received as a result of a corporate action and are listed on an approved exchange.

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 Fund's 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 Fund's sensitivity to foreign currency movements.

The Fund is permitted to invest up to 20% in non-investment grade securities with a minimum rating of BB- at the time of purchase (according to long term ratings by Standard & Poor's or an equivalent rating issued by a recognised rating agency) and may also invest in debt securities issued by entities in emerging markets. Credit ratings should not be used as an indicator of future returns or relied upon when making investment decisions. The Fund's investment strategy may involve holding "short" portfolio exposures through the utilisation of derivative instruments.

The Fund may also invest up to 20% of the Fund's NAV in securities issued by foreign issuers denominated in currencies other than the Australian Dollar. This limit may be exceeded from time to time due to cash flows, market fluctuations and if we believe it is in the unitholders' best interests. If this limit is exceeded on a non-temporary basis (longer than 30 calendar days), the RE will disclose via the Market Announcement Platform and on our website at www.franklintempleton.com.au as to the nature of the securities and the reason for holding beyond the limit.

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

- the production of "Controversial Weapons";
- the manufacture of tobacco products (including nicotine alternatives and tobacco-based products);
- mining or extraction of thermal coal, or extraction of oil from tar sands (subject to a 10% revenue threshold); and
- gambling activities, manufacture of alcohol or producing, directing or publishing adult entertainment materials that fall into certain categories (each subject to a 10% revenue threshold).

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

Refer to section 5.3 for more information on how these negative screens are applied.

5.3 Labour, Environment, Social, Governance and Ethical considerations

In addition to the exclusions noted in "What does the Fund invest in" section above, environmental, social and governance considerations (including labour standards and ethical considerations) are taken into account in determining the value of an investment. This value is then considered by the investment manager in the selection, retention and realisation of investments.

The Franklin Templeton Australia Fixed Income team takes labour standards, environmental, social and ethical considerations (ESG factors) into account in selecting, retaining and realizing investments. The Fund may have investments where ESG factors are not considered, including, but not limited to, cash, cash equivalents, exchange-traded funds and certain types of derivatives.

The team believes that ESG factors (such as natural resource use and scarcity, governance controls, product safety, employee health and safety practices, and shareholder rights issues) can have a material impact on the value of companies and securities to the portfolio. The Franklin Templeton Australia Fixed Income team has no predetermined view as to what it regards to be a labour standard or an environmental, social and ethical consideration.

Analysis

The investment team uses a proprietary approach to analysing ESG factors. It does not have a predetermined view as to the extent to which labour standards and environmental, social and ethical standards are taken into account.

The Franklin Templeton Australia Fixed Income team's sovereign and corporate credit analysts are responsible for identifying and evaluating material ESG factors as part of their bottom-up fundamental issuer research. The factors that analysts consider material vary between sectors, industries, issuers, and over time.

Within the corporate credit sector, credit analysts perform company and industry research on the companies within their assigned sectors. This involves a detailed analysis of each company's financial results, capital structure, business position, and strategy. Consideration of ESG factors forms part of this analysis. ESG factors are one component of comprehensive credit analysis, and not the deciding factor on whether a security is bought or sold for a portfolio.

Outside of credit security selection, the investment team also makes decisions with respect to interest rates, currency, inflation and relative value. This requires a different approach to be taken from the standard assessment for corporates, particularly as it relates to sovereign credit.

When it comes to sovereign credit, the team has an overarching belief that:

- ESG factors play a significant role in the stability and economic growth of a country.
- ESG factors need to be incorporated into the assessment of sovereign risk as issues such as evident corruption, poorly regulated capital markets and banking systems etc., all play a significant role in the risk and return outcomes of an investment into different countries.
- Sovereign issuers with stronger ESG credentials tend to exhibit a stronger economic growth profile and result in better long-term financial outcomes.
- Sovereign issuers that are economically disadvantaged can evidence progress in ESG within the constraints of their resources and opportunities.

ESG factors are a critical component of the research process and are considered alongside other factors such as financial, industry and regulatory risk. The investment team considers all of these factors and takes a holistic approach to considering the merits of an investment. If an issuer exhibits strong ESG credentials but does not meet the investment team's standards as it relates to traditional financial and credit attributes, it is unlikely to be included in the portfolio. Equally, issuers which have strong credit attributes but exhibit failings on ESG factors would be unlikely to be included in the portfolio. Setting standards across all these factors, including ESG, allows the investment team to better focus on the salient issues impacting an issuer's risk profile, financial prospects and credit worthiness.

Engagement

The Franklin Templeton Australia Fixed Income Team meets with bond issuers to be able to obtain a more detailed analysis of their business performance, including areas around ESG factors. Engagement also enables the investment team to monitor the progress made over time in various areas of ESG, which further informs the investment team's forward-looking view of the issuer, but acknowledging there may be limitations to the degree of influence Franklin Templeton may reasonably have in relation to the companies selected for engagement. Franklin Templeton does not have any predetermined metrics for measuring or reporting outcomes of the engagement activities.

Risks and limitations

Franklin Templeton's assessment of ESG factors for an issuer is an important but not necessarily determining factor in the overall investment assessment. Thus, the Fund may invest in an issuer despite a relatively weak ESG assessment or conversely may not invest in or hold an issuer despite a strong ESG assessment. The Fund may have investments where ESG factors are not considered, including, but not limited to cash, exchange-traded funds and certain types of derivatives. There may be limitations to the availability, accuracy, timeliness and reliability of data used to assess ESG factors and this may impact the analysis and may result in securities being incorrectly included or excluded.

Monitoring and review

Franklin Templeton will monitor current and prospective holdings for changes in ESG factors as part of its overall review of the portfolio and then determine its approach on a case-by-case basis. There is no set approach or timeframe for review.

Negative Screening

The investment manager may apply screens which exclude certain investments and any screens imposed are set out above. However, the Fund may have indirect exposure to excluded investments through other investments including but not limited to cash, cash equivalents, exchange-traded funds and certain types of derivatives.

The Fund may invest in securities that are involved in the same supply chain as an excluded investment or otherwise have an indirect association with an excluded investment, for example, the Fund may invest in securities that have exposure to companies involved in the:

- distribution of Controversial Weapons or production or distribution of other types of weapons not considered Controversial Weapons;
- distribution of tobacco and tobacco products;
- generation of electricity from thermal coal or involved in mining of thermal coal within the revenue limit;
- gambling activities within the revenue limit, distribution of gambling products and services;
- manufacture of alcohol within the revenue limit, distribution of alcohol;
- production of adult entertainment categories outside the categories listed below or within the revenue limit;
- extraction or distribution of oil from tar sands within the revenue limit; or
- financing to an excluded investment.

Adult entertainment materials are only excluded where the company has derived revenue from producing, directing, or publishing adult entertainment materials that fall into the following categories: producer of X-rated films, producer of pay-per-view programming or channels, producer of sexually explicit video games,

producer of books or magazines with adult content, live entertainment of an adult nature, producer of adults-only material on the internet. Does not include broadcasting of adult entertainment materials.

The investment managers may consider the data provided by a third-party vendor (where available) in assessing revenue thresholds for excluding companies and these may include estimates. The investment managers' analysts also compare the data provided by any third-party data provider with their own internal research and to the extent of any inconsistency, the investment manager's analysis will prevail. For the purposes of revenue-based exclusionary screens, generally revenue is on a gross basis. While the investment manager will generally divest investments that no longer meet the revenue thresholds, the Fund may also continue holding certain investments where it considers it to be in the best interests of investors. For example, in certain circumstances, an investment may temporarily marginally exceed a revenue threshold but be retained in a portfolio where the investment manager assesses the investment will return within revenue thresholds within a reasonable time. Any such decisions will be made in the best interests of investors and will take into account various factors relating to the investment such as the materiality of the exceedance of the revenue thresholds (from both a quantum and time perspective), the liquidity of the investment and transaction costs. The screening may not include the parent or subsidiaries of companies.

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

Compliance with negative screens is monitored through a third-party monitoring system. Franklin Templeton reviews the composition of the screens regularly and as the data is available from third party vendors.

Risks relating to the use of negative screens

Where negative screens are applied to exclude investments from the Fund (whether based on ESG factors or otherwise), all reasonable care is taken to ensure such screening is applied consistently with this PDS and a portfolio's compliance with the screening criteria is regularly monitored. However:

- there is a risk that different data will be available to the investment manager at different times (for example, because publicly available financial or other information is not always comprehensive or up to date), which may yield different results with respect to whether or not a particular investment is or should be excluded based on the application of the relevant screen at a particular point in time;
- there may be limitations in the financial or other data made available to Franklin Templeton Australia upon which screening decisions are based (for example, the data may include estimates or be based on certain assumptions which later prove to be inaccurate); and
- despite the investment manager's best efforts, some investments may from time to time be included in a Fund where they should, based on the applicable negative screen, be excluded and there is no guarantee that all investments in a Fund will meet all screening criteria at all times.

5.4 What are the significant features and benefits?

The significant features of the Fund are:

- The Fund draws on a wide range of well developed, diversified and transparent investment strategies from across the traditional Australian and global fixed income universes. Importantly, the portfolio includes individual decisions in relatively small sizes such that no single decision can overwhelm portfolio performance.
- Actively managed absolute return fixed income portfolio which seeks to deliver defensive and stable Australian dollar hedged returns;
- Using a strong research driven investment process with a focus on fundamentals to identify potential sources of total investment return.

The significant benefits of the Fund are:

- Exposure to domestic market opportunities and select strategies from the broader global universe.
- Access to an experienced local fixed income investment team, leveraging the Franklin Templeton Group's well-established global fixed income research platform.
- Disciplined portfolio construction; and
- Web-based reporting that includes performance, market commentary and portfolio strategy.

5.5 Derivatives

Derivatives are any contract or arrangement whose return is linked to or derived from changes in value of an underlying stock, bond, index, currency, liability or other asset.

The Fund may hold derivatives, including exchange-traded futures and options and over-the-counter (OTC) interest rate and credit swaps. Currency forward exchange contracts may be used to manage exposure to exchange rates. Generally speaking, derivatives may be used for both investment and risk management purposes. Derivatives will not be used to gear the Fund.

The Fund uses derivatives for risk management purposes to manage currency risk or for additional active currency management. Through a forward currency contract, the Fund can enter into an agreement to sell a currency for a predetermined price on a specified future date. By contracting to sell one currency, the Fund is also contracting to purchase another currency such that a net short position in the currency being sold is offset by a net long position.

Derivatives can also often provide a cheaper and/or more liquid way to implement investment decisions. The main benefit of their use is to more efficiently create effective exposures than could otherwise be established through the physical market. In some instances, such as managing exposure to volatility, derivatives may be the only efficient way to implement an investment strategy.

The use of derivatives may expose the Fund to certain risks. Please refer to Section 6 on risks for more information.

General limits on derivatives use

In implementing the investment strategy for the Fund, we intend for the Fund's aggregate exchange traded and OTC derivatives exposure to not exceed 10% of the NAV of the Fund, excluding derivatives used for the dominant purpose of managing foreign exchange or interest rate risk (including duration) (**"OTC Derivatives"**). The Fund will be rebalanced within a reasonable period if it moves above this limit.

Managing risk in this context can include increasing or decreasing the interest rate or foreign exchange risk profile of the Fund as the Investment Manager considers appropriate.

Where OTC Derivatives are used, the aggregate exposure of the Fund to all OTC Derivative counterparties, less any assets held by the Fund as collateral under an OTC Derivative, is managed so that it does not exceed a maximum of 10% of the NAV of the Fund. Only cash and cash equivalents may be held by the Fund as collateral under an OTC Derivative.

For OTC Derivatives, limits on counterparty exposure are in place so that the Fund does not have excessive counterparty exposure and margin is managed daily. Counterparty limits are established and monitored by us and third-party service providers. The credit ratings of counterparties are monitored daily.

Where the OTC Derivatives account for more than 5% of the NAV of the Fund, Franklin Templeton Australia must disclose on a monthly basis:

• the aggregate exposure of the Fund to all OTC Derivative counterparties as a percentage of the NAV of the Fund;

• the value of the assets held by the Fund (excluding the value of the OTC Derivatives but including any collateral obtained under the OTC Derivatives) as a percentage of the NAV of the Fund;

• the aggregate exposure to all OTC Derivative Counterparties as a percentage of the NAV of the Fund;

• the value of assets held by the Fund (excluding the value of the OTC Derivative but including any OTC Derivative Collateral) as a percentage of the NAV of the Fund.

This information relating to OTC Derivatives will be available on franklintempleton.com.au within 5 Business Days after the end of each month.

5.6 Changes to the Fund's investment strategy and guidelines

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

6 Risks you should consider

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

General Risks

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

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

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

6.1 What are the risks of investing in the Fund?

You should note:

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

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

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

Risk	Risk Description
Fund Risk	There are risks of investing in the Fund rather than investing directly in individual securities. Risks include, but are not limited to, the risk that: • the Fund terminates; • the fees and expenses will typically be higher compared to investing directly in individual securities and such fees and expenses may increase and the tax outcomes may be different; • investments and withdrawals by one or more Unit holders may have an impact on other Unit holders; and • there is a change in the Responsible Entity or an investment manager.
Counterparty Risk	Counterparty risk is the risk to each party of a contract that the counterparty will fail to perform its contractual obligations and/or to respect its commitments under the term of such contract, whether due to insolvency, bankruptcy or other cause. When a counterparty risk arises from the use of derivatives, the value of derivative and consequently the value of the Fund may be adversely affected.
Credit Risk	Where Funds invest in credit securities such investments carry credit risk, including adverse market or issuer developments and downgrading of securities ratings.
Currency Risk	Movements in exchange rates may cause rises or falls in the value of a Fund's units and any assets held by the Fund which are denominated in a different currency to that of the base currency of a Fund. The value of these investments may decrease if the currency in which they are traded falls relative to a Fund's base currency. As a result, currency fluctuations may indirectly affect the value of a Fund's investment and, in turn, may also adversely affect the value of units held by a unitholder.

Cyber Security Risks	With the increased use of technologies such as the internet and other electronic media and technology to conduct business, the Responsible Entity, the Fund, as well as the Responsible Entity's service providers and their respective operations can be susceptible to operational, information security and related risks including cyber security attacks or incidents. In general, cyber incidents can result from deliberate attacks or unintentional events, and include unauthorised access to digital systems, networks or devices (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Cyber security breaches may cause disruptions and impact a business, potentially resulting in financial loss. This may impact the Fund's ability to calculate its Net Asset Value, trading and the ability of Unit holders to transact business. Cyber-attacks may violate privacy and other laws, resulting in regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs, and the loss of proprietary information. Among other potentially harmful effects, cyber-events may also result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support the Responsible Entity and the Responsible Entity's service providers. The above may affect issuers of securities in which the Fund invests, counterparties, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for Fund holders) and other parties. In addition, substantial costs may be incurred in order to try to prevent any cyber incidents in the future.
Derivative Risk	Derivatives are financial contracts that offer access to the performance of an underlying asset and are used to implement investment strategies in the most risk efficient manner possible. The use of derivatives to hedge the risk of physical securities will involve 'basis risk', which refers to the possibility that derivatives may not move exactly in line with the physical security. Fluctuations in the price of derivatives will be reflective of movements in the underlying assets, reference rate or index to which the derivatives relate. Consequently, the derivatives should not be expected to fully hedge the risk of the physical security. Derivatives are also used as substitutes for physical securities. In doing so there is the risk that a derivative may not be a perfect substitute for the underlying security it aims to replace, and may not mirror its movements completely. Other risks associated with derivatives may include: • Loss of value because of a sudden price move or because of the passage of time; • Potential illiquidity of the derivative; • The Fund being unable to meet payment obligations as they arise; • Significant volatility in prices of the underlying asset; • Legal risk which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly; and • Counterparty risk which is the risk that parties to derivatives contracts and other investment instruments may not perform their contractual obligations and may default when settlement is due. Note that the Responsible Entity does not guarantee that the Fund's derivatives strategy will be successful.
Distribution Risk	A Fund's hedging strategy may impact the distributions paid. When the base currency is appreciating relative to other currencies, the gains from hedging may result in additional income being distributed by that Fund and where the base currency is depreciating relative to other currencies, the losses from hedging may offset other income received by that Fund and may result in lower or no income being distributed from that Fund for a distribution period.
Emerging Markets Risk	Investments in "Emerging Markets" carry risks additional to those inherent in other investment, some of which are set out below. Economic and political factors: Investments in securities of issuers located in "Emerging Market Countries" involve special considerations and risks, including the risks associated with high rates of inflation and interest with respect to the various economies, the limited liquidity and relatively small market capitalisation of the securities markets in Emerging Market Countries, relatively higher price volatility, large amounts of external debt and political, economic and social uncertainties, including the possible imposition of exchange controls or other foreign governmental laws or restrictions which may affect investment opportunities. In addition, with respect to certain Emerging Market Countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments that could affect investments in those countries. Moreover, individual emerging market economies may differ favourably or unfavourably from the economies of developed nations in such respects as growth of gross national product, rates of inflation, capital

	investment, resources, self-sufficiency and the balance of payments position. Certain emerging market investments may also be subject to foreign withholding taxes. Market liquidity and volatility: The securities markets in Emerging Market Countries are substantially smaller, less liquid and more volatile than the major securities markets. A limited number of issuers in most, if not all, securities markets in Emerging Market Countries may represent a disproportionately large percentage of market capitalisation and trading volume. The combination of price volatility and the less liquid nature of securities markets in Emerging Market Countries may, in certain cases, affect the Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund. Information standards: In addition to their smaller size, lesser liquidity and greater volatility, securities markets in Emerging Market Countries are less developed than the securities in more developed markets with respect to disclosure, reporting and regulatory standards. There is less publicly available information about the issuers of securities in these markets than is regularly published by issuers in the more developed markets. Further, corporate laws regarding fiduciary responsibility and protection of stockholders may be considerably less developed than those in more developed market. Emerging market issuers may not be subject to the same accounting, auditing and financial reporting standards as companies in more developed markets. Inflation accounting rules in some Emerging Market Countries require for companies to keep accounting records in the local currency for both tax and accounting purposes and that certain assets and liabilities be restated on the company's balance sheet in order to reflect the high rates of inflation to which those companies are subject to inflation accounting may indirectly generate losses or profits for certain companies in Emerging Market Countries. Thus, statements and reported earnings may differ from those of companies in other countries. Custodial risks: As the Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Fund which are traded in such markets and which have been entrusted to sub-custodians may be exposed to greater risk compared to countries with developed custodial and/or settlement systems.
Force Majeure Risk	Circumstances beyond our reasonable control may impact the operation, administration and performance of the Fund. Those include industrial disputes, failure of a securities exchange, fires, floods, hurricanes, earthquakes, wars, strikes and acts of terrorism, governmental pre-emption in connection with an emergency of state and pandemics.
Hedging Risk	Investors should note that the hedging strategy between the currency of the Fund and the currency exposure of the assets held is designed to reduce, but not eliminate, exchange-rate risk. There is no guarantee that the exposure of the currency in which the Fund is denominated can be fully hedged against the exposure of the asset held. The successful implementation of the hedging strategy may reduce the benefit of decreases in the value of currency of investment in relation to the base currency of the Fund.
Interest Rate Risk	The value of fixed income securities held by the Fund will generally vary inversely with changes in interest rates and such variation may affect the value of the Fund accordingly. A rise in rates tends to have a greater impact on the prices of longer term or duration securities. While changes in interest rates may affect the value of the Fund's interest income, such changes may also positively or negatively affect the Net Asset Value of the Fund on a daily basis. When interest rates rise, bond prices fall. The opposite is also true: bond prices rise when interest rates fall. "Duration" is used to measure the sensitivity of a bond's price to changes in interest rates. Duration is expressed as a unit number of years. For example, the price of a bond with an interest rate duration of 2 years would be expected to move 2% for every 1% move approximately in interest rates. In general, securities with longer maturities (duration) are more sensitive to these interest rate changes compared to securities with shorter maturities (duration). Duration is only one factor that influences performance and other factors may have an impact on the outcome.
Investment in Fixed Income or Other Debt Securities Risk	All fixed income or other debt securities have the fundamental risk that the issuer may be unable to make interest payments or repay the capital. Generally, government securities offer the lowest credit risk, which is reflected in their lower yield. Corporate debt offers a higher yield due to its higher risk. However, changes in economic and political outlook affect the value of such securities.
Investment in High Yielding Debt Securities Risk	Due to the volatile nature of sub-investment grade assets and the corresponding risk of default, there may be significant capital losses and the possibility of fluctuations in the income return level of the Fund. When economic conditions appear to be deteriorating, medium or low-rated securities may decline in value due to heightened concern over credit quality, regardless of the prevailing interest rates. Adverse economic developments can disrupt the market for low-rated securities, and severely affect the ability of issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities. Low-rated securities also present risks based on payment expectations. If the Fund experiences unexpected net withdrawals, it may be forced to sell its higher-rated securities, resulting in a decline in the overall credit quality of the Fund's investment portfolio and increasing the exposure of the Fund to the risks of low-rated securities. Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.

Investment Risk	There can be no assurance that the Fund's investment objective will be attained. The performance of the Fund is not guaranteed. The value of shares in the Fund may rise or fall, as the capital value of the securities in which the Fund invests may fluctuate. The investment income of the Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the Fund's investment income may be expected to fluctuate in response to changes in such expenses or income. Due to their investment policies, the Fund may have highly volatile performance.
Investment Selection Risk	The Investment Manager uses an investment selection process to identify investment opportunities which it believes are most likely to outperform over the medium to long term. There is a risk that these investments will not perform in line with the Investment Manager's expectations however this risk is mitigated to some extent by the knowledge, experience and processes of the Investment Manager.
Legal and Regulatory Risk	The Fund is subject to the risk that laws may change in any jurisdiction where the Fund is invested or operates. There is also a risk that taxation or other applicable laws and regulations may change that may affect the operation of the Fund. The Fund is also governed by the ASX Rules, and is exposed to risks of quotation on that platform, including the platform or settlements process being delayed or failing. The ASX may suspend, or remove the units from quotation on the ASX.
Liquidity Risk	The risk that arises when adverse market conditions affect the ability to sell assets at desired price when necessary. Reduced liquidity may have a negative impact on the price of the assets. When a fund holds less liquid investments, the Fund's portfolio may become harder to value, and if the fund is forced to sell these investments to meet withdrawal requests or for other cash needs, the fund may suffer a loss. Liquidity risk also refers to the possibility of the Fund not being able to meet Withdrawal requests due to a lack of cash or the inability of the Fund to sell assets at acceptable market price to raise cash needed to meet the withdrawal requests.
Manager and Operational Risk	All Funds are exposed to possible manager and operational risk which include human error, system failures, poor procedures, lack of management controls, termination of the Fund, counterparty risk, changes in fees, replacement of the Responsible Entity and replacement of the Investment Manager.
Market Risk	The market prices of the Fund's securities may go up or down, sometimes rapidly or unpredictably, due to local and/or global market conditions, such as real or perceived adverse economic or political conditions, governments policy change, inflation, changes in interest rates, lack of liquidity in the asset markets, adverse investor sentiment, or world events.
Political and Economic Developments Risk	The political, economic and social structure of some foreign countries may be less stable and more volatile than those in domestic market that the investors are more familiar with. Investments in these countries may be subject to the risks of internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases.
Rated and Unrated Securities Risk	Ratings of securities represent the opinions of bond rating agencies which are relative and subjective and are not absolute standards of quality. Unrated debt securities are not necessarily of lower quality than rated securities, but they may not be attractive to as many buyers. The bond rating agencies may change, without prior notice, their ratings on particular debt securities held by a fund, and downgrades in ratings are likely to adversely affect the price of the relevant debt securities. Investment Grade securities may be subject to the risk of being downgraded to below Investment Grade. Lower credit quality rated securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. If the issuer defaults, or such securities cannot be realised, or perform badly, the Fund and its shareholders may suffer substantial losses. In addition, the market for securities which are rated below Investment Grade and/or have a lower credit rating generally is of lower liquidity and less active than that for higher rated securities and the Fund's ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by factors such as adverse publicity and investor perception.
Security Specific Risk	The value of an individual's security held by a Fund may fall. Factors that can affect the value of such a security include, the operations, distribution expectations or management of the company that issued the security or market conditions affecting that company. Changes in interest rates may also affect the value of securities.
Service Provider Risk	The Fund, to a certain extent, is reliant on external service providers in connection with the operation of the Fund and investment activities. There is a risk with these arrangements that the service providers may default in the performance of their obligations or seek to terminate the services with the result that the Fund may be required to seek an alternative supplier and, in the interim, investment activities and other functions of the Fund may be affected.
Price Risk	The price at which the units may trade on the ASX may differ from the NAV per unit. The trading price of units is dependent on a number of factors including the demand for and supply of units, investor confidence, the availability of market maker services during the course of the trading day, and the bid-offer spread applied to units.
Trading risk/Exchange liquidity risk	The liquidity of trading on the ASX may be limited. This may affect an investor's ability to buy or sell units on the ASX, including in certain exceptional circumstances such as market disruptions or where the exchange operator is experiencing a trading outage or suspends trading of units in the Fund.

	In the situation where trading in the units on the ASX has been suspended, the ability of investors to apply directly to the Responsible Entity to withdraw their investment in the Fund may be suspended and will be subject to the provisions of the Constitution and the Corporations Act. There may be other occasions where the Responsible Entity may suspend the application and redemption process, such as around the end of a distribution period or where other factors prevent the accurate calculation of Unit prices, such as the suspension or restriction of trading in securities held by the Fund. This may cause the Fund's Units to be suspended from trading on the ASX.
Quotation risk	The Fund may be removed from quotation by the ASX or terminated. The ASX may impose certain requirements for the continued quotation of the units. While the Responsible Entity will endeavour to meet these requirements, investors cannot be assured that the Fund will continue to meet the requirements necessary to maintain quotation on the ASX. The ASX may also change the quotation requirements.
Market Maker risk	The Responsible Entity has in place market making arrangements to assist in maintaining liquidity for the Fund on the ASX. The Responsible Entity cannot guarantee that a market maker will fulfil its obligations or that a market maker will continue to be appointed. The market making arrangements agreed by the Responsible Entity with a market maker also specify certain permitted circumstances where the market making obligations may be suspended (such as operational disruptions, market disruptions or unusual conditions (including those which make the market maker's ability to perform the market making function impossible, impracticable or unduly onerous), other events set out in the ASX Operating Rules, the suspension or rejection of applications for Units or redemption requests, or the market maker not having ASIC relief to allow short selling of Units). If a market maker defaults on its obligations, the Responsible Entity may seek to replace the market maker, although the arrangements with the market maker may limit or exclude any liability on the part of the market maker.

An investment in the Fund is not an investment in, deposit with or any other liability of the Responsible Entity or any other entity in the Franklin Templeton group. It is subject to risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested. The Responsible Entity and its related entities do not guarantee the performance of, or any income distribution or repayment of capital from, the Fund.

7 Fees and costs

DID YOU KNOW?

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

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

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

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

TO FIND OUT MORE

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

7.1 Fees and other costs table

The information in the following Fees and Costs Summary can be used to compare costs between different managed investment schemes. Fees and costs can be paid directly from an investor's account or deducted from investment returns. For information on tax please see Section 10 of this PDS.

Fees and Costs Summary

Franklin Australian Absolute Return Bond Fund - Class A / Franklin Australian Absolute Return Bond Fund Active ETF		
Type of fee or cost	**Amount**	**How and when paid**
Ongoing annual fees and costs		
Management Fees and costs [1,2] The fees and costs for managing your investment	0.50% p.a. of the net asset value (NAV) of the Fund referable to Class A Units.	The management fees component of management fees and costs is calculated in relation to the NAV of the Fund on a daily basis. The management fees are deducted from the Fund's assets and are generally paid to us quarterly in arrears. Otherwise, the fees and costs are variable and reflected in the unit price of the Fund as they are incurred.
Performance fees Amounts deducted from your investment in relation to the performance of the product	Nil	Not applicable.
Transaction costs[3] The costs incurred by the scheme when buying or selling assets	0.09% p.a. of the NAV of the Fund referable to Class A Units.	Transaction costs incurred by the Fund are variable and deducted from the Fund as they are incurred and reflected in the unit price. They are disclosed net of amounts recovered by the buy-sell spread. Any transaction costs at an interposed vehicle level are reflected in the value of the Fund's investment in the relevant interposed vehicle and therefore reflected in the unit price.
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
Establishment fee	Not applicable	Not applicable

The fee to open your investment		
Contribution fee The fee on each amount contributed to your investment.	Not applicable	Not applicable
Buy/sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	0% upon entry and 0% upon exit.	The Buy Spread is added to the NAV and is paid into the Fund as part of an application and the Sell Spread is deducted from the NAV and is left in the Fund as part of a Withdrawal. These figures are accurate as at the date of the PDS. Buy/sell spreads shown in this PDS are charged to investors applying for or redeeming their units in the Fund directly with us. The buy/sell spreads also apply to the Authorised Participant(s) when they create or redeem units in the Fund directly with us. See 'Bid/offer spread for transactions on the Exchange' below for more information on bid/ask spreads that investors, other than Authorised Participants, will bear when buying or selling units in the Fund on the Exchange.
Withdrawal fee The fee on each amount you take out of your investment	Not applicable	Not applicable
Exit fee The fee to close your investment	Not applicable	Not applicable
Switching fee The fee for changing investment options	Not applicable	Not applicable

[1] The fees shown above are inclusive of GST and net of **"RITCs"** actually received by or for the benefit of the Fund.
[2] The amount of this fee may be negotiated. See Section 7.12 "Differential fee arrangements" for more information.
[3] Calculated based on relevant costs charged to the Fund for the 12 months to 30 June 2025. Past costs (inclusive of GST and net of RITC) are not a reliable indicator of future costs.

7.2 Additional explanation of fees and costs

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

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

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

7.3 Management Fees and Costs

The Management Fees and Costs are composed of the management fees, expenses and indirect costs in relation to the Fund. These include the management fees and Responsible Entity fees, totalling 0.50% p.a., payable to us. Ordinary expenses such as custodian fees, administration and audit fees and other ordinary expenses of operating the Fund and indirect costs (currently estimated at 0%) are covered by the management fee at no additional charge to you. While we choose to pay these other costs out of the management fee, we reserve the right to recover some or all of the expenses from the Fund. The management fee component is calculated and accrued daily based on the NAV of the Fund. The accrued fees are paid in arrears from the Fund at the end of each month. The Management Fees and Costs reduce the Fund's NAV and are reflected in the Unit price.

7.4 Transaction costs

In addition to the Management Fees and Costs, the funds may incur transaction costs. Such costs include brokerage, settlement, clearing costs and OTC derivative transaction costs (excluding such costs disclosed as indirect costs), such as derivatives used for hedging purposes. Transaction costs exclude market impact costs.

Transaction costs incurred as a result of Unitholders coming into and going out of the Fund may be accounted for in the buy/sell spread. Other transaction costs that are not incurred as a result Unitholders coming into and going out of the fund are additional costs to Unitholders that are deducted from the assets of the Fund. Such costs are recovered as they are incurred and reflected in the Unit price.

The transaction costs for the Fund is disclosed in the "Fees and Costs" section. The transaction costs disclosed in the table are based on the costs incurred for the 12-month period ending 30 June 2025. Where Franklin Templeton Australia considers any change to these estimates are not materially adverse, the information may be updated on Franklin Templeton Australia's website, franklintempleton.com.au.

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

7.5 Buy/Sell spread estimate

The buy/sell spread is an estimate of the transaction costs that are incurred in buying and selling the underlying assets of the Fund as a result of applications and Withdrawals. The Application Price is adjusted up by a buy spread and the Withdrawal Price is adjusted down by a sell spread. The dollar value of these costs based on an application or a withdrawal of $5,000 is $0 for each individual transaction. We reserve the right to amend the buy/sell spread where necessary to protect the interests of investors. We can change the buy/sell spread at any time without prior notice. Please refer to our website for the current buy/sell spreads at franklintempleton.com.au.

The actual buy/sell spread is subject to change from time to time depending on changes to the composition of the Fund's underlying assets and market conditions. Where transaction costs are lower or higher than the estimated buy-sell spreads listed in this PDS, the actual costs may apply.

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

Investors should note that the buy/sell spread is only directly applicable to units applied for/redeemed directly with the Responsible Entity. However, investors buying and selling units on the ASX may incur a bid-offer spread as is usually the case with on-market transactions.

Where investors buy or sell units on the ASX, the price at which the investor buys or sells units will generally include an allowance to cover transaction costs but will also reflect market conditions and supply and demand for units during the Trading Day. As such, the cost of the bid-offer spread on the ASX may be different to the cost of the buy/sell spread for investors who apply or withdraw directly with the Responsible Entity. Investors should note that buyers and sellers other than the market maker and Authorised Participants may buy and sell units on the ASX, and the bid-offer spread on the ASX may differ throughout the course of the Trading Day.

7.6 Bid/Offer spreads for transactions on the Exchange

Investors will incur bid/offer spreads when purchasing or selling units in the Fund on the Exchange, which may vary from the buy/sell spreads outlined in Section 7.5 above.

When the Market Maker engages in buying or selling units of the Fund with investors, they apply bid/offer spreads, leading to the following outcomes:

- The price at which the Market Maker acquires units in the Fund from investors on the Exchange will generally be lower than the prevailing NAV per unit.
- The price at which the Market Maker sells units in the Fund to investors on the Exchange will generally be greater than the prevailing NAV per unit.

Investors are likely to incur wider spreads when trading units in the Fund on the Exchange compared to the buy/sell spreads imposed by the Fund on the Market Maker. This discrepancy arises because the Market Maker passes on the buy/sell spreads charged by the Fund and adds extra to account for factors like market risk and price uncertainty.

Additionally, the Market Maker aims to generate revenue through the spreads between the bid (buy) and offer (sell) prices it presents on the Exchange and the NAV per unit. Ultimately, within specified maximums, the spread between the bid (buy) and offer (sell) prices set by the Market Maker will be influenced by market forces on the Exchange.

7.7 Changes to the fees and expenses

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

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

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

7.8 Rebates and related payments

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

7.9 Taxation

Taxation information is discussed in Section 10.

7.10 Example of annual fees and costs for this investment option

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

Example – Franklin Australian Absolute Return Bond Fund - Class A / Franklin Australian Absolute Return Bond Fund Active ETF		
Balance of $50,000 with a contribution of $5,000 during year		
Contribution Fees	Nil	For every additional $5,000 you put in, you will be charged $0
Plus Management fees and costs	0.50%	**And**, for every $50,000 you have in the Fund you will be charged or have deducted from your investment $250 each year.[1]
Plus Performance fees	N/A	**And,** you will be charged or have deducted from your investment $0 in performance fees each year
Plus Transaction costs	0.09%	**And**, you will be charged or have deducted from your investment $45 in transaction costs
Equals Cost of the Franklin Australian Absolute Return Bond Fund - Class A / Franklin Australian Absolute Return Bond Fund – Active ETF		If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees and costs of $295*[2] **What it costs you will depend on the investment option you choose and the fees you negotiate.**

*Additional fees may apply.

[1]You should note that this example assumes a constant investment balance of $50,000 in Units throughout the year. Management Fees and Costs will also be charged in relation to any additional contributions you make during the year and the amount you pay will depend on the proportion of the year during which the additional contributions are invested.

[2]Assumes the additional $5,000 was invested at the end of the year. If it is assumed the additional $5,000 was invested at the beginning of the year, the Cost of the Fund would be $324.50 ($55,000 x 0.59%). Please note this is an example only as the actual investment balance of your holding will vary on a daily basis.

Note: This is an example. In practice, the actual investment balance of an investor will vary daily and the actual fees and expenses we charge are based on the value of the Fund. The indirect costs and other expenses component of management fees and costs and transaction costs may also be based on estimates. As a result, the total fees and costs that you are charged may differ from the figures shown in the table.

Warning: If you have consulted a financial adviser, you may pay additional fees. You should refer to the Statement of Advice or Financial Services Guide provided by your financial adviser in which details of the fees are set out.

7.11 Calculator

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

7.12 Differential fee arrangements

We may enter into individual fee arrangements with "**Wholesale Clients**" (as defined in the Corporations Act) or employees of the Responsible Entity or its related entities in accordance with applicable ASIC class order relief.

8 Other information

8.1 Portfolio holdings disclosure

Under the AQUA Rules, we have certain obligations in respect of the Fund to facilitate an orderly and liquid market in the Fund. To facilitate this, we have appointed a market maker to maintain continuous liquidity to the market by acting as a buyer and seller to the secondary market.

A market maker will create and redeem units as required to hold an inventory of units enabling it to provide buy and sell prices to the secondary market, while also potentially hedging their underlying positions.

Each day the full portfolio holdings of the Fund (on a look-through basis) is published, allowing the market maker to calculate the total value of the Fund. The market maker applies a buy and sell spread to the value and publishes these prices on the Exchange, continuously updating the prices throughout the trading day and trading as orders are submitted.

The full portfolio holdings of the Fund (on a look-through basis) is available from our website at franklintempleton.com.au.

8.2 Distributions

Distributions are generally made on the last day of each calendar month in accordance with the Constitution. For periods other than the distribution period ending on 30 June, the Responsible Entity may in its discretion determine not to distribute any amount to Unitholders or to distribute an amount which is less than the distributable income for Class A Units for the distribution period. A Unit holder's entitlement to distributions of income is determined based on the number of Units held at the record date for the relevant distribution period, subject to significant withdrawals (if any). Distributions will be paid within 10 Business Days of the end of the relevant distribution period. Unitholders who redeem Units during a distribution period will not receive a distribution of income in respect of those Units for that distribution period. Investors will be distributed all of the income of the Fund each year and will be assessed on their proportional share of the taxable income of the Fund, on a fair and reasonable basis, subject to significant withdrawals. The amount of distributions will vary from period to period and there may be periods in which no distribution is made.

Income attributable to each Class may be impacted by the total level of fees charged to the Fund. If you are transacting with us directly, you may use the "Application Form" to elect a distribution preference. If you have invested via the ASX or an existing investor, you can change your distribution preference through the "Change of Details" form. Reinvested distributions will be taken to be issued on the next day after the record date for the relevant distribution period ("Distribution Reinvestment Record Date").

8.3 Distribution reinvestment

If your units are held directly with us, your distributions will be automatically re-invested unless you advise otherwise.

If your units are held on the CHESS subregister, your distributions will be paid to your nominated Australian financial institution. Alternatively, you may contact MUFG to amend your distribution preferences to reinvest.

The Application Price for Units issued on the reinvestment of distributions will be based on the NAV of the Fund used to calculate the last Application Price for the relevant distribution period adjusted for certain income amounts. Distributions will be reinvested into additional Units unless otherwise directed by you. Generally, there will be no buy spread incurred on distributions that are reinvested.

Where the result of applying the distribution reinvestment methodology is a fraction:

- whole and partial units will be issued to you (if your units are held on the issuer sponsored subregister); or
- that fraction will be rounded down to the nearest whole number and the remaining distribution not applied will be carried forward as a credit balance on your account. No interest will be payable on the credit balance (if your units are held on a HIN).

Investors may elect to have their distributions paid as cash any time by notifying us or the Fund's unit registry. The change will apply from the date of receipt. This election will apply to a distribution so long as it is received by the Fund's unit registry by the Distribution Reinvestment Record Date.

The Responsible Entity may cancel or suspend distribution reinvestments or modify the terms by which distribution reinvestments are permitted.

The distribution reinvestment plan described in this PDS is provided on the following basis:

- At the time the price of the units allotted pursuant to the distribution reinvestment plan is set, we will not have any information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the units if the information were publicly available.
- The right to acquire or require us to issue units will be offered to all investors in the Fund of the same class, other than those who are resident outside Australia or New Zealand who are excluded by us so as to avoid breaching overseas laws.
- Units will be issued or transferred to investors on the terms disclosed in this PDS and will be subject to the same rights as units issued or transferred to all investors of the same class who agree to receive the units.

A copy of the distribution reinvestment plan rules and most recent annual report, financial statements and auditor's report on those financial statements of the Fund are available at franklintempleton.com.au or on request and free of charge.

8.4 The Responsible Entity and the Constitution of the Fund

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

Franklin Templeton Australia's duties include:

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

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

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

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

Borrowing

The Constitution permits the Fund to borrow. However, as at the date of this PDS the Responsible Entity does not intend to use borrowing in implementing the investment strategy.

8.5 Investing via an IDPS or a Master Trust

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

8.6 Related party dealings

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

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

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

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

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

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

8.7 Anti-money laundering

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

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

8.8 Complaints

We have established procedures for dealing with complaints.

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

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

Franklin Templeton Australia

GPO Box 24011
Melbourne VIC 3001

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

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

Website:	www.afca.org.au
Email:	info@afca.org.au
Telephone:	1800 931 678 (free call)
In writing to:	Australian Financial Complaints Authority, GPO Box 3, Melbourne VIC 3001

9 Privacy

9.1 Your privacy at Franklin Templeton Australia

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

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

9.2 Who do we collect personal information from?

In the course of providing our products and services Franklin Templeton Australia, our related entities and agents such as, but not limited to our registrar, in the proper performance of their duties on our behalf may collect personal information from clients, or potential clients, their financial advisers or other authorised representatives.

9.3 What types of personal information do we collect?

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

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

Further information in relation to the collection and use of your TFN is set out in Section 10.

9.4 How do we collect and hold your personal information?

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

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

9.5 Use and disclosure of information

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

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

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

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

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

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

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

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

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

Mail	Franklin Templeton Australia Limited GPO Box 24011 MELBOURNE VIC 3001
Free call	1800 673 776
Email	auclientadmin@franklintempleton.com

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

9.6 Quality of personal information

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

9.7 Access and further information

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

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

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

These steps include:

- restricting access to information on our databases on a need-to-know basis with different levels of security being allocated to staff based on their roles and responsibilities and security profile.
- ensuring all staff are aware that they are not to reveal or share personal passwords.
- ensuring where sensitive information is stored in hard copy files that these files are stored in lockable filing cabinets in lockable rooms. Access to these records is restricted to staff on a need-to-know basis.
- implementing physical security measures at our premises to prevent break-ins.
- implementing security systems, policies and procedures designed to protect personal information storage on our computer networks.
- implementing human resources policies and procedures, such as email and internet usage, confidentiality and document security policies, designed to ensure that staff follow correct protocols when handling personal information.
- undertaking due diligence with respect to third party service providers who may have access to personal information, including customer identification providers and cloud service providers, to ensure as far as practicable that they are compliant with the Australian Privacy Principles or a similar privacy regime.

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

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

9.8 When we disclose your personal information

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

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

9.9 Disclosure of your personal information to overseas recipients

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

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

9.10 How we ensure the quality of your personal information

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

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

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

9.11 How to gain access to your personal information we hold

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

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

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

9.12 Changes to the Privacy Policy

Franklin Templeton Australia may make changes to the Franklin Templeton Australia Privacy Policy from time to time for any reason. We will publish those changes on our web site. This Privacy Policy was last amended in August 2023 and is accessible on our website at www.franklintempleton.com.au.

10 Tax

10.1 Tax Considerations generally applicable to the Fund

The information set out below is a broad overview of some of the tax consequences for Australian residents of investing in the Fund. It does not take into account the specific circumstances of each Unitholder that may invest in the Funds and is not intended to be a comprehensive guide of all relevant tax considerations. It should not be used as the basis upon which potential Unitholders make an investment decision.

This information has been prepared based on Australian tax laws and administrative practices of the Australian Taxation Office and judicial interpretations of such as at the date of this PDS. Tax laws and their interpretation are subject to change, and Franklin Templeton Australia is not responsible for notifying you of any such changes. This summary does not take into account the position of Unitholders who are assessed on their disposal of Units otherwise than under the Australian capital gains tax provisions, such as Unitholders who are in the business of trading or dealing in Units or securities or within the scope of the Australian "taxation of financial arrangements" ("TOFA") regime. It also does not apply to:

- (unless otherwise stated) Unitholders who are tax resident of any other jurisdiction other than Australia (i.e. non-resident Unitholders); and
- investors who hold their interests in the Fund indirectly via an IDPS or Master Trust (as the Unitholder will be the operator of the IDPS or the trustee of the Master Fund - in this case the investor should consult the relevant disclosure documents for the IDPS or Master Trust).

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

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

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

10.2 Taxation of the Fund - AMIT

On the basis that a Fund is an AMIT for tax purposes, Australian resident Unitholders of the Fund should be taxed on their share of the components of the Australian taxable income and tax offsets of the Fund that are attributed to the Unitholder each year. This is the case irrespective of the amount and timing of distributions (if any) actually received by Unitholders from the Fund. Some of the potential components of the Fund's taxable income and tax offsets are set out below. The components of a Fund's taxable income that are attributed to an Australian resident Unitholder will be disclosed in a statement, known as the "AMIT member annual statement" or "AMMA statement", provided to the Unitholder following the Funds' financial year end of 30 June.

Under the AMIT regime, to the extent there is an overstatement or understatement of the components of taxable income or tax offsets of a Fund (referred to as an "over" or "under" respectively), a Fund may choose whether to reissue AMMA statements for the income year in which the over or under arose (which may require a Unitholder to amend their income tax return for that income year) or to carry forward the over or under and deal with it in a later income year (including the income year in which the over or under is discovered). This may result in a decrease or increase in the components of taxable income or tax offsets of a Fund in that later income year. The components of a Fund's taxable income and tax offsets for an income year which are attributed by the Fund to Unitholders will be attributed on a fair and reasonable basis, and should generally include those components of the taxable income and tax offsets of the Fund (if any) that are reflected in any distributions made by the Funds to Unitholders for the relevant year.

Unitholders may also be attributed components of taxable income and tax offsets where they undertake a Significant Withdrawal of units in the Fund, or where Franklin Templeton Australia determines that part of the taxable income of the Funds should be accumulated and not distributed or where there is an "under" or "over" from a previous income year. Franklin Templeton Australia does not currently have an intention to accumulate taxable income of the Fund.

Unitholders should also be subject to the regime for cost base adjustments provided for interests in AMITs. Under this regime, Unitholders may experience an upward cost base adjustment to the extent that the amounts attributed to them (including the gross amount of any capital gains prior to the application of any capital gains discount concession and any non-assessable non-exempt income) for the year exceed the amounts distributed to them for the year (including any tax offsets attributed to them), or a downward cost base adjustment to the extent that the distributions made to them exceed the components of taxable income and any tax offsets attributed to them. The AMMA statement that Unitholders are provided should provide details of Franklin Templeton Australia's estimate of the expected cost base adjustments, any further downward cost base adjustments may give rise to a capital gain for the Unitholder.

10.3 Taxable components from the Fund

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

10.4 Capital gains

The disposal of investments by the Funds may give rise to capital gains for the Funds. Accordingly, the components of taxable income that a Unitholder is attributed or distributed from the Funds may include a component of taxable capital gains (including discount capital gains), which should be included in determining the Unitholder's taxable net capital gains for the relevant income year.

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

To the extent the amounts attributed to Unitholders may also include amounts that are referable to the discount capital gains concession applied by the Fund, a Unit Holder will be required to 'gross up' the amount of the capital gain to effectively reverse any discount capital gain claimed by the Fund, before applying any eligible capital losses and any discount capital gains concession the Unit holder is entitled to. Irrespective of whether a Unitholder is assessed on these amounts, to the extent that these amounts are distributed by the Funds to Unitholders, no downward cost base adjustment should arise for the Unitholder in respect of these amounts.

10.5 Foreign income and tax credits

The Fund may realise assessable foreign-sourced income from their investments. Assessable foreign-sourced income components may be attributed or distributed by the Funds to Unitholders. Such foreign sourced-income may be subject to tax, or have tax withholding, in a foreign jurisdiction.

The Fund may also attribute or otherwise pass through any foreign income tax offsets of a Fund to Unitholders in respect of certain foreign taxes withheld from foreign-sourced income realised by the Funds. These should be disclosed in the AMMA statement (for Funds that are AMITs) or distribution statement (for Funds that are not AMITs) that are provided to Unitholders following the end of the financial year (see discussed above).

10.6 Other gains

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

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

10.7 Disposal or redemption of Units by Unitholders

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

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

Unitholders who are individuals, trustees or complying superannuation funds may be able to claim a capital gains tax discount to reduce any net capital gain arising on the disposal or redemption of their Units if they have held their Units for 12 months or more prior to the disposal or redemption and relevant conditions are satisfied.

10.8 Tax File Number or Australian Business Number

Collection of tax file numbers ("TFN") is authorised and the use and disclosure of TFNs are strictly regulated by the tax laws and the Privacy Act. The purpose of the collection is to comply with and report information pursuant to Australian tax laws. Unitholders may, but are not required to, quote a TFN, a TFN exemption or, if your investment is made in the course or furtherance of an enterprise carried on by you, an ABN. It is not a criminal offence not to report your TFN.

If a Unitholder does not provide a TFN or an ABN (or alternatively a TFN exemption or an ABN where eligible), withholding tax may be deducted from distributions made to the Unitholder at the top Australian marginal tax rate (currently 47%).

10.9 GST

Unitholders should not be subject to GST on applications to or Withdrawals from the Funds. GST (currently 10%) may apply in respect of various supplies made to a Fund. However, an input tax credit or Reduced Input Tax Credit (RITC) may be available to the Funds on certain supplies.

10.10 Non-resident Investors

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

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

10.11 Foreign taxes

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

10.12 FATCA

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

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

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

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

In the event that Franklin Templeton Australia/the Funds incur FATCA withholding tax and/or penalties, neither we/the Fund will be required to compensate a Unitholder for any such tax or penalties.

10.13 Common Reporting Standard

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

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

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

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11 How to transact

11.1 How to invest in the Fund

Investors can invest in the Fund by either applying for units directly with the Responsible Entity using a paper-based Application Form, or purchasing the units on the ASX. Investors can withdraw from the Fund either by directly making a paper-based withdrawal request to the Responsible Entity, or by selling units on the ASX.

The method by which you invest in the Fund does not affect the method by which you can exit the Fund. If you enter the Fund by buying units on the ASX, you can exit the Fund by selling units on the ASX or by withdrawing directly with the Responsible Entity by completing a Withdrawal Form. If you enter the Fund by applying for units directly with the Responsible Entity you can exit the Fund by selling units on the ASX or by withdrawing directly with the Responsible Entity.

Set out in the table below is a summary of the key differences buying and selling units via the ASX or directly with the Responsible Entity. This PDS should be read in full before you make any decision to invest in the Fund:

	Buying units on the ASX	Applying for units directly with the Responsible Entity
How do I invest in the Fund?	You can purchase units on the ASX via your stockbroker. You do not need to complete an application form. Your purchase of units will be settled via the CHESS settlement service, generally two Business Days following your purchase.	You can complete a paper-based application using the Application Form, which is available on the Fund's website at www.franklintempleton.com.au or by contacting us on 1800 673 776 or by email auclientadmin@franklintempleton.com. To invest by a paper-based application, complete the Application Form (including the provision of other documentation required for identification purposes) and return it, via post, with your initial investment to the Fund's unit registry. Applications received, verified and accepted by the Fund's unit registry prior to 12pm (Melbourne time) on a Melbourne Business Day will generally be processed using the unit price for that day. For applications accepted after 12pm (Melbourne time) or on a non-Melbourne Business Day, generally the next Melbourne Business Day's unit price will apply. Your application will only be eligible to be accepted when it is accompanied by receipt of: • A validly completed Application Form • Cleared application monies • Identity verification information
What is my purchase price when I make my investment in the Fund?	Your purchase price will be the price at which you purchased those units on the ASX, and will be set out in the confirmation provided to you by your stockbroker. You may incur brokerage fees and commissions when you buy units via your stockbroker. You should consult with your stockbroker for further details.	Your purchase price will be the unit price for the day on which your application is processed. This price reflects the net asset value per unit, plus a buy spread to allow for transaction costs incurred by the Fund as a result of your investment.
Is there a minimum number of units I need to buy?	No. There is no minimum number of units if you invest in the Fund via the ASX.	The minimum initial investment amount for investors applying for units directly with the Responsible Entity is $25,000. The minimum amount for an additional investment made using electronic funds transfer ("EFT") or cheque is $5,000. No minimum amount applies to additional investments made by BPAY®.

	Selling units on the ASX	Withdrawing units directly with the Responsible Entity
How do I withdraw from the Fund?	You can withdraw from the Fund by selling your units via your stockbroker. Your sale of units will be settled via the CHESS settlement service, generally two Business Days following your sale. You can only convert or transfer whole units held directly with the Fund (SRN holding on the issuer sponsored subregister) to an account with a stockbroker (HIN holding on the CHESS subregister) and any partial unit holding remaining after the conversion or transfer will be paid in cash.	A copy of the paper-based Withdrawal Form can be obtained by contacting us on 1800 673 776 or by email auclientadmin@franklintempleton.com. To redeem by a paper-based form, complete the Withdrawal Form and return it, via post, with your initial investment to the Fund's unit registry. Withdrawals received, verified and accepted by the Fund's unit registry prior to 12pm (Melbourne time) on a Melbourne Business Day will generally be processed using the unit price for that day. For redemptions accepted after 12pm (Melbourne time) or on a non-Melbourne Business Day, generally the next Melbourne Business Day's unit price will apply. Withdrawals are typically paid within 10 Melbourne Business Days although the Constitution allows us up to 21 days or longer in certain circumstances. Withdrawal proceeds will be paid to an investor's nominated bank account. You must hold your units on the Fund's issuer sponsored subregister and provide your SRN in order to redeem directly with the Responsible Entity. Your stockbroker can assist you with this process if you hold your units on a HIN. In order to redeem directly with the Responsible Entity you must have completed Identity verification.
What is my exit price when I withdraw from the Fund?	Your exit price will be the price at which you sold those units on the ASX, and will be set out in the confirmation provided to you by your stockbroker. You may incur brokerage fees and commissions when you sell units via your stockbroker. You should consult with your stockbroker for further details.	Your exit price will be the unit price for the day on which your redemption is processed. This price reflects the net asset value per unit, less a sell spread to allow for transaction costs incurred by the Fund as a result of your redemption.
Is there a minimum number of units I need to sell?	No. There is no minimum number of units when you withdraw from the Fund via the ASX.	A minimum balance of $10,000 applies to investments acquired directly with the Responsible Entity.

11.2 Non-resident investors

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

11.3 Application form

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

11.4 Reporting

For investors who have invested directly with the Responsible Entity, Franklin Templeton Australia will confirm transactions to Unit holders in the Fund and provide monthly reporting that documents the Units issued and/or redeemed over the period and the balance of Units held. Investors, including investors who have invested by buying units on the ASX will receive periodic statements at least once a year. Monthly reporting that includes performance will be made available on our website. Audited accounts for the Fund will also be made available on our website at franklintempleton.com.au. Unit holders may also request to receive copies of the accounts by mail. Unit holders will receive other information as required under the Corporations Act for each financial year.

In addition, the following information will be made available on our website:

- the Fund's Net Asset Value;
- the Material Portfolio Information as it relates to the Fund (each ASX Trading Day);
- information about redemptions from the Fund (monthly); and
- a copy of the latest PDS for the Fund.

The following information is available on the "ASX Markets Announcement Platform". Copies of the ASX announcements for the Fund are also available on our website.

- Distribution information;
- Total number of units on issue and information about redemptions from the Fund (monthly);
- Notices to investors, including significant events and continuous disclosure notices;
- The Scheme's annual and any half-year financial reports (including financial statements);
- The aggregate exposure of the Fund to all over-the-counter (OTC) Derivative counterparties as a percentage of the NAV of the Fund, excluding derivatives used solely to manage foreign exchange risk (monthly);
- The value of the assets of the Fund (excluding the value of OTC Derivatives (other than those used solely to manage risk) but including any collateral obtained in relation to the OTC Derivatives) as a percentage of the Fund's NAV (monthly);
- The aggregate notional exposure of the derivatives held (expressed as a percentage of the Fund's NAV), excluding derivatives used to manage risk (monthly);
- Swap costs incurred by the Fund in relation to its OTC Derivatives (monthly);
- A breakdown of the collateral the Fund holds or is exposed to in relation to its OTC Derivatives by security type, country, sector, currency and credit rating, (monthly).

Our website at www.franklintempleton.com.au also has additional information about the Fund including performance and commentary.

11.5 Applicant verification

Pursuant to the Australian AML/CTF Act, Franklin Templeton Australia must establish and enforce suitable risk control procedures and identification and verification procedures. These procedures require applicants to provide satisfactory proof of identity as detailed in Section 1 of the Application Form for New Investors. These documents must be verified by Franklin Templeton Australia before any application for Units can be processed. These procedures may require us from time to time to re-verify that information or request additional information to verify the identity of an investor, any underlying beneficial owner of Units in the Fund and the source of any payment. The processing of applications or redemptions may be delayed or suspended until the requested information is provided in a satisfactory form. Franklin Templeton Australia accepts no liability for any loss an applicant may incur, of whatsoever nature that may arise in the application of these identification and verification procedures.

11.6 Withdrawal Form

When withdrawing Units directly with the Responsible Entity, complete the Withdrawal Form and send it to:

Mail
MUFG Corporate Markets (AU) Limited
Locked Bag 5038
Parramatta NSW 2124

The Withdrawal Form can be obtained by contacting Franklin Templeton Australia or online at franklintempleton.com.au. In the case of joint redemptions, all Unit holders must sign. Redemptions lodged by companies must be signed in accordance with their constitution. Redemptions by trustees must be made in the name of, and signed by, the trustees. If a Unit holder wishes to specify individuals who have authority to act on their behalf in relation to their investment, they may do so by completing the "Additional Authorised Signatories" section.

11.7 Cooling-off rights

Investors do not have cooling off rights in respect of units in Class A of the Fund (regardless of whether they were purchased on the ASX or applied for directly with the Responsible Entity).

11.8 Contact us

Please contact Franklin Templeton Australia:

Freecall
1800 673 776

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

Email:
auclientadmin@franklintempleton.com

Website
www.franklintempleton.com.au

12 Glossary of important terms

Business Day

A day other than: (a) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and (b) any other day which ASX Settlement notifies facility users is not a Business Day.

Clearing House Electronic Subregister System (CHESS)

For financial products traded on the ASX, settlement is effected by an electronic book-entry system called CHESS, which stands for the Clearing House Electronic Subregister System. CHESS is operated by the ASX Settlement Pty Limited, a wholly owned subsidiary of the ASX.

Constitution

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

Controversial weapons

Cluster bombs, landmines, chemical and biological weapons and depleted uranium weapons.

Corporations Act

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

Correlation

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

Derivative

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

Duration

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

Emerging Market Countries

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

Entry Price and Exit Price

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

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

IDPS

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

Melbourne Business Day

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

Net Asset Value (NAV)

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

OTC Derivative

An over-the-counter derivative (OTC Derivative) is a derivative transaction that occurs bilaterally between two parties, rather than traded on an exchange. For the purposes of this PDS, OTC Derivative excludes derivatives used for hedging foreign exchange and interest rate risk.

Retail investor

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

Reduced Input Tax Credit (RITC)

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

Standard Risk Measure (SRM)

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

Trading Day

Trading Day means ASX Trade is open for trading.

Unit

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

Wholesale investor

Wholesale investors comprise sophisticated investors and professional investors that meet the requirements outlined in the Corporations Act 2001, Section 761G.

Withdrawal

Means to redeem Units in the Fund.

Wrap Service

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