

Product Profile

Product Details

Fund Assets	\$1,021,173,866.24
Fund Inception Date	01/10/2008
Number of Issuers	33
Base Currency	AUD
Investment Style	Growth
Benchmark	MSCI World ex-Australia Index-NR
ARSN	132 597 972

Overview

We focus on fundamental bottom-up stock analysis to identify and select quality growth companies with sustainable business models and proven management teams that are focused on the creation of shareholder value. We utilise the recommendations from this analysis to build a concentrated, best-ideas portfolio of 35–40 stocks that is benchmark indifferent, yet diversified, due to the limited overlap of economic exposures between companies. Our in-depth research supports our longer-term perspective, seeking to hold companies for three to five years.

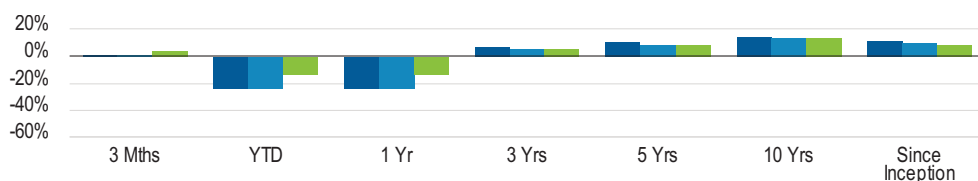
Performance Data¹

Average Annual Total Returns (Institutional, AUD %)²

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (16/10/2008)
Franklin Global Growth Fund - I Class - Gross of Fees	1.05	-23.13	-23.13	7.58	10.73	15.48	12.62
Franklin Global Growth Fund - I Class - Net of Fees	0.86	-23.72	-23.72	6.75	9.80	14.45	11.59
MSCI World ex-Australia Index-NR	3.95	-12.52	-12.52	6.22	9.26	13.75	9.41

Average Annual Total Returns (Wholesale, AUD %)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (01/10/2008)
Franklin Global Growth Fund - W Class - Gross of Fees	1.04	-23.14	-23.14	7.59	10.73	15.49	11.80
Franklin Global Growth Fund - W Class - Net of Fees	0.81	-23.84	-23.84	6.59	9.62	14.26	10.60
MSCI World ex-Australia Index-NR	3.95	-12.52	-12.52	6.22	9.26	13.75	8.97



- Franklin Global Growth Fund - W Class - Gross of Fees
- Franklin Global Growth Fund - W Class - Net of Fees
- MSCI World ex-Australia Index-NR

Calendar Year Returns (Wholesale, AUD %)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Franklin Global Growth Fund - W Class - Gross of Fees	-23.14	22.84	31.88	37.26	-2.60	26.90	3.79	18.03	13.81	43.23
Franklin Global Growth Fund - W Class - Net of Fees	-23.84	21.76	30.58	35.74	-3.70	25.50	2.63	16.71	12.57	41.63
MSCI World ex-Australia Index-NR	-12.52	29.58	5.73	27.97	1.52	13.38	7.92	11.80	15.01	48.03

1. Net Returns (NR) include income net of tax withholding when dividends are paid.

2. Periods of more than one year are annualised. **Past performance is not an indicator or a guarantee of future performance.**

Portfolio Manager Insight

Market Review

Global equities collectively advanced in the fourth quarter of 2022; however, as the quarter wound down, a return of investor concerns about slower global economic growth driven by the aggressive rate-hiking actions of many central banks during the year led global equities to retreat; they closed 2022 with their worst annual loss since the 2008 global financial crisis.

Performance Review

During the period, the account underperformed its benchmark, the MSCI World ex-Australia Index-NR, as stock selection in the Information Technology (IT), Health Care and Financials sectors hampered relative returns.

Conversely, stock selection in the Consumer Discretionary and Real Estate sectors supported relative performance.

In terms of sector allocations, a lack of exposure to Energy and an overweighting in the IT sector hampered relative results. In contrast, a lack of exposure to the Communication Services sector and an overweight in Health Care supported relative portfolio returns. On a regional level, stock selection in North America and Europe dampened relative returns, while stock selection in the United Kingdom nominally enhanced portfolio results and an overweighting in North America modestly offset some of the negative selection effects.

Outlook & Strategy

The rally over the fourth quarter was macro driven and the result of inflation data that indicated Central Bank rate hikes were beginning to pay off. While overall inflation rates continued to be high, the pace of inflation slowed. Behind the scenes, however, the good news came from goods inflation slowing as global supply chains normalized. In contrast, services- or labor-related inflation has remained mixed overall with no clear indication of slowing down just yet. Globally and especially in the US, employment markets remain healthy, in our view, with worker demand as measured by job openings remaining quite high.

In December of 2022, the Federal Reserve (Fed) slowed down the pace of rate hikes to 50 basis points (bps) (from the 75bps pace it had been on), however, there was no clear indication that this would be the last hike of this cycle. While there may be one or even two rate hikes to come in 2023, we believe that we are nearer to the end of Fed tightening at year-end than when 2022 began.

As we look into 2023, there are significant questions around the possibility of a global recession. It will prove rather ironic that while the pandemic induced recession was initially avoided, a recession may occur two-plus years later. While the war in Ukraine was a curveball, we believe there were consequences to using fiscal and monetary policy tools to combat the effects of Covid-19.

2022 has been a very difficult period in which to navigate the equity markets for growth investors, with the strong outperformance in 2021 having completely reversed in 2022. We believe 2023 will be a less macro-driven environment for investors and will mark the return of rewarding fundamentally driven stock pickers.

We continue to believe that our strategy of investing in high-quality companies tied to long-term secular growth trends can perform well over an entire market cycle. Through a longer-term lens, we see promising growth opportunities for companies in areas like cybersecurity, e-commerce, medical technology, cloud computing and automation.

Portfolio Characteristics^{3,4}

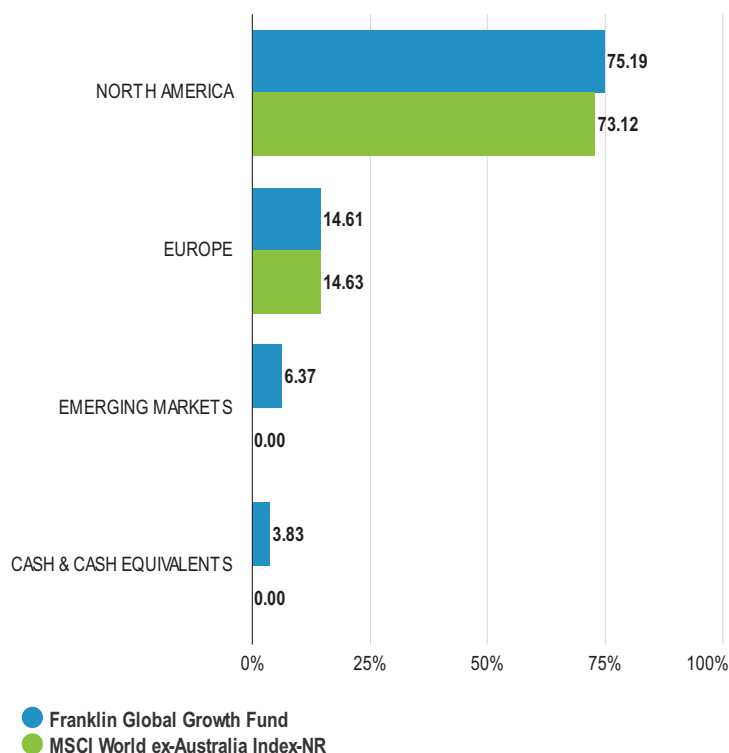
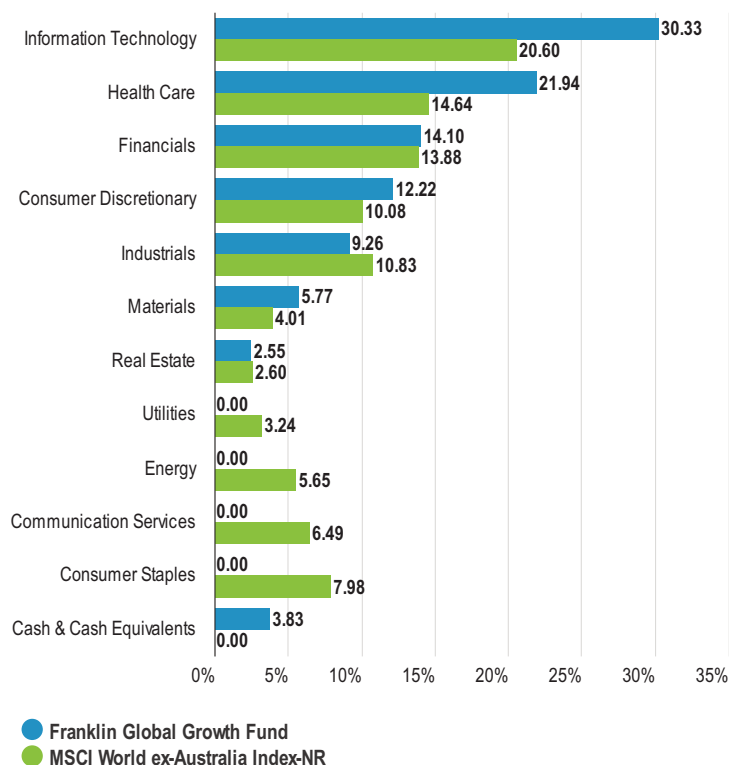
	Portfolio	MSCI World ex-Australia Index-NR
Market Capitalisation (Millions in AUD)	79,312	404,911
Number of Issuers	33	1449
Return on Equity	14.18%	22.20%
Price to Earnings Growth Ratio	1.73x	1.33x
Historical 3-Year EPS Growth	15.63%	13.01%
Estimated 3-5 Yr EPS Growth	17.86%	11.24%
Price to Earnings (12 Month Forward)	26.71x	14.84x

3. The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalisation figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. Source: FactSet, Refinitiv. There can be no assurance that the Estimated 3-5 Year EPS Growth figure, based on Institutional Brokers Estimate System (IBES) consensus estimates, will be realised. All holdings are subject to change.

4. Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

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Portfolio Diversification

Geographic Weightings vs. MSCI World ex-Australia Index-NR^a
Percent of TotalSector Weightings vs. MSCI World ex-Australia Index-NR^a
Percent of TotalTop Ten Holdings^b

Percent of Total

Top Holdings	Sector	Country	%
SYNOPTIS INC	Software & Services	United States	3.69
SEAGEN INC	Pharmaceuticals, Biotechnology & Life Sciences	United States	3.53
CHARLES RIVER LABORATORIES INTERNATIONAL INC	Pharmaceuticals, Biotechnology & Life Sciences	United States	3.52
VISA INC	Software & Services	United States	3.45
INTUITIVE SURGICAL INC	Health Care Equipment & Services	United States	3.45
HUMANA INC	Health Care Equipment & Services	United States	3.40
DANAHER CORP	Pharmaceuticals, Biotechnology & Life Sciences	United States	3.33
ULTA BEAUTY INC	Retailing	United States	3.32
AMADEUS IT GROUP SA	Software & Services	Spain	3.29
ROCKWELL AUTOMATION INC	Capital Goods	United States	3.24

Performance Statistics

Performance Statistics (AUD)^{5,6}

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)				
Franklin Global Growth Fund	16.95	15.79	13.67	13.16
MSCI World ex-Australia Index-NR	13.33	12.24	11.50	11.46
Tracking Error (%)	8.83	7.96	6.46	6.26
Information Ratio	0.04	0.05	0.08	0.33
Beta	1.09	1.12	1.05	1.01
Sharpe Ratio				
Franklin Global Growth Fund	0.35	0.54	0.89	0.64
MSCI World ex-Australia Index-NR	0.42	0.67	1.01	0.55

Past performance is not an indicator or a guarantee of future performance.

5. Beta, Information Ratio and Tracking Error information are measured against the MSCI World ex-Australia Index (Hedged to AUD)-NR, MSCI World ex-Australia Index-NR.

6. Net Returns (NR) include income net of tax withholding when dividends are paid.

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Investment Philosophy

Research-Driven Portfolio

- Concentrated portfolio with approximately 35–40 holdings
- Benchmark Indifferent

Longer-Term Investment Horizon

- Investment Horizon of 3 to 5 years
- Typical holding period of 4+ years

Seek to Manage Risk by Limiting Economic Overlap among Holdings

- Select companies whose earnings streams are not highly correlated
- Has typically resulted in a diversified portfolio across MSCI Global Industry Classification Standard (GICS) sectors and industries

Global Opportunity Set

- Search without borders
- Average allocation to emerging markets has been less than 10%

Investment Process

STOCK SELECTION DISCIPLINE

Growth



Free cash flow analysis to assess:

- Sustainable business model
- Long-term competitive advantage
- Value-generating reinvestment record

Quality



Framework to assess:

- Financial transparency and accounting quality
- Corporate governance including share, board and management structure and compensation metrics
- Environmental management, social and labor practices

Valuation



Common discount cash flow/dividend model to assess:

- Relative attractiveness of company
- Valuation support under different scenarios

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Francyne Mu, CFA	14	22
Don Huber, CFA	20	41

Important Legal Information

Performance returns are shown gross and net of fees and assume the reinvestment of distributions. Returns for periods less than or equal to one year are cumulative and returns for periods greater than one year are annualised.

Net Returns (NR) include income net of tax withholding when dividends are paid.

The MSCI World ex-Australia Index-NR, is a free float-adjusted market capitalisation weighted equity index comprised of securities in MSCI's developed market country-specific indexes, excluding Australia. The benchmark is used for comparative purposes only and is provided to represent the investment environment during the time periods shown. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

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Franklin Templeton Australia Limited
Level 47
120 Collins Street
Melbourne Vic 3000
1800 673 776
franklintempleton.com.au

88 Phillip Street
Sydney NSW 2000
1800 673 776

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