



FRANKLIN
TEMPLETON

Franklin Templeton Australia Funds

Financial report for the year
ended 30 June 2026

For personal use only

Franklin Templeton Australia Funds

Annual report for the year ended 30 June 2026

Franklin Global Growth Fund

ARSN 132 597 972

Franklin Templeton Global Aggregate Bond Fund

ARSN 160 124 096

Franklin Australian Absolute Return Bond Fund

ARSN 601 662 631

Franklin Athena Fund (previously known as Franklin K2 Athena Fund)

ARSN 664 862 819

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Franklin Templeton Australia Funds

Annual report for the year ended 30 June 2026

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These financial statements cover Franklin Templeton Australia Funds.
The Responsible Entity of the Franklin Templeton Australia Funds is Franklin Templeton Australia Limited.
The Responsible Entity's registered office is Level 47, 120 Collins Street, Melbourne VIC 3000.

Franklin Templeton Australia Funds
Directors' report
For the year ended 30 June 2026

Directors' report

The directors of Franklin Templeton Australia Limited (ABN 76 004 835 849), the Responsible Entity of the following managed investment schemes (the "Funds") present their report together with the financial statements of the Funds for the financial year ended 30 June 2026.

- Franklin Global Growth Fund constituted on 11 July 2008 (amended on 5 March 2024 for the purpose of Franklin Global Growth Fund - Active ETF);
- Franklin Templeton Global Aggregate Bond Fund constituted on 18 October 2012 (amended on 25 November 2021);
- Franklin Australian Absolute Return Bond Fund constituted on 22 December 2014 (amended on 5 March 2024 for the purpose of Franklin Australian Absolute Return Bond Fund - Active ETF);
- Franklin Athena Fund (previously known as Franklin K2 Athena Fund amended on 17 October 2025) constituted on 9 January 2023.

Principal Activities

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the Funds' current Product Disclosure Statements and their Constitutions.

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

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

Directors

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

K. Dudley (appointed as Chairperson on 25 November 2025)

G. Shaneyfelt (resigned as Chairperson on 25 November 2025)

Q. Lupo

M. Sund

F. Walsh

M. Abell

Review and results of operations

During the financial year, the Funds continued to invest in accordance with target asset allocations as set out in the governing documents of the relevant Funds and in accordance with the provisions of the Funds' Constitutions.

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

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	(26,385)	98,009	1,124	2,604	43,188	69,955
<i>Distributions - Class A</i>						
Distribution paid and payable (\$'000)	31,568	90,881	—	—	22,187	10,902
Distributions (cents per unit)	37.2140	46.1793	—	—	3.2781	1.6198
<i>Distributions - Class M</i>						
Distribution paid and payable (\$'000)	4,774	15,884	—	—	10,229	6,153
Distributions (cents per unit)	42.2268	50.4639	—	—	3.2931	1.6317
<i>Distributions - Total</i>						
Distribution paid and payable (\$'000)	36,342	106,765	—	—	32,416	17,055

Franklin Templeton Australia Funds
Directors' report
For the year ended 30 June 2026

Directors' report (continued)

Review and results of operations (continued)

	Franklin Athena Fund	
	Year ended	
	30 June 2026	30 June 2025
Operating profit/(loss) before finance costs attributable to unitholders (\$'000)	<u>5,957</u>	<u>2,454</u>
<i>Distributions - Class A</i>		
Distribution paid and payable (\$'000)	<u>2,754</u>	<u>2,695</u>
Distributions (cents per unit)	<u>2.6189</u>	<u>4.7316</u>
<i>Distributions - Total</i>		
Distribution paid and payable (\$'000)	<u>2,754</u>	<u>2,695</u>

There were no distributions declared for Franklin Global Growth Fund - Class A (Hedged) and Class M (Hedged) for the financial year ended 30 June 2026 and 30 June 2025.

Significant changes in state of affairs

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

Matters subsequent to the end of the financial year

On 15 September 2026, the Responsible Entity announced the following proposed changes to Franklin Global Growth Fund:

- the appointment of Putnam Investment Management, LLC as delegated investment manager;
- a change of the Fund's name to Franklin Putnam Global Core Equity Fund; and
- a reduction in management fees from 0.90% to 0.60% for Class A hedged and unhedged and 0.75% to 0.45% for Class M hedged and unhedged.

The fee reductions take effect from 15 September 2026. The remaining changes are expected to take effect on or around 14 October 2026, subject to completion of the required legal, operational and regulatory processes, including ASX approval.

These changes occurred after the balance date and have not been reflected in the financial statements for the year ended 30 June 2026.

Other than the matters disclosed above, no material events have occurred since the end of the financial year which would impact on the financial position of the Funds disclosed in the statements of financial position as at 30 June 2026 or on the results and cash flows of the Funds for the financial year ended on that date.

Likely developments and expected results of operations

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

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

Indemnification and insurance of officers and auditors

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

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

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

No fees were paid out of the Funds' property to the directors of the Responsible Entity during the financial year (2025: Nil).

Directors' report (continued)

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

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

Interests in the Funds

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

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

Environmental regulation

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

Rounding of amounts to the nearest thousand dollars

The Funds are entities of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183* and in accordance with that instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars in accordance with that instrument, unless otherwise stated.

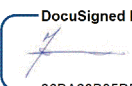
Single set of financial statements

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

Auditor's independence declaration

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

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

DocuSigned by:

Director 36BA20B35DB241C...
M. Sund

Melbourne
21 September 2026



Auditor's Independence Declaration

As lead auditor of Franklin Templeton Australia Funds' financial report for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

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

The declaration pertains to the following Funds:

- Franklin Global Growth Fund
- Franklin Templeton Global Aggregate Bond Fund
- Franklin Australian Absolute Return Bond Fund
- Franklin Athena Fund (previously known as Franklin K2 Athena Fund)

A handwritten signature in black ink, appearing to read 'K.J. Murray'.

KJ Murray
Partner
PricewaterhouseCoopers

Melbourne
21 September 2026

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Franklin Templeton Australia Funds
Statements of comprehensive income
For the year ended 30 June 2026

Statements of comprehensive income

		Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
		Year ended		Year ended		Year ended	
		30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025
Notes		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investment income							
		312	852	987	1,146	45,326	42,116
		2,436	4,795	—	—	—	—
		—	38	—	—	—	—

Franklin Templeton Australia Funds
Statements of comprehensive income
For the year ended 30 June 2026

Statements of comprehensive income (continued)

		Franklin Athena Fund	
		Year ended	
	Notes	30 June 2026 \$'000	30 June 2025 \$'000
Investment income			
Interest income		19	4
Distribution income		2,573	2,937
Net gains/(losses) on financial instruments at fair value through profit or loss		4,013	(110)
Total net investment income/(loss)		6,605	2,831
Expenses			
Management costs	14	626	370
Transaction costs		22	7
Total operating expenses		648	377
Operating profit/(loss) for the year		5,957	2,454
Profit/(loss) for the year		5,957	2,454
Other comprehensive income for the year		—	—
Total comprehensive income for the year		5,957	2,454

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

Franklin Templeton Australia Funds
Statements of financial position
As at 30 June 2026

Statements of financial position

Franklin Global Growth Fund				Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
		As at				As at	
		30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025
Notes		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Cash and cash equivalents	11	5,977	8,318	6,426	2,536	20,575	57,406
Margin accounts		—	—	648	215	16,321	33,613
Due from brokers - receivable for securities sold		—	—	—	—	—	15,916
Receivables		2,069	2,421	9	7	1,812	1,242
Accrued income		28	273	—	—	16	36
Financial assets at fair value through profit or loss	6	197,190	603,909	28,708	32,205	977,096	1,016,275
Total assets		205,264	614,921	35,791	34,963	1,015,820	1,124,488
Liabilities							
Margin accounts		—	275	—	—	535	3,152
Due to brokers - payable for securities purchased		2,079	—	—	—	—	10,864
Distribution payable	10	36,342	106,765	—	—	13,539	2,341
Payables		2,237	3,106	96	78	3,256	3,816
Financial liabilities at fair value through profit or loss	7	81	80	608	264	5,839	27,898
Total liabilities (excluding net assets attributable to unitholders)		40,739	110,226	704	342	23,169	48,071
Net assets attributable to unitholders - liability	9	164,525	504,695	35,087	34,621	992,651	1,076,417

Franklin Templeton Australia Funds
Statements of financial position
As at 30 June 2026

Statements of financial position (continued)

		Franklin Athena Fund	
		As at	
	Notes	30 June 2026 \$'000	30 June 2025 \$'000
Assets			
Cash and cash equivalents	11	481	321
Receivables		61	30
Financial assets at fair value through profit or loss	6	116,600	60,613
Total assets		117,142	60,964
Liabilities			
Due to brokers - payable for securities purchased		271	108
Distribution payable	10	2,521	1,375
Payables		335	292
Total liabilities (excluding net assets attributable to unitholders)		3,127	1,775
Net assets attributable to unitholders - equity	9	114,015	59,189

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

Franklin Templeton Australia Funds
Statements of changes in equity
For the year ended 30 June 2026

Statements of changes in equity

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the year	-	-	-	-	-	-
Comprehensive income for the year						
Profit/(loss) for the year	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-
Total equity at the end of the year	-	-	-	-	-	-

	Franklin Athena Fund	
	Year ended	
	30 June 2026	30 June 2025
	\$'000	\$'000
Total equity at the beginning of the year	59,189	43,663
Comprehensive income for the year		
Profit/(loss) for the year	5,957	2,454
Other comprehensive income for the year	-	-
Total comprehensive income for the year	5,957	2,454
Transactions with unitholders		
Applications	9 60,024	23,289
Redemptions	9 (8,652)	(7,688)
Units issued upon reinvestment of distributions	251	166
Distributions paid and payable	10 (2,754)	(2,695)
Total transactions with unitholders	48,869	13,072
Total equity at the end of the year	114,015	59,189

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

Franklin Templeton Australia Funds
Statements of cash flows
For the year ended 30 June 2026

Statements of cash flows

	Notes	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
		Year ended		Year ended		Year ended	
		30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss		548,895	569,289	18,536	18,478	909,252	669,216
Purchases of financial instruments at fair value through profit or loss		(165,705)	(239,131)	(14,764)	(10,713)	(868,405)	(588,150)
Transaction costs paid		(352)	(415)	(5)	(9)	(214)	(258)
Dividends received		2,572	3,772	–	–	–	–
Distributions received		–	33	–	–	–	–
Interest received		312	852	937	1,249	44,636	42,773
Other income received		168	298	4	65	172	–
Management costs paid		(3,925)	(7,110)	(153)	(203)	(4,973)	(4,935)
Payment of other expenses		(16)	–	(53)	–	(691)	(593)
Net cash inflow/ (outflow) from operating activities	12(a)	<u>381,949</u>	<u>327,588</u>	<u>4,502</u>	<u>8,867</u>	<u>79,777</u>	<u>118,053</u>
Cash flows from financing activities							
Proceeds from applications by unitholders		62,829	144,576	9,159	1,735	229,211	252,182
Payments for redemptions by unitholders		(347,145)	(455,525)	(9,782)	(9,635)	(325,421)	(322,429)
Distributions paid		(99,838)	(42,047)	–	–	(20,638)	(20,248)
Net cash inflow/ (outflow) from financing activities		<u>(384,154)</u>	<u>(352,996)</u>	<u>(623)</u>	<u>(7,900)</u>	<u>(116,848)</u>	<u>(90,495)</u>
Net increase/ (decrease) in cash and cash equivalents		(2,205)	(25,408)	3,879	967	(37,071)	27,558
Cash and cash equivalents at the beginning of the financial year		8,318	33,472	2,536	1,568	57,406	29,954
Effects of foreign currency exchange rate changes on cash and cash equivalents		(136)	254	11	1	240	(106)

Franklin Templeton Australia Funds
Statements of cash flows
For the year ended 30 June 2026

Statements of cash flows (continued)

	Notes	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
		Year ended		Year ended		Year ended	
		30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000
Cash and cash equivalents at the end of the financial year	11	<u>5,977</u>	<u>8,318</u>	<u>6,426</u>	<u>2,536</u>	<u>20,575</u>	<u>57,406</u>
Non-cash financing activities	12(b)	<u>6,927</u>	<u>1,029</u>	<u>–</u>	<u>–</u>	<u>580</u>	<u>1,445</u>
						Franklin Athena Fund	
						Year ended	
						30 June 2026 \$'000	30 June 2025 \$'000
						Notes	
Cash flows from operating activities							
Proceeds from sale of financial instruments at fair value through profit or loss						68,263	4,979
Purchases of financial instruments at fair value through profit or loss						(120,073)	(21,854)
Transaction costs paid						(22)	(7)
Distributions received						2,573	2,937
Interest received						19	4
Other income received						1	–
Management costs paid						(540)	(322)
Payment of other expenses						(8)	(8)
Net cash inflow/(outflow) from operating activities	12(a)					<u>(49,787)</u>	<u>(14,271)</u>
Cash flows from financing activities							
Proceeds from applications by unitholders						60,000	23,306
Payments for redemptions by unitholders						(8,696)	(7,707)
Distributions paid						(1,357)	(1,155)
Net cash inflow/(outflow) from financing activities						<u>49,947</u>	<u>14,444</u>
Net increase/(decrease) in cash and cash equivalents						<u>160</u>	<u>173</u>
Cash and cash equivalents at the beginning of the financial year						<u>321</u>	<u>148</u>
Cash and cash equivalents at the end of the financial year	11					<u>481</u>	<u>321</u>
Non-cash financing activities	12(b)					<u>251</u>	<u>166</u>

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

1 General information

The financial statements cover the following managed investment schemes (the "Funds"). The Funds are registered managed investment schemes under the *Corporations Act 2001*. The Funds may be terminated in accordance with the provisions of the Funds' Constitutions. The Funds are domiciled in Australia. The respective constitution dates are as follows:

- Franklin Global Growth Fund constituted on 11 July 2008 (amended on 5 March 2024 for the purpose of Franklin Global Growth Fund - Active ETF);
- Franklin Templeton Global Aggregate Bond Fund constituted on 18 October 2012 (amended on 25 November 2021);
- Franklin Australian Absolute Return Bond Fund constituted on 22 December 2014 (amended on 5 March 2024 for the purpose of Franklin Australian Absolute Return Bond Fund - Active ETF);
- Franklin Athena Fund (previously known as Franklin K2 Athena Fund amended on 17 October 2025) constituted on 9 January 2023.

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

The financial statements are presented in the Australian currency.

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

Units in Class A of the following funds are quoted on the AQUA Market of the ASX as below:

- Franklin Global Growth Fund – ASX code: FRGG
- Franklin Australian Absolute Return Bond Fund – ASX code: FRAR

This allows investors to invest in these units by either purchasing them on the ASX or applying directly with the Responsible Entity. Investors can also withdraw from these units by either submitting a withdrawal request directly to the Responsible Entity or by selling the units on the ASX.

The Athena Fund invests in the Franklin Athena Uncorrelated Strategies UCITS Fund ("the underlying fund") to implement its investment strategy. The underlying investment fund's objective is to achieve long-term capital appreciation with lower volatility relative to the equity markets and substantially less correlation to traditional asset classes over a full market cycle by pursuing various risk premia strategies, which seek to profit from persistent behavioural and/or structural anomalies or other factors.

The financial statements were authorised for issue by the directors of the Responsible Entity on 21 September 2026. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policies

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

(a) Basis of preparation

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

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

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

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

(i) Compliance with International Financial Reporting Standards

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

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

A number of amendments to standards and interpretations are effective for annual periods beginning after 1 July 2025. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the Funds current or future periods.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(iii) New accounting standards, amendments or interpretations not yet adopted by the Funds

Certain new accounting standards, amendments or interpretations to accounting standards have been published that are not mandatory for the year ended 30 June 2026 and have not been early adopted by the Funds. The new standard and amendment applicable to the Funds and its assessment is as follows:

- *Amendments to the Classification and Measurement of Financial Instruments* – Amendments to AASB 9 *Financial Instruments* and AASB 7 *Financial Instruments: Disclosures* (effective for annual periods beginning on or after 1 January 2026).

The AASB issued targeted amendments to AASB 9 and AASB 7 to respond to recent questions arising in practice, and to include new requirements for all reporting entities. Among other amendments, the AASB clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

- *AASB 18 Presentation and Disclosure in Financial Statements* (effective for annual periods beginning on or after 1 January 2027)

The AASB issued the new standard on presentation and disclosure in financial statements, which replaces AASB101 *Presentation of Financial Statements*, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in AASB 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- the requirement to determine the most useful structured summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Funds are currently still assessing the effect of the forthcoming standard and amendments.

No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Funds.

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

(i) Classification

Assets

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

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

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

Liabilities

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

(ii) Recognition/derecognition

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

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

2 Summary of material accounting policies (continued)

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

(iii) Measurement

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

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

Further details on how the fair values of financial instruments are determined are disclosed in note 5.

(iv) Offsetting financial instruments

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

(c) Net assets attributable to unitholders

For classes quoted on AQUA market:

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

For unquoted classes:

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

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

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

Units are classified as equity if they satisfy the following criteria under AASB132 *Financial instruments: Presentation*:

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

(d) Cash and cash equivalents

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

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

(e) Margin accounts

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

(f) Investment income

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

2 Summary of material accounting policies (continued)

(f) Investment income (continued)

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

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

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

(g) Expenses

All expenses, including management costs, Responsible Entity's fees, administration and other Fund costs are recognised in the statements of comprehensive income on an accruals basis.

(h) Income tax

Under current legislation, the Funds are not subject to income tax provided they attribute the entirety of their taxable income to their unitholders either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Funds).

The benefit of imputation credits and foreign tax paid are passed on to unitholders. The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains.

(i) Distributions

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

(j) Segment information

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

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

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

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

(l) Unsettled trades

Unsettled trades represent receivables for unit trust sales and payables for unit trust purchases that have been contracted for but not yet delivered by the end of the financial year. Trades are recorded on trade date, and normally settled within three business days.

(m) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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2 Summary of material accounting policies (continued)

(n) Due from/to brokers

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

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

(o) Receivables and accrued income

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

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

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

(p) Payables

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

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

(q) Applications and redemptions

For classes quoted on AQUA market:

Investors can buy and sell units of the Funds through a broker who will use the CHESS to settle the transactions. The price applied to the investor's buy order will be the market price at the time of purchase as reflected by the price at which they have bought units on the ASX.

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

For unquoted classes:

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

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

(r) Goods and Services Tax (GST)

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

Payables are stated with the amount of GST included.

The net amount of GST recoverable from the ATO is included in receivables in the statements of financial position.

2 Summary of material accounting policies (continued)

(r) Goods and Services Tax (GST) (continued)

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

(s) Use of estimates

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

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

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

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

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

(t) Investment entity exception

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

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

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

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

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

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

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

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

(u) Rounding of amounts

The Funds are entities of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183*, and in accordance with that instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars in accordance with that instrument, unless otherwise stated.

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

3 Financial risk management

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

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

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

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

	Franklin Global Growth Fund					
	US Dollars \$'000	Euros \$'000	Danish Krone \$'000	British Pounds \$'000	Japanese Yen \$'000	Other Currencies \$'000
30 June 2026						
Monetary						
Cash and cash equivalents	1	–	–	–	–	–
Receivables	192	85	18	–	–	1,471
Accrued income	28	–	–	–	–	–
Due to brokers - payable for securities purchased	–	–	–	–	2,079	–
Non-monetary						
Financial assets at fair value through profit or loss	162,506	9,542	7,011	6,754	5,922	5,452
Financial liabilities at fair value through profit or loss	(73)	(1)	–	(1)	–	(1)
	<u>162,654</u>	<u>9,626</u>	<u>7,029</u>	<u>6,753</u>	<u>8,001</u>	<u>6,922</u>
Net increase/(decrease) in exposure from foreign currency forward contracts						
- Buy foreign currency	616	115	51	120	2,081	195
- Sell foreign currency	(6,104)	(442)	(289)	(352)	(262)	(386)
	<u>157,166</u>	<u>9,299</u>	<u>6,791</u>	<u>6,521</u>	<u>9,820</u>	<u>6,731</u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Global Growth Fund				
	US Dollars \$'000	Swiss Francs \$'000	Euros \$'000	Danish Krone \$'000	British Pounds \$'000
30 June 2025					
Monetary					
Cash and cash equivalents	1,021	–	–	–	–
Receivables	213	1,551	123	59	–
Margin accounts	(275)	–	–	–	–
Non-monetary					
Financial assets at fair value through profit or loss	472,084	58,697	33,658	23,532	15,850
Financial liabilities at fair value through profit or loss	–	(41)	(19)	(13)	(4)
	<u>473,043</u>	<u>60,207</u>	<u>33,762</u>	<u>23,578</u>	<u>15,846</u>
Net increase/(decrease) in exposure from foreign currency forward contracts					
- Buy foreign currency	779	74	67	39	23
- Sell foreign currency	(13,941)	(1,740)	(1,008)	(697)	(487)
	<u>459,881</u>	<u>58,541</u>	<u>32,821</u>	<u>22,920</u>	<u>15,382</u>

	Franklin Templeton Global Aggregate Bond Fund					
	US Dollars \$'000	Euros \$'000	British Pounds \$'000	Mexican Peso \$'000	Polish Zloty \$'000	Other Currencies \$'000
30 June 2026						
Monetary						
Cash and cash equivalents	787	96	15	–	19	109
Margin accounts	648	–	–	–	–	–
Receivables	–	–	–	–	3	–
Non-monetary						
Financial assets at fair value through profit or loss	12,652	9,554	2,397	1,049	942	947
Financial liabilities at fair value through profit or loss	(468)	(65)	(40)	(35)	–	–
	<u>13,619</u>	<u>9,585</u>	<u>2,372</u>	<u>1,014</u>	<u>964</u>	<u>1,056</u>
Net increase/(decrease) in exposure from foreign currency forward contracts						
- Buy foreign currency	115	–	–	–	–	–
- Sell foreign currency	(13,631)	(9,559)	(2,347)	(1,008)	(924)	(957)
	<u>103</u>	<u>26</u>	<u>25</u>	<u>6</u>	<u>40</u>	<u>99</u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Templeton Global Aggregate Bond Fund					
	US Dollars \$'000	Euros \$'000	Renminbi \$'000	Mexican Peso \$'000	Canadian Dollars \$'000	Other Currencies \$'000
30 June 2025						
Monetary						
Cash and cash equivalents	896	23	103	118	135	161
Margin accounts	215	–	–	–	–	–
Receivables	–	–	–	–	–	1
Non-monetary						
Financial assets at fair value through profit or loss	18,512	7,175	1,557	1,542	1,052	2,090
Financial liabilities at fair value through profit or loss	(28)	(124)	–	(44)	–	(68)
	<u>19,595</u>	<u>7,074</u>	<u>1,660</u>	<u>1,616</u>	<u>1,187</u>	<u>2,184</u>
Net increase/(decrease) in exposure from foreign currency forward contracts						
- Buy foreign currency	–	600	–	–	–	1,065
- Sell foreign currency	(19,601)	(7,648)	(1,551)	(1,402)	(1,126)	(3,187)
	<u>(6)</u>	<u>26</u>	<u>109</u>	<u>214</u>	<u>61</u>	<u>62</u>

Franklin Australian Absolute Return Bond Fund

	US Dollars \$'000	Euros \$'000	New Zealand Dollars \$'000
30 June 2026			
Monetary			
Cash and cash equivalents	994	105	1
Margin accounts	3,342	–	1
Non-monetary			
Financial assets at fair value through profit or loss	184,135	28,281	–
Financial liabilities at fair value through profit or loss	(4,027)	(14)	–
	<u>184,444</u>	<u>28,372</u>	<u>2</u>
Net increase/(decrease) in exposure from foreign currency forward contracts			
- Buy foreign currency	7,616	–	29,704
- Sell foreign currency	(182,821)	(28,143)	–
	<u>9,239</u>	<u>229</u>	<u>29,706</u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Franklin Australian Absolute Return Bond Fund		
	US Dollars	New Zealand	Euros
	\$'000	Dollars \$'000	\$'000
30 June 2025			
Monetary			
Cash and cash equivalents	45,749	1,047	449
Margin accounts	–	41	–
Due from brokers - receivable for securities sold	–	–	3,956
Receivables	–	9	–
Margin accounts	(296)	–	–
Due to brokers - payable for securities purchased	(10,864)	–	–
Non-monetary			
Financial assets at fair value through profit or loss	204,360	58,851	21,119
Financial liabilities at fair value through profit or loss	(26,993)	(783)	(852)
	<u>211,956</u>	<u>59,165</u>	<u>24,672</u>
Net increase/(decrease) in exposure from foreign currency forward contracts			
- Sell foreign currency	<u>(230,420)</u>	<u>(58,237)</u>	<u>(24,281)</u>
	<u>(18,464)</u>	<u>928</u>	<u>391</u>

The Franklin Athena Fund is not directly subject to material foreign exchange risk as securities are held in Australian Dollars.

For Franklin Australian Absolute Return Bond Fund, the geographic exposure outside Australia is assessed based on country of risk. This generally relates 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 is 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.

(ii) Cash flow and fair value interest rate risk

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

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

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

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Franklin Global Growth Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2026				
Financial assets				
Cash and cash equivalents	5,977	—	—	5,977
Receivables	—	—	2,069	2,069
Accrued income	—	—	28	28
Financial assets at fair value through profit or loss	—	—	197,190	197,190
Total assets	5,977	—	199,287	205,264
Financial liabilities				
Due to brokers - payable for securities purchased	—	—	2,079	2,079
Distribution payable	—	—	36,342	36,342
Payables	—	—	2,237	2,237
Financial liabilities at fair value through profit or loss	—	—	81	81
Total liabilities (excluding net assets attributable to unitholders)	—	—	40,739	40,739
Net exposure	5,977	—	158,548	164,525
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2025				
Financial assets				
Cash and cash equivalents	8,318	—	—	8,318
Receivables	—	—	2,421	2,421
Accrued income	—	—	273	273
Financial assets at fair value through profit or loss	—	—	603,909	603,909
Total assets	8,318	—	606,603	614,921
Financial liabilities				
Margin accounts	275	—	—	275
Distribution payable	—	—	106,765	106,765
Payables	—	—	3,106	3,106
Financial liabilities at fair value through profit or loss	—	—	80	80
Total liabilities (excluding net assets attributable to unitholders)	275	—	109,951	110,226
Net exposure	8,043	—	496,652	504,695

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Franklin Templeton Global Aggregate Bond Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2026				
Financial assets				
Cash and cash equivalents	6,426	—	—	6,426
Margin accounts	648	—	—	648
Receivables	—	—	9	9
Financial assets at fair value through profit or loss	4,405	24,291	12	28,708
Total assets	11,479	24,291	21	35,791
Financial liabilities				
Payables	—	—	96	96
Financial liabilities at fair value through profit or loss	—	—	608	608
Total liabilities (excluding net assets attributable to unitholders)	—	—	704	704
Net increase/(decrease) in exposure from International fixed interest futures	—	3,446	—	3,446
Net exposure	11,479	27,737	(683)	38,533
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2025				
Financial assets				
Cash and cash equivalents	2,536	—	—	2,536
Margin accounts	215	—	—	215
Receivables	—	—	7	7
Financial assets at fair value through profit or loss	3,749	28,136	320	32,205
Total assets	6,500	28,136	327	34,963
Financial liabilities				
Payables	—	—	78	78
Financial liabilities at fair value through profit or loss	—	28	236	264
Total liabilities (excluding net assets attributable to unitholders)	—	28	314	342
Net increase/(decrease) in exposure from International fixed interest futures	—	(2,102)	—	(2,102)
Net exposure	6,500	26,006	13	32,519

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Franklin Australian Absolute Return Bond Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2026				
Financial assets				
Cash and cash equivalents	20,575	—	—	20,575
Margin accounts	16,321	—	—	16,321
Receivables	—	—	1,812	1,812
Accrued income	—	—	16	16
Financial assets at fair value through profit or loss	289,837	686,676	583	977,096
Total assets	326,733	686,676	2,411	1,015,820
Financial liabilities				
Margin accounts	535	—	—	535
Distribution payable	—	—	13,539	13,539
Payables	—	—	3,256	3,256
Financial liabilities at fair value through profit or loss	—	3,875	1,964	5,839
Total liabilities (excluding net assets attributable to unitholders)	535	3,875	18,759	23,169
Net increase/(decrease) in exposure from Australian fixed interest futures	—	42,023	—	42,023
Net increase/(decrease) in exposure from International fixed interest futures	—	173,508	—	173,508
Net exposure	326,198	898,332	(16,348)	1,208,182

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Franklin Australian Absolute Return Bond Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2025				
Financial assets				
Cash and cash equivalents	57,406	—	—	57,406
Margin accounts	33,613	—	—	33,613
Due from brokers - receivable for securities sold	—	—	15,916	15,916
Receivables	—	—	1,242	1,242
Accrued income	—	—	36	36
Financial assets at fair value through profit or loss	284,662	725,586	6,027	1,016,275
Total assets	375,681	725,586	23,221	1,124,488
Financial liabilities				
Margin accounts	3,152	—	—	3,152
Due to brokers - payable for securities purchased	—	—	10,864	10,864
Distribution payable	—	—	2,341	2,341
Payables	—	—	3,816	3,816
Financial liabilities at fair value through profit or loss	2,421	23,842	1,635	27,898
Total liabilities (excluding net assets attributable to unitholders)	5,573	23,842	18,656	48,071
Net increase/(decrease) in exposure from Australian fixed interest futures	—	(117,938)	—	(117,938)
Net increase/(decrease) in exposure from International fixed interest futures	—	621,438	—	621,438
Net increase/(decrease) in exposure from International interest rate swaps	—	59	—	59
Net exposure	370,108	1,205,303	4,565	1,579,976

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

3 Financial risk management (continued)

(a) Market risk (continued)

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

	Franklin Athena Fund			
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2026				
Financial assets				
Cash and cash equivalents	481	—	—	481
Receivables	—	—	61	61
Financial assets at fair value through profit or loss	—	—	116,600	116,600
Total assets	481	—	116,661	117,142
Financial liabilities				
Due to brokers - payable for securities purchased	—	—	271	271
Distribution payable	—	—	2,521	2,521
Payables	—	—	335	335
Total liabilities (excluding net assets attributable to unitholders)	—	—	3,127	3,127
Net exposure	481	—	113,534	114,015
	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Total \$'000
30 June 2025				
Financial assets				
Cash and cash equivalents	321	—	—	321
Receivables	—	—	30	30
Financial assets at fair value through profit or loss	—	—	60,613	60,613
Total assets	321	—	60,643	60,964
Financial liabilities				
Due to brokers - payable for securities purchased	—	—	108	108
Distribution payable	—	—	1,375	1,375
Payables	—	—	292	292
Total liabilities (excluding net assets attributable to unitholders)	—	—	1,775	1,775
Net exposure	321	—	58,868	59,189

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

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

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

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

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

3 Financial risk management (continued)

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

Assumptions and limitations of VaR

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

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

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

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

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

Franklin Global Growth Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2026	3.85	164,525	6,334
30 June 2025	5.08	504,695	25,639
Franklin Templeton Global Aggregate Bond Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2026	0.68	35,087	239
30 June 2025	0.95	34,621	329
Franklin Australian Absolute Return Bond Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2026	0.46	992,651	4,566
30 June 2025	0.39	1,076,417	4,198
Franklin Athena Fund	VaR Factor	Net assets attributable to unitholders	Estimated impact of net assets attributable to unitholders
	%	\$'000	\$'000
30 June 2026	1.05	114,015	1,197
30 June 2025	1.30	59,189	769

(c) Credit risk

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

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

Credit risk is managed by ensuring that:

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

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

3 Financial risk management (continued)

(c) Credit risk (continued)

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

Rating	Franklin Templeton Global Aggregate Bond Fund	
	30 June 2026 \$'000	30 June 2025 \$'000
AAA	2,108	1,052
AA+	5,042	7,368
AA	1,467	1,048
AA-	818	360
A+	1,649	2,347
A	3,039	2,405
A-	2,395	4,564
BBB+	7,698	7,133
BBB	2,785	3,827
BBB-	1,051	882
Not-rated	626	869
Total	28,678	31,855

Rating	Franklin Australian Absolute Return Bond Fund	
	30 June 2026 \$'000	30 June 2025 \$'000
AAA	241,216	194,902
AA+	17,139	32,434
AA	14,450	11,104
AA-	45,914	57,011
A+	43,989	88,569
A	44,197	34,271
A-	173,679	186,880
BBB+	155,999	204,801
BBB	170,113	124,096
BBB-	64,710	70,135
BB+	—	3,221
Total	971,406	1,007,424

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

(d) Liquidity risk

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

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

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

3 Financial risk management (continued)

(d) Liquidity risk (continued)

The following tables analyse the Funds' non-derivative financial liabilities based on financial year end to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Franklin Global Growth Fund					
30 June 2026	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Due to brokers - payable for securities purchased	2,079	—	—	—	2,079
Distribution payable	36,342	—	—	—	36,342
Payables	2,237	—	—	—	2,237
Net assets attributable to unitholders	164,525	—	—	—	164,525
Total liabilities (excluding derivatives)	205,183	—	—	—	205,183

30 June 2025	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Margin accounts	275	—	—	—	275
Distribution payable	106,765	—	—	—	106,765
Payables	3,106	—	—	—	3,106
Net assets attributable to unitholders	504,695	—	—	—	504,695
Total liabilities (excluding derivatives)	614,841	—	—	—	614,841

Franklin Templeton Global Aggregate Bond Fund					
30 June 2026	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Payables	96	—	—	—	96
Net assets attributable to unitholders	35,087	—	—	—	35,087
Total liabilities (excluding derivatives)	35,183	—	—	—	35,183

30 June 2025	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Payables	78	—	—	—	78
Net assets attributable to unitholders	34,621	—	—	—	34,621
Total liabilities (excluding derivatives)	34,699	—	—	—	34,699

International fixed interest futures	—	28	—	—	28
Net settled derivatives	—	28	—	—	28

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Franklin Australian Absolute Return Bond Fund					
30 June 2026	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Margin accounts	535	–	–	–	535
Distribution payable	13,539	–	–	–	13,539
Payables	3,256	–	–	–	3,256
Net assets attributable to unitholders	992,651	–	–	–	992,651
Total liabilities (excluding derivatives)	1,009,981	–	–	–	1,009,981
Australian fixed interest futures	–	843	–	–	843
International fixed interest futures	–	596	–	–	596
Swaps	–	–	–	2,436	2,436
Net settled derivatives	–	1,439	–	2,436	3,875
30 June 2025	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Margin accounts	3,152	–	–	–	3,152
Due to brokers - payable for securities purchased	10,864	–	–	–	10,864
Distribution payable	2,341	–	–	–	2,341
Payables	3,816	–	–	–	3,816
Net assets attributable to unitholders	1,076,417	–	–	–	1,076,417
Total liabilities (excluding derivatives)	1,096,590	–	–	–	1,096,590
Australian fixed interest futures	–	569	–	–	569
International fixed interest futures	–	2,607	–	–	2,607
Swaps	–	–	–	23,087	23,087
Net settled derivatives	–	3,176	–	23,087	26,263

Franklin Athena Fund					
30 June 2026	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Due to brokers - payable for securities purchased	271	–	–	–	271
Distribution payable	2,521	–	–	–	2,521
Payables	335	–	–	–	335
Total liabilities (excluding derivatives)	3,127	–	–	–	3,127
30 June 2025	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Due to brokers - payable for securities purchased	108	–	–	–	108
Distribution payable	1,375	–	–	–	1,375
Payables	292	–	–	–	292
Total liabilities (excluding derivatives)	1,775	–	–	–	1,775

3 Financial risk management (continued)

(d) Liquidity risk (continued)

Maturities of gross-settled derivative financial instruments

The tables below analyse the Funds' gross-settled derivative financial instruments based on their contractual maturity. The Funds may at their discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

Franklin Global Growth Fund					
30 June 2026	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Forward currency contracts					
Inflows	11,013	-	-	-	11,013
(Outflows)	(11,087)	-	-	-	(11,087)
Net	(74)	-	-	-	(74)
30 June 2025	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Forward currency contracts					
Inflows	18,784	-	-	-	18,784
(Outflows)	(18,774)	-	-	-	(18,774)
Net	10	-	-	-	10

Franklin Templeton Global Aggregate Bond Fund					
30 June 2026	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Forward currency contracts					
Inflows	28,541	-	-	-	28,541
(Outflows)	(29,137)	-	-	-	(29,137)
Net	(596)	-	-	-	(596)
30 June 2025	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
Forward currency contracts					
Inflows	-	36,221	-	-	36,221
(Outflows)	-	(36,137)	-	-	(36,137)
Net	-	84	-	-	84

3 Financial risk management (continued)

(d) Liquidity risk (continued)

	Franklin Australian Absolute Return Bond Fund				
	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
30 June 2026					
Forward currency contracts					
Inflows	248,617	—	—	—	248,617
(Outflows)	(249,998)	—	—	—	(249,998)
Net	(1,381)	—	—	—	(1,381)
	Less than 1 month \$'000	1 - 6 months \$'000	6 - 12 months \$'000	Over 12 months \$'000	Total \$'000
30 June 2025					
Forward currency contracts					
Inflows	313,427	—	—	—	313,427
(Outflows)	(309,035)	—	—	—	(309,035)
Net	4,392	—	—	—	4,392

Franklin Templeton Australia Funds
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4 Offsetting financial assets and financial liabilities

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

Franklin Global Growth Fund						
Effects of offsetting on the statement of financial position			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets and liabilities presented in the statement of financial position \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2026						
Financial assets						
Derivative financial instruments	7	-	7	(5)	-	2
Total	<u>7</u>	<u>-</u>	<u>7</u>	<u>(5)</u>	<u>-</u>	<u>2</u>
Financial liabilities						
Derivative financial instruments	81	-	81	(5)	-	76
Total	<u>81</u>	<u>-</u>	<u>81</u>	<u>(5)</u>	<u>-</u>	<u>76</u>

Effects of offsetting on the statement of financial position			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets and liabilities presented in the statement of financial position \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2025						
Financial assets						
Derivative financial instruments	90	-	90	(77)	-	13
Total	<u>90</u>	<u>-</u>	<u>90</u>	<u>(77)</u>	<u>-</u>	<u>13</u>
Financial liabilities						
Derivative financial instruments	80	-	80	(77)	-	4
Total	<u>80</u>	<u>-</u>	<u>80</u>	<u>(77)</u>	<u>-</u>	<u>4</u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

4 Offsetting financial assets and financial liabilities (continued)

Franklin Templeton Global Aggregate Bond Fund						
Effects of offsetting on the statement of financial position			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets and liabilities presented in the statement of financial position \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2026						
Financial assets						
Derivative financial instruments	30	—	30	(8)	—	22
Total	<u>30</u>	<u>—</u>	<u>30</u>	<u>(8)</u>	<u>—</u>	<u>22</u>
Financial liabilities						
Derivative financial instruments	608	—	608	(8)	—	600
Total	<u>608</u>	<u>—</u>	<u>608</u>	<u>(8)</u>	<u>—</u>	<u>600</u>

Effects of offsetting on the statement of financial position			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets and liabilities presented in the statement of financial position \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2025						
Financial assets						
Derivative financial instruments	350	—	350	(82)	—	268
Total	<u>350</u>	<u>—</u>	<u>350</u>	<u>(82)</u>	<u>—</u>	<u>268</u>
Financial liabilities						
Derivative financial instruments	264	—	264	(82)	—	182
Total	<u>264</u>	<u>—</u>	<u>264</u>	<u>(82)</u>	<u>—</u>	<u>182</u>

Franklin Templeton Australia Funds
Notes to the financial statements
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4 Offsetting financial assets and financial liabilities (continued)

Franklin Australian Absolute Return Bond Fund						
Effects of offsetting on the statement of financial position			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets and liabilities presented in the statement of financial position \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2026						
Financial assets						
Derivative financial instruments	5,690	—	5,690	(727)	(173)	4,790
Total	<u>5,690</u>	<u>—</u>	<u>5,690</u>	<u>(727)</u>	<u>(173)</u>	<u>4,790</u>
Financial liabilities						
Derivative financial instruments	5,839	—	5,839	(727)	(4,553)	559
Total	<u>5,839</u>	<u>—</u>	<u>5,839</u>	<u>(727)</u>	<u>(4,553)</u>	<u>559</u>

Effects of offsetting on the statement of financial position			Related amounts not offset			
	Gross amounts of financial assets and liabilities \$'000	Gross amounts set off in the statement of financial position \$'000	Net amount of financial assets and liabilities presented in the statement of financial position \$'000	Amount subject to master netting arrangements \$'000	Cash collateral pledged \$'000	Net amount \$'000
30 June 2025						
Financial assets						
Derivative financial instruments	8,851	—	8,851	(4,242)	(2,659)	1,950
Total	<u>8,851</u>	<u>—</u>	<u>8,851</u>	<u>(4,242)</u>	<u>(2,659)</u>	<u>1,950</u>
Financial liabilities						
Derivative financial instruments	27,898	—	27,898	(4,242)	(7,379)	16,277
Total	<u>27,898</u>	<u>—</u>	<u>27,898</u>	<u>(4,242)</u>	<u>(7,379)</u>	<u>16,277</u>

5 Fair value measurement

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

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

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

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value hierarchy;

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

5 Fair value measurement (continued)

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

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

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

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

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

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

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(iii) Fair value in an inactive or unquoted market (level 3)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where risk gives rise to a significant unobservable adjustment. The fair value of financial assets and liabilities is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the financial year applicable for an instrument with similar terms and conditions.

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

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

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

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

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

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

Franklin Templeton Australia Funds
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5 Fair value measurement (continued)

Recognised fair value measurements

The following tables present the Funds' assets and liabilities measured and recognised at fair value as at 30 June 2026 and 30 June 2025:

Franklin Global Growth Fund				
At 30 June 2026	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	–	7	–	7
Listed equities	197,183	–	–	197,183
Total	197,183	7	–	197,190
Financial liabilities at fair value through profit or loss				
Derivatives	–	81	–	81
Total	–	81	–	81
At 30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	–	90	–	90
Listed equities	603,819	–	–	603,819
Total	603,819	90	–	603,909
Financial liabilities at fair value through profit or loss				
Derivatives	–	80	–	80
Total	–	80	–	80

Franklin Templeton Global Aggregate Bond Fund				
At 30 June 2026	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	18	12	–	30
Debt securities	–	28,678	–	28,678
Total	18	28,690	–	28,708
Financial liabilities at fair value through profit or loss				
Derivatives	–	608	–	608
Total	–	608	–	608
At 30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	30	320	–	350
Debt securities	–	31,855	–	31,855
Total	30	32,175	–	32,205
Financial liabilities at fair value through profit or loss				
Derivatives	28	236	–	264
Total	28	236	–	264

Franklin Templeton Australia Funds
Notes to the financial statements
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5 Fair value measurement (continued)

Recognised fair value measurements (continued)

Franklin Australian Absolute Return Bond Fund				
At 30 June 2026	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	387	5,303	–	5,690
Debt securities	–	971,406	–	971,406
Total	387	976,709	–	977,096
Financial liabilities at fair value through profit or loss				
Derivatives	1,439	4,400	–	5,839
Total	1,439	4,400	–	5,839
At 30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Derivatives	2,824	6,027	–	8,851
Debt securities	–	1,005,666	–	1,005,666
Money market securities	–	1,758	–	1,758
Total	2,824	1,013,451	–	1,016,275
Financial liabilities at fair value through profit or loss				
Derivatives	3,176	24,722	–	27,898
Total	3,176	24,722	–	27,898
Franklin Athena Fund				
At 30 June 2026	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Unlisted unit trusts	–	116,600	–	116,600
Total	–	116,600	–	116,600
At 30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Unlisted unit trusts	–	60,613	–	60,613
Total	–	60,613	–	60,613

The Funds' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no changes made to any of the valuation techniques applied as of 30 June 2026.

(iv) Transfers between levels

There were no transfers between levels for all funds during the financial year ended 30 June 2026 and 30 June 2025.

(v) Movement in level 3 instruments

There were no investments classified as level 3 within the Funds as at 30 June 2026 and 30 June 2025.

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

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

6 Financial assets at fair value through profit or loss

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	As at		As at		As at	
	30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000
Financial assets at fair value through profit or loss						
Derivatives	7	90	30	350	5,690	8,851
Equity securities	197,183	603,819	–	–	–	–
Debt securities	–	–	28,678	31,855	971,406	1,005,666
Money market securities	–	–	–	–	–	1,758
Total financial assets at fair value through profit or loss	197,190	603,909	28,708	32,205	977,096	1,016,275
Comprising:						
Derivatives						
Forward currency contracts	7	90	12	320	583	6,027
Australian fixed interest futures	–	–	–	–	385	–
International fixed interest futures	–	–	18	30	2	2,824
Swaps	–	–	–	–	4,720	–
Total derivatives	7	90	30	350	5,690	8,851
Equity securities						
International equity securities listed on a prescribed stock exchange	197,183	603,819	–	–	–	–
Total equity securities	197,183	603,819	–	–	–	–
Debt securities						
International government bonds	–	–	–	1,709	–	–
Australian public sector bonds	–	–	1,156	–	69,372	116,433
International public sector bonds	–	–	10,301	12,294	22,711	66,917
Australian corporate bonds	–	–	–	–	279,263	323,228
International corporate bonds	–	–	8,353	8,498	90,681	76,627
Australian commercial mortgages	–	–	–	–	220,540	126,368
International commercial mortgages	–	–	4,463	5,605	–	–
Australian floating rate notes	–	–	–	–	186,893	158,131
International floating rate notes	–	–	4,405	3,749	101,946	124,773
International other fixed interest securities	–	–	–	–	–	13,189
Total Debt securities	–	–	28,678	31,855	971,406	1,005,666

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

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

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	As at		As at		As at	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Comprising:						
Money market securities						
Australian money market securities	-	-	-	-	-	1,758
Total money market securities	-	-	-	-	-	1,758
Total financial assets at fair value through profit or loss	197,190	603,909	28,708	32,205	977,096	1,016,275

	Franklin Athena Fund	
	As at	
	30 June 2026	30 June 2025
	\$'000	\$'000
Financial assets at fair value through profit or loss		
Unlisted unit trusts	116,600	60,613
Total financial assets at fair value through profit or loss	116,600	60,613
Comprising:		
Unlisted unit trusts		
International unlisted trusts	116,600	60,613
Total unlisted unit trusts	116,600	60,613
Total financial assets at fair value through profit or loss	116,600	60,613

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

7 Financial liabilities at fair value through profit or loss

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	As at		As at		As at	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at fair value through profit or loss						
Derivatives	81	80	608	264	5,839	27,898
Total financial liabilities at fair value through profit or loss	81	80	608	264	5,839	27,898
Comprising:						
Derivatives						
Forward currency contracts	81	80	608	236	1,964	1,635
Australian fixed interest futures	–	–	–	–	843	569
International fixed interest futures	–	–	–	28	596	2,607
Swaps	–	–	–	–	2,436	23,087
Total derivatives	81	80	608	264	5,839	27,898
Total financial liabilities at fair value through profit or loss	81	80	608	264	5,839	27,898

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

8 Derivative financial instruments

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

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

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

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

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

The Funds may hold the following derivative financial instruments:

(i) Forward currency contracts

Forward currency contracts are primarily used by the Funds to hedge against foreign currency exchange rate risks on its non-Australian dollar denominated trading securities. The Funds agrees to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at the end of each reporting year. The Funds recognise a gain or loss equal to the change in fair value at the end of each reporting year.

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

8 Derivative financial instruments (continued)

(ii) Futures

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

(iii) Options

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

(iv) Swaps

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

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

Franklin Global Growth Fund						
	30 June 2026			30 June 2025		
	Fair Values			Fair Values		
	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	11,012	7	81	18,786	90	80
	11,012	7	81	18,786	90	80

Franklin Templeton Global Aggregate Bond Fund						
	30 June 2026			30 June 2025		
	Fair Values			Fair Values		
	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	28,541	12	608	36,179	320	236
International fixed interest futures	3,446	18	–	(2,102)	30	28
	31,987	30	608	34,077	350	264

Franklin Australian Absolute Return Bond Fund						
	30 June 2026			30 June 2025		
	Fair Values			Fair Values		
	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000	Contract/ Notional \$'000	Assets \$'000	Liabilities \$'000
Forward currency contracts	248,427	583	1,964	313,427	6,027	1,635
Australian fixed interest futures	42,023	385	843	(117,938)	—	569
International fixed interest futures	173,508	2	596	621,438	2,824	2,607
Swaps	—	4,720	2,436	—	—	23,087
	463,958	5,690	5,839	816,927	8,851	27,898

8 Derivative financial instruments (continued)

Risk exposures and fair value measurements

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

9 Net assets attributable to unitholders - equity/liability

Franklin Global Growth Fund

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

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

Franklin Templeton Global Aggregate Bond Fund

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

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

Franklin Australian Absolute Return Bond Fund

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

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

Franklin Athena Fund

The Fund's distributions are not classified as finance cost in the statements of comprehensive income, but rather as distributions to unitholders in the statement of changes in net assets attributable to unitholders - equity.

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

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

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

9 Net assets attributable to unitholders - equity/liability (continued)

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

	Franklin Global Growth Fund			
	As at			
	30 June 2026		30 June 2025	
	No.'000	\$'000	No.'000	\$'000
Class A				
Opening balance	196,801	412,929	258,863	587,625
Applications	27,670	57,449	32,866	80,270
Redemptions	(140,505)	(281,565)	(95,133)	(231,944)
Units issued upon reinvestment of distributions	863	1,810	205	467
Increase/(decrease) in net assets attributable to unitholders	—	(53,703)	—	(23,489)
Closing balance	84,829	136,920	196,801	412,929
Class A (Hedged)				
Opening balance	5,587	12,283	7,961	16,475
Applications	222	480	842	1,838
Redemptions	(3,382)	(7,204)	(3,216)	(6,853)
Increase/(decrease) in net assets attributable to unitholders	—	(181)	—	823
Closing balance	2,427	5,378	5,587	12,283
Class M				
Opening balance	31,476	74,318	76,808	194,911
Applications	2,030	4,817	23,177	61,877
Redemptions	(24,369)	(54,914)	(68,731)	(195,607)
Units issued upon reinvestment of distributions	2,167	5,117	222	562
Increase/(decrease) in net assets attributable to unitholders	—	(8,810)	—	12,575
Closing balance	11,304	20,528	31,476	74,318
Class M (Hedged)				
Opening balance	2,096	5,165	10,023	23,226
Applications	—	—	151	353
Redemptions	(1,413)	(3,433)	(8,078)	(19,749)
Increase/(decrease) in net assets attributable to unitholders	—	(33)	—	1,335
Closing balance	683	1,699	2,096	5,165
Total		164,525		504,695

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

9 Net assets attributable to unitholders - equity/liability (continued)

Franklin Templeton Global Aggregate Bond Fund				
As at				
	30 June 2026		30 June 2025	
	No.'000	\$'000	No.'000	\$'000
Class A				
Opening balance	34,144	34,616	42,080	39,814
Applications	8,764	9,159	1,775	1,737
Redemptions	(9,532)	(9,817)	(9,711)	(9,539)
Increase/(decrease) in net assets attributable to unitholders	—	1,124	—	2,604
Closing balance	<u>33,376</u>	<u>35,082</u>	<u>34,144</u>	<u>34,616</u>
Class M				
Opening balance	6	5	6	5
Closing balance	<u>6</u>	<u>5</u>	<u>6</u>	<u>5</u>
Total		<u><u>35,087</u></u>		<u><u>34,621</u></u>

Franklin Australian Absolute Return Bond Fund				
As at				
	30 June 2026		30 June 2025	
	No.'000	\$'000	No.'000	\$'000
Class A				
Opening balance	660,410	677,250	692,258	675,389
Applications	168,732	174,919	157,706	158,167
Redemptions	(157,376)	(163,240)	(189,580)	(190,019)
Units issued upon reinvestment of distributions	46	48	26	25
Increase/(decrease) in net assets attributable to unitholders	—	6,374	—	33,688
Closing balance	<u>671,812</u>	<u>695,351</u>	<u>660,410</u>	<u>677,250</u>
Class M				
Opening balance	388,711	399,167	412,177	402,338
Applications	52,891	54,868	89,918	90,474
Redemptions	(155,533)	(161,665)	(114,812)	(114,277)
Units issued upon reinvestment of distributions	515	532	1,428	1,420
Increase/(decrease) in net assets attributable to unitholders	—	4,398	—	19,212
Closing balance	<u>286,584</u>	<u>297,300</u>	<u>388,711</u>	<u>399,167</u>
Total		<u><u>992,651</u></u>		<u><u>1,076,417</u></u>

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

9 Net assets attributable to unitholders - equity/liability (continued)

Franklin Athena Fund				
As at				
	30 June 2026		30 June 2025	
	No.'000	\$'000	No.'000	\$'000
Opening balance	57,292	59,189	42,374	43,663
Applications	56,657	60,024	21,996	23,289
Redemptions	(8,056)	(8,652)	(7,239)	(7,688)
Units issued upon reinvestment of distributions	240	251	161	166
Distributions paid and payable	—	(2,754)	—	(2,695)
Profit/(loss) for the year	—	5,957	—	2,454
Closing balance	<u>106,133</u>	<u>114,015</u>	<u>57,292</u>	<u>59,189</u>

Capital Risk Management

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

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

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

10 Distributions to unitholders

The distributions paid/payable during the financial year were as follows:

Franklin Global Growth Fund				
Year ended				
	30 June 2026		30 June 2025	
Class A	\$'000	CPU	\$'000	CPU
Distribution payable				
- June	<u>31,568</u>	37.2140	<u>90,881</u>	46.1793
	<u>31,568</u>		<u>90,881</u>	
Class M	\$'000	CPU	\$'000	CPU
Distribution payable				
- June	<u>4,774</u>	42.2268	<u>15,884</u>	50.4639
	<u>4,774</u>		<u>15,884</u>	

There were no distributions for Franklin Global Growth Fund - Class A (Hedged) and Class M (Hedged) during the year ended 30 June 2026 and 30 June 2025.

Franklin Templeton Australia Funds
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10 Distributions to unitholders (continued)

Franklin Australian Absolute Return Bond Fund				
Year ended				
	30 June 2026		30 June 2025	
Class A	\$'000	CPU	\$'000	CPU
Distribution paid				
- July	685	0.1028	1,014	0.1473
- August	695	0.1033	1,023	0.1485
- September	703	0.1035	1,023	0.1492
- October	706	0.1041	1,020	0.1495
- November	1,058	0.1557	1,006	0.1496
- December	1,060	0.1555	1,008	0.1502
- January	1,069	0.1561	1,013	0.1513
- February	1,079	0.1563	1,007	0.1516
- March	1,431	0.2072	335	0.0507
- April	2,130	0.3116	334	0.0507
- May	2,103	0.3127	671	0.1020
Distribution payable				
- June	9,468	1.4093	1,448	0.2192
	<u>22,187</u>		<u>10,902</u>	
Class M	\$'000	CPU	\$'000	CPU
Distribution paid				
- July	402	0.1029	556	0.1475
- August	402	0.1034	552	0.1487
- September	404	0.1037	556	0.1493
- October	405	0.1043	559	0.1497
- November	556	0.1560	557	0.1498
- December	500	0.1558	565	0.1503
- January	501	0.1564	565	0.1514
- February	487	0.1566	563	0.1515
- March	637	0.2076	192	0.0508
- April	948	0.3123	197	0.0507
- May	916	0.3134	398	0.1021
Distribution payable				
- June	4,071	1.4207	893	0.2299
	<u>10,229</u>		<u>6,153</u>	
Franklin Athena Fund				
Year ended				
	30 June 2026		30 June 2025	
	\$'000	CPU	\$'000	CPU
Distribution paid				
- December	233	0.2436	1,320	2.3312
Distribution payable				
- June	2,521	2.3753	1,375	2.4004
	<u>2,754</u>		<u>2,695</u>	

There were no distributions for Franklin Templeton Global Aggregate Bond Fund - Class A and Class M during the year ended 30 June 2026 and 30 June 2025.

Franklin Templeton Australia Funds
Notes to the financial statements
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11 Cash and cash equivalents

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	As at		As at		As at	
	30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000	30 June 2026 \$'000	30 June 2025 \$'000
Domestic cash at bank	5,976	7,297	5,400	1,100	10,431	6,883
Foreign cash at bank	1	1,021	1,026	1,436	1,100	9,848
Term deposits	-	-	-	-	9,044	3,278
Money market instruments	-	-	-	-	-	37,397
Total cash and cash equivalents	5,977	8,318	6,426	2,536	20,575	57,406

	Franklin Athena Fund	
	As at	
	30 June 2026 \$'000	30 June 2025 \$'000
Domestic cash at bank	481	321
Total cash and cash equivalents	481	321

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

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

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities						
Operating profit/(loss) for the year	-	-	-	-	-	-
Increase/(decrease) in net assets attributable to unitholders	(62,727)	(8,756)	1,124	2,604	10,772	52,900
Distributions to unitholders	36,342	106,765	-	-	32,416	17,055
Net (gains)/losses on financial instruments at fair value through profit or loss	25,413	(99,867)	(278)	(1,641)	(2,859)	(32,370)
Proceeds from sale of financial instruments at fair value through profit or loss	548,895	569,289	18,536	18,478	909,252	669,216
Purchases of financial instruments at fair value through profit or loss	(165,705)	(239,131)	(14,764)	(10,713)	(868,405)	(588,150)
Net change in accrued income and receivables	572	(153)	-	53	(663)	750
Net change in payables	(841)	(559)	(71)	(7)	(736)	(1,348)
Net interest received/(paid) from debt securities	-	-	(45)	93	-	-
Net cash inflow/(outflow) from operating activities	<u>381,949</u>	<u>327,588</u>	<u>4,502</u>	<u>8,867</u>	<u>79,777</u>	<u>118,053</u>
(b) Non-cash financing activities						
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	<u>6,927</u>	<u>1,029</u>	<u>-</u>	<u>-</u>	<u>580</u>	<u>1,445</u>

Franklin Templeton Australia Funds
Notes to the financial statements
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12 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities (continued)

	Franklin Athena Fund	
	Year ended	
	30 June 2026 \$'000	30 June 2025 \$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Operating profit/(loss) for the year	5,957	2,454
Net (gains)/losses on financial instruments at fair value through profit or loss	(4,013)	110
Proceeds from sale of financial instruments at fair value through profit or loss	68,263	4,979
Purchases of financial instruments at fair value through profit or loss	(120,073)	(21,854)
Net change in accrued income and receivables	(8)	(8)
Net change in payables	87	48
Net cash inflow/(outflow) from operating activities	<u>(49,787)</u>	<u>(14,271)</u>
(b) Non-cash financing activities		
During the year, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	<u>251</u>	<u>166</u>

13 Remuneration of auditors

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

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2026 \$	30 June 2025 \$	30 June 2026 \$	30 June 2025 \$	30 June 2026 \$	30 June 2025 \$
PricewaterhouseCoopers						
Audit and other assurance services						
Audit and review of financial statements	26,436	25,666	14,280	13,864	29,624	28,762
Audit of compliance plan	4,803	4,485	3,177	2,905	4,803	4,485
Audit of specified assertions	1,503	1,458	1,503	1,458	1,503	1,458
Total remuneration for audit and other assurance services	<u>32,742</u>	<u>31,609</u>	<u>18,960</u>	<u>18,227</u>	<u>35,930</u>	<u>34,705</u>
Taxation services						
Tax compliance services	12,398	10,996	10,491	9,144	10,491	9,144
Total remuneration for taxation services	<u>12,398</u>	<u>10,996</u>	<u>10,491</u>	<u>9,144</u>	<u>10,491</u>	<u>9,144</u>
Total remuneration of PricewaterhouseCoopers	<u>45,140</u>	<u>42,605</u>	<u>29,451</u>	<u>27,371</u>	<u>46,421</u>	<u>43,849</u>

13 Remuneration of auditors (continued)

	Franklin Athena Fund	
	Year ended	
	30 June 2026	30 June 2025
	\$	\$
PricewaterhouseCoopers		
Audit and other assurance services		
Audit and review of financial statements	14,280	13,864
Audit of compliance plan	3,177	2,905
Audit of specified assertions	1,503	1,458
Total remuneration for audit and other assurance services	18,960	18,227
Taxation services		
Tax compliance services	10,491	9,144
Total remuneration for taxation services	10,491	9,144
Total remuneration of PricewaterhouseCoopers	29,451	27,371

14 Related party transactions

Responsible Entity

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

Key management personnel

(a) Directors

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

K. Dudley (appointed as Chairperson on 25 November 2025)
G. Shaneyfelt (resigned as Chairperson on 25 November 2025)
Q. Lupo
M. Sund
F. Walsh
M. Abell

(b) Other Key Management Personnel

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

(c) Compensation of Key Management Personnel

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

Related party transactions

During the year ended 30 June 2026, under the terms of the Funds' Constitutions the Responsible Entity was entitled to receive an all-inclusive management cost (inclusive of GST, net of Reduced Input Tax Credits (RITC) available to the Funds) over the Funds' average net assets attributable to unitholders for the financial year as follows:

Franklin Templeton Australia Funds
Notes to the financial statements
For the year ended 30 June 2026

14 Related party transactions (continued)

Related party transactions (continued)

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025
ICR (%)						
Class A	0.90	0.90	0.40*	0.54	0.50	0.50
Class M	0.75	0.75	0.35*	0.49	0.40	0.40
Class A (Hedged)	0.90	0.90	—	—	—	—
Class M (Hedged)	0.75	0.75	—	—	—	—

	Franklin Athena Fund	
	Year ended	
	30 June 2026	30 June 2025
ICR (%)		
Class A	0.80	0.80

*Rate changes were effective from 23 October 2025.

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

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

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

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

	Franklin Global Growth Fund		Franklin Templeton Global Aggregate Bond Fund		Franklin Australian Absolute Return Bond Fund	
	Year ended		Year ended		Year ended	
	30 June 2026	30 June 2025	30 June 2026	30 June 2025	30 June 2026	30 June 2025
	\$	\$	\$	\$	\$	\$
Management costs for the year paid by the Funds to the Responsible Entity	3,083,925	6,550,582	135,231	195,526	4,928,133	4,878,460
Total fees payable to the Responsible Entity at the year end	484,793	1,325,572	30,606	47,580	1,189,201	1,234,058

	Franklin Athena Fund	
	Year ended	
	30 June 2026	30 June 2025
	\$	\$
Management costs for the year paid by the Funds to the Responsible Entity	625,846	369,611
Total fees payable to the Responsible Entity at the year end	187,060	99,944

14 Related party transactions (continued)

Transactions with key management personnel

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

Key management personnel remuneration

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

Key management personnel unitholdings

There are no transaction occurred with key management personnel during the reporting period 30 June 2026 or 30 June 2025.

Key management personnel loan disclosures

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

Other transactions within the Funds

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

Investments

The Athena Fund invested in the AUD-hedged class of the Franklin Athena Uncorrelated Strategies UCITS Fund, which is managed by a related entity of the Responsible Entity that shares the same ultimate parent.

15 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2026 (2025: nil).

16 Events occurring after the financial year

On 15 September 2026, the Responsible Entity announced the following proposed changes to Franklin Global Growth Fund:

- the appointment of Putnam Investment Management, LLC as delegated investment manager;
- a change of the Fund's name to Franklin Putnam Global Core Equity Fund; and
- a reduction in management fees from 0.90% to 0.60% for Class A hedged and unhedged and 0.75% to 0.45% for Class M hedged and unhedged.

The fee reductions take effect from 15 September 2026. The remaining changes are expected to take effect on or around 14 October 2026, subject to completion of the required legal, operational and regulatory processes, including ASX approval.

These changes occurred after the balance date and have not been reflected in the financial statements for the year ended 30 June 2026.

Other than the matters disclosed above, no material events have occurred since the end of the financial year which would impact on the financial position of the Funds disclosed in the statements of financial position as at 30 June 2026 or on the results and cash flows of the Funds for the financial year ended on that date.

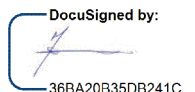
**Franklin Templeton Australia Funds
Directors' declaration
For the year ended 30 June 2026**

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 53 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial position as at 30 June 2026 and of their performance, for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

DocuSigned by:

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Director _____

M. Sund

Melbourne

21 September 2026



Independent auditor's report

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

- Franklin Global Growth Fund*
- Franklin Templeton Global Aggregate Bond Fund
- Franklin Australian Absolute Return Bond Fund*
- Franklin Athena Fund (previously known as Franklin K2 Athena Fund)

* denotes funds with classes quoted on the AQUA Market of the ASX.

Our opinion

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

- a) giving a true and fair view of the Funds' financial position as at 30 June 2026 and of their financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statements of financial position as at 30 June 2026;
- the statements of comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flows for the year then ended;
- the notes to the financial statements, including material accounting policy information and other explanatory information; and
- the directors' declaration.

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Basis for opinion

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

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

Independence

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

Our audit approach

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

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

Audit Scope

Our audit focused on where the Funds made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Our audit approach reflects the nature of the investments held by the Funds and consideration of the work undertaken by service organisations. The key service organisation relevant to our audit was the administrator and custodian, who maintains the accounting records of the Funds and provides valuation and custodian services for the Funds' investments.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Financial significance of financial assets and liabilities at fair value through profit or loss <i>(Refer to note 2 'Summary of material accounting policies' and note 5 'Fair value measurement' to the Financial Statements)</i> At 30 June 2026, financial assets and liabilities of the Funds measured at fair value through profit or loss in accordance with Australian Accounting Standards comprised listed equities, debt securities, derivatives and unlisted unit trusts (collectively, "investments"). As described in note 2 of the financial report, these investments are measured at fair value through profit or loss in accordance with Australian Accounting Standards. Whilst there is no significant judgement in determining the existence or valuation of these investments, we determined this to be a key audit matter because they represent a significant proportion of the total net assets attributable to unitholders of the Fund and fluctuations in the balance impact the net gains/(losses) on financial instruments at fair value through profit or loss recognised in the Funds' statements of comprehensive income	We performed the following procedures, amongst others: • Obtained and evaluated the most recent controls reports issued by the Funds' administrator and custodian, setting out the controls in place at these service organisations, which included an assurance report over the design and implementation, and operating effectiveness of those controls. • Obtained and assessed the reliability of an audit report from the third-party service organisation's auditors on the valuation and existence of the Funds' financial assets and liabilities as at balance sheet date. We compared the quantity holdings and value of the financial assets and liabilities as at 30 June 2026 as recorded in the Funds' financial statements and underlying accounting records to the third-party service organisation's auditor's report. • For a selection of non-custody investment positions held by the Funds which were not included in the scope of the third-party service organisation's auditor's report on existence, obtained independent confirmations from appropriate third parties and compared the confirmed balances to the Funds' underlying accounting records as at year end. • For unlisted unit trusts, we performed risk assessment procedures, taking into consideration the characteristics of the externally managed investment funds, as well as the nature and type of underlying assets held by the unlisted unit trusts. Based on the risk assessment procedures performed, we performed the following procedures, amongst others, for a selection of investments:

Key audit matter	How our audit addressed the key audit matter
	○ Obtained a confirmation from the external registries of the respective unlisted unit trusts and compared the confirmed balance to the Funds' accounting records; ○ Obtained valuation statements provided by external investment manager of the respective unlisted unit trusts and compared the valuation quoted by the external investment manager to Funds' accounting records; and ○ Assessed the reliability of the valuation statements provided by external investment managers with reference to the unlisted unit trusts' latest available audited financial statements. • Assessed the reasonableness of the disclosures in the financial report against the requirements of Australian Accounting Standards.

Other information

The directors of the Responsible Entity of the Funds are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

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

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

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



Responsibilities of the directors of the Responsible Entity of the Funds for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

The PricewaterhouseCoopers logo, featuring the company name in a stylized, cursive script font.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'K.J. Murray'.

KJ Murray
Partner

Melbourne
21 September 2026