

Franklin Australian Absolute Return Bond Fund

Product Disclosure Statement

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

Franklin Australian Absolute Return Bond Fund ("Fund")

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Class Class W

Contents

1. About Franklin Templeton Australia
2. How the Fund works
3. Benefits of investing in the Fund
4. Risks of managed investment schemes
5. How we invest your money
6. Fees and costs
7. How managed investment schemes are taxed
8. How to apply
9. Other information

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About this Product Disclosure Statement ("PDS")

This PDS is a summary of significant information and contains a number of references to important information contained in the Franklin Templeton Funds Reference Guide ("Reference Guide") (each of which forms part of the PDS). You should consider the information in this PDS and the Reference Guide before making a decision about the Fund. You can download a copy of the PDS and the Reference Guide on our website franklintempleton.com.au or request a free copy by calling us on 1800 673 776. The information provided in the PDS is general information only, is not a recommendation to invest in the Fund and does not take into account your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances. The offer to which this PDS relates is available only to persons receiving the PDS (electronically or otherwise) in Australia. Investments are subject to risks, some of which are outlined in this PDS. Franklin Templeton Australia ("Responsible Entity", "we", "our" or "us") does not guarantee any payment of income or repayment of capital or the performance of your investment in the Fund. It is important that you understand and accept the risks before you invest in the Fund.

The Responsible Entity is solely responsible for the management of the Fund, which includes day-to-day administration and making investment decisions.

All terms in "**bold**" are defined terms under Section 7, 'Glossary' in the Reference Guide.

Updated information

The information in this PDS is up to date at the time of preparation. However, information relating to the Fund that is not materially adverse information is subject to change from time to time. We may update this information.

Where the change is not considered materially adverse to investors, the information may be updated on the Franklin Templeton website (franklintempleton.com.au). For updated information about the Fund please contact us or consult your financial adviser.

We will provide you with a paper copy of any updated information without charge upon request. If there is a change in information which we consider is materially adverse we will generally issue a new PDS.

1 About Franklin Templeton Australia

Franklin Templeton Australia is the Responsible Entity for this Fund and is indirectly wholly owned by 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 165 countries. Franklin Templeton's mission is to help clients achieve better outcomes through investment management expertise, wealth management and technology solutions. Through its specialist investment managers, the company brings extensive capabilities in equity, fixed income, multi-asset solutions and alternatives. With offices in more than 30 countries and approximately 1,300 investment professionals, the California-based company has over 70 years of investment experience and over AUD \$2.1 trillion in assets under management as of 30 September 2021. Through specialised teams, Franklin Templeton has deep expertise across all asset classes, including equity, fixed income, alternatives and multi-asset solutions. This includes a group of world-renowned specialist investment managers such as Brandywine Global, Franklin Templeton, Martin Currie, Royce Investment Partners and Western Asset. 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.

2 How the Fund works

About the Fund and structure

The Fund is a registered managed investment scheme that is an unlisted Australian unit trust. The Fund comprises assets which are acquired by the Responsible Entity in accordance with the investment strategy for the Fund. The Fund is governed by a "Constitution". The terms and conditions of the Constitution are binding on 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) (JPMorgan) to provide custody and fund administration services. JPMorgan have provided their consent to be named and have not withdrawn their consent before the issue date of the PDS. JPMorgan has not been involved in the preparation of this PDS or caused or otherwise authorised the issue of this PDS. JPMorgan has not independently verified the information contained in this PDS and accordingly accepts no responsibility for the accuracy or completeness of the information. JPMorgan does not guarantee the success or the performance of the Fund nor the repayment of capital or any particular rate of capital or income return. JP Morgan has no supervisory obligation to ensure that Franklin Templeton complies with its obligations as Responsible Entity of the Fund and does not make investment decisions in respect of the assets held or manage those assets. JP Morgan has no liability or responsibility to investors in the Fund. Franklin Templeton will be liable to unit holders for acts and omissions of the appointed custodian.

Link Market Services Limited has been appointed as the registrar in relation to the Fund. The JP Morgan and Link Market Services 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 Unit holder's interest in the Fund is represented by "Units". A Unit holder has an interest in the assets of the Fund as a whole, subject to the liabilities of the Fund. A Unit holder does not have an interest in any particular asset of the Fund.

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 W Units divided by the number of Class W 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. 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 Business Day to receive that day's Application Price. Refer to Section 8 "How to apply" for more information.

Classes of Units

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

Access to your money

A Unit holder can dispose of Units by making a withdrawal from the Fund. 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 Business Day to receive that day's Redemption Price.

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

In some circumstances, such as a suspension of trading on a securities exchange, Unit holders 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.

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 to keep your investment open and if your balance 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 Redemption Price of a Unit to a redeeming Unit holder in certain circumstances where the withdrawal constitutes a "Significant Redemption" to ensure a fair and reasonable allocation between investors.

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.

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. Information on Unit prices is available at franklintempleton.com.au.

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.

Distributions and payment methods

Distributions will generally be 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 Unit holders or to distribute an amount which is less than the distributable income for Class W 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 end of 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. Unit holders who redeem Units during a distribution period will not receive a distribution of income in respect of those Units for that distribution period. 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. You may use the "Application Form" to elect a distribution preference. If you are 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 end of the relevant distribution period. The Application Price for Units issued on the reinvestment of distributions will be based on the NAV of the Fund used to calculate the last Application Price for the relevant distribution period adjusted for certain income amounts. 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.

Please note: You should read the important information about 'Applications, Withdrawals and Unit Pricing' in the Franklin Templeton Reference Guide before making a decision. Go to section 'Applications, Withdrawals and Unit Pricing' of the Reference Guide located at franklintempleton.com.au. The information about 'Applications, Withdrawals and Unit Pricing' may change between the time when you read this PDS and the day when you acquire the product.

3 Benefits of investing in the Fund

Significant benefits

The significant features and benefits 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;
- Access to a portfolio with a fundamental, research-driven approach focused on identifying potential sources of total investment return;
- Exposure to domestic market opportunities and select strategies from the broader global universe; and
- Access to an experienced local fixed income investment team, leveraging the Franklin Templeton Group's well-established global fixed income research platform.

4 Risks of managed investment schemes

You should note:

- all investments carry risk;
- different strategies may carry different levels of risk depending on the assets that make up the strategy;
- 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 laws affecting registered managed investment schemes may change in the future.

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.

The significant risks of investing in the Fund include:

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 over-the-counter ("OTC") or other bilateral contracts are entered into (inter alia OTC derivatives, repurchase agreements, security lending, etc.), the Fund may find itself exposed to risks arising from the failure of counterparties to perform their contractual obligations.

Credit risk - The risk of loss arising from default that may occur if an issuer fails to make principal or interest payments when due. This risk is higher for low-rated, non-investment-grade fixed income securities to the extent the Fund holds such securities.

Currency risk - The risk of loss arising from exchange-rate fluctuations or due to exchange control regulations. Instruments used to gain or hedge currency exposure might be a subject to derivatives risk.

Derivatives risk - Risks associated with using derivatives might include the value of the derivative failing to move in line with the asset underlying the derivative, the potential illiquidity of the derivative and the possibility that the counterparty to the derivative may default on their obligation to pay according to the terms of the contract for the derivative.

Emerging markets risk - The risk related to investing in countries that have less developed political, economic, legal and regulatory systems. Investments in emerging markets may be impacted by factors such as political/economic instability, lack of liquidity or transparency or safekeeping issues.

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

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

Interest rate risk - When interest rates rise, bond prices fall. The opposite is also true: bond prices rise when interest rates fall. In general, securities with longer maturities are more sensitive to these interest rate changes compared to securities with shorter maturities.

Liquidity risk - The risk that arises when adverse market conditions affect the ability to sell assets when necessary. Reduced liquidity may have a negative impact on the price of the assets. 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 to raise cash needed to meet the withdrawal requests.

Lower-rated securities risk - Securities rated below investment grade or which are non-rated, generally have more credit risk than higher-rated securities and may be more likely to experience a downgrade in rating. The prices of non-investment grade, fixed-income securities fluctuate more than higher quality securities. Below investment grade securities are also generally less liquid than higher-quality securities.

Market risk - This is the risk that the performance of the global investment markets as a whole may impact on the Fund's investment returns. Some of the factors that influence the market include world economic activity, global interest rates, investor sentiment and 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 Australia. Investments in these countries may be subject to the risks of internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases.

Security specific risk - Individual securities are exposed to corporate influences such as changes in a company's business environment and profitability which may cause the value of the company's securities to increase or decrease. This in turn may impact the value of the Units.

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.

5 How we invest your money

Warning: you should consider the likely investment return, the risk, and your investment timeframe when choosing whether to invest in the Fund.

Franklin Australian Absolute Return Bond Fund	
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.
Minimum suggested timeframe for investment	At least three years.
What is the suggested investor profile?	Investors should be willing to invest for the minimum suggested time frame and be comfortable with the nature of the Fund's investments and the risk level for the Fund. The Fund may be suitable for investors who wish to gain exposure to fixed income opportunities in both the domestic market and select strategies from the broader global universe.
What does the Fund invest in?	<p>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.</p> <p>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.</p> <p>The Fund will not invest in securities issued by companies directly involved in:</p> <ul style="list-style-type: none"> • the production of "controversial weapons"; • the manufacture of tobacco products; and • mining or extraction of thermal coal, or extraction of oil from tar sands (subject to a 10% revenue threshold). <p>Derivatives will primarily be used to increase the Fund's diversification and investment returns. The Responsible Entity uses derivatives primarily because of their liquidity and efficiency and flexibility in implementing investment strategies.</p> <p>At the date of this PDS, the Fund does not intend to borrow to achieve the stated investment objectives.</p>
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.
Risk level	The Responsible Entity considers the risk level of the Fund to be Medium.
Fund performance	Investment performance of the Fund is published on our website at franklintempleton.com.au. Past performance is not necessarily a guide to future performance.
Labour, Environment, Social and Ethical considerations	Environmental, social and governance ("ESG") factors can have a material impact on the value of companies and securities. Examples of such factors include natural resource use and scarcity, hazardous waste disposal, product safety, employee health and safety practices, and shareholder rights issues. We believe that these issues should be considered alongside traditional financial measures to provide a more comprehensive view of the value, risk, and return potential of an investment. With this understanding, we are committed to the integration of ESG consideration into our investment management processes and ownership practices.
Changes to Fund details	The Responsible Entity is permitted to change how it invests the assets of the Fund at any time. If the Responsible Entity changes the investment objective of the Fund the Responsible Entity will advise Unit holders of the change.

Investment options

There are no other investment options for the Fund.

Switching

Switching is not available for the Fund.

Please note: You should read the important information about 'How we invest your money' in the Reference Guide before making a decision. Go to section 'How we invest your money' of the Reference Guide located at franklintempleton.com.au. The information about 'How we invest your money' may change between the time when you read this PDS and the day when you acquire the product.

6 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 the fees based on your own circumstances, the [Australian Securities and Investment Commission \(ASIC\) website \(moneysmart.gov.au\)](http://www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

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 7 of this PDS.

Fees and Costs Summary

Franklin Australian Absolute Return Bond Fund		
Type of fee or cost	Amount	How and when paid
Ongoing annual fees and costs		
Management fees and costs (1,2) The fees and costs for managing your investment.	0.50% p.a. of the net asset value (NAV) of the Fund referable to Class W 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 monthly 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 W 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 Fund)		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Buy-sell spread An amount deducted from your investment representing costs incurred in transactions by the scheme	0.00% upon entry and 0.00% 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 redemption. These figures are accurate as at the date of the PDS.
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Exit fee The fee to close your investment	Nil	Not applicable
Switching fee The fee for changing investment options	Nil	Not applicable
(1) The fees shown above are inclusive of GST and net of RITCs.		
(2) The amount of the management fee may be negotiated. See "Differential fee arrangements".		

(3) Calculated based on relevant costs charged to the Fund for the 12 months to 30 June 2021. Past costs (inclusive of GST and net of RITC) are not a reliable indicator of future costs.

Additional Explanation of Fees and Costs

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 0.00%) are covered by the management fee at no additional charge to you. 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.

Transaction costs

The Management Fees and Costs do not include certain transaction costs. Transaction costs 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. Transaction costs are an additional cost to the investor where they are not recovered by the buy/sell spread, and are generally incurred when the assets of the Fund are changed in connection with day-to-day trading or when there are applications or withdrawals which cause net cash flow into or out of the Fund. Actual transaction costs for future years may differ. Please refer to the Reference Guide for further information. Transaction costs information may be updated on our website at franklintempleton.com.au

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 redemptions. 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.

Differential fee arrangements

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

Example of annual fees and costs for this investment option

This table gives an example of how the ongoing annual fees and costs in this investment option for this product 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.

Franklin Australian Absolute Return Bond Fund		Balance of \$50,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management fees and costs	0.50%	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	Nil	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 Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of \$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 Class W 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 Management Fees and Costs would be \$275 (\$55,000 x 0.50%). 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: Additional fees may be paid to a financial adviser if an investor consulted a financial adviser. Where an investor receives financial advice, they should refer to their Statement of Advice or their adviser's Financial Services Guide for full details of these fees.

Change in fees

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 this PDS we do not intend to charge a contribution fee, exit fee or performance fee nor do we intend to increase the management fee we charge you (which is specified in the Management Costs section of the Fees and Costs Summary).

We can recover out of the assets of the Fund all expenses which are properly incurred in operating the Fund including, without limitation, amounts payable in connection with custody, compliance, legal and tax consulting fees, banking, accounting and audit. However, we currently pay these costs out of our Fees.

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 investment.

Please note: You should read the important information about 'Fees and costs' in the Reference Guide before making a decision. Go to section 'Fees and costs' of the Reference Guide located at franklintempleton.com.au. The information about 'Fees and costs' may change between the time when you read this PDS and the day when you acquire the product.

7 How managed investment schemes are taxed

Warning: Investing in a registered managed investment scheme is likely to have tax consequences. You are strongly advised to seek professional tax advice.

You should note that:

- the Responsible Entity and the Fund is not expected to pay tax on behalf of Australian resident Unitholders;
- Unit holders are assessed for tax on the taxable components of the Fund that are generated by the Fund; and
- you will be provided with a statement (known as an "AMMA statement" where the Fund is an AMIT, or as a "distribution statement" where the Fund is not) that sets out the taxable components of the Fund on which you may be assessed.

In certain circumstances, we may allocate income as part of the withdrawal price for a Unit, for example, where a significant redemption is made in order to provide for a fair allocation of income between investors.

We recommend you seek advice from your financial or tax adviser.

Please note: You should read the important information about 'Taxation' in the Reference Guide before making a decision. Go to section 'Taxation' of the Reference Guide located at franklintempleton.com.au. The information about 'Taxation' may change between the time when you read this PDS and the day when you acquire the product.

8 How to apply

How to invest in the Fund

To invest in the Fund, read this PDS with the "Reference Guide" and complete an application form. The Reference Guide and Application Forms are available by calling 1800 673 776. If you are not already an investor with Franklin Templeton Australia, you will be required to provide certain supporting documents detailed in Section 1 of the "Application Form".

We authorise the use of this PDS by investors ("Indirect Investors") who wish to access the Fund through an authorised master trust or wrap account, investor directed portfolio service, investor directed portfolio service-like scheme or nominee or custody service (collectively referred to as "Master Trust or Wrap Service") located in Australia. The operator of a Master Trust or Wrap Service is referred to in this PDS as the Operator and the disclosure document for a Master Trust or Wrap Service is referred to as the Master Trust or Wrap Guide. If you invest through a Master Trust or Wrap Service, your rights and liabilities will be governed by the terms and conditions of the Master Trust or Wrap Guide. Indirect Investors should apply for Units by using the Master Trust or Wrap Guide and applicable application form provided by the Operator of the Master Trust or Wrap Service.

Complaints handling

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:

Attention: Complaints Officer

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: 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

Cooling off

If you are a "Retail investor", after you invest in the Fund you have a period of 14 days from the earlier of when you receive confirmation of your investment or at the end of the fifth Business Day after the day on which your Units were issued to you (the cooling off period) during which you can cancel the investment and have the funds repaid to you. The entire value of your investment may not be repaid depending on the impact of market movements, taxes, management fees, transaction costs etc. during the time you are invested in the Fund. The cooling off right terminates immediately if you exercise certain other investor rights, such as withdrawing part of your investment. The cooling off right does not apply in certain circumstances, such as where Units are issued upon the reinvestment of distributions.

The right to cool off does not apply to you if you invest in the Fund through a Master Trust or Wrap Service as you do not acquire the rights of a Unit holder in the Fund.

If you have any questions about cooling off rights please contact your financial planner or us on 1800 673 776.

Please note: You should read the important information about 'How to apply, complaints handling and cooling off' in the Reference Guide before making a decision. Go to section 'How to apply, complaints handling and cooling off' of the Reference Guide located at franklintempleton.com.au. The information about 'How to apply, complaints handling and cooling off' may change between the time when you read this PDS and the day when you acquire the product.

9 Other information

Related party transactions

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

Investor communication

All communication will be sent via email unless you request otherwise.

We will provide you with the following reports and information about your investment in the Fund:

- Transaction confirmations and distribution statements.
- Fund annual financial report (and if applicable half yearly financial reports and continuous disclosure notices) via our website.
- Annual Periodic and tax statements as required by the Corporations Act.

Disclosing entity

If at any time the Fund becomes and continues to be a disclosing entity under the Corporations Act, it will be subject to regular reporting and disclosure obligations.

We comply with ASIC's Good Practice Guidance on continuous disclosure.

Please note: Go to the "Other information" section of the Reference Guide which is available at franklintempleton.com.au

Protecting your privacy

Your right to privacy is important to us.

Our Privacy Policy contains important information in relation to our collection, storage, use and disclosure of your personal information.

As Responsible Entity, we may collect and use personal information to ensure compliance with various government and regulatory bodies where permitted or required to do so.

We may also disclose your personal information to:

- our service providers, related bodies corporate or other third parties for the purpose of account maintenance and administration and the production and mailing of statements, amongst other operational activities; and
- to improve customer service, and/or allow our associated organisations and selected third parties to promote their products and services to customers.

All personal information collected by Franklin Templeton will be collected, used, disclosed and stored by us in accordance with our Privacy Policy, a copy of which will be made available on request.

Please note: You should read the important information about 'Privacy, investor communications and other information' in the Reference Guide before making a decision. Go to section 'Privacy, investor communications and other information' of the Reference Guide located at franklintempleton.com.au. The information about 'Privacy, investor communications and other information' may change between the time when you read this PDS and the day when you acquire the product.

Need more information?

Please contact Franklin Templeton Australia:

Freecall:

1800 673 776

Website:

franklintempleton.com.au

Email:

auclientadmin@franklintempleton.com