

## Product Profile

### Product Details

Fund Assets	\$1,021,298,120.08
Fund Inception Date	01/10/2008
Number of Issuers	34
Base Currency	AUD
Investment Style	Equity
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.

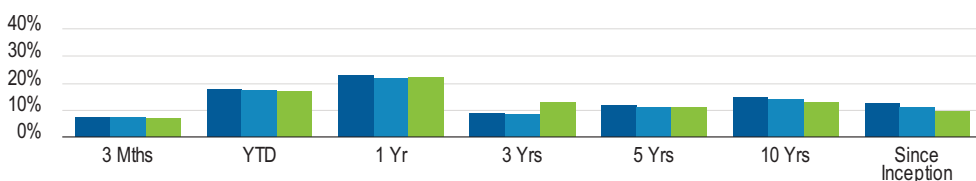
### Performance Data<sup>1</sup>

#### Average Annual Total Returns (Institutional, AUD %)<sup>2</sup>

	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	7.91	18.33	23.37	9.63	12.27	15.55	13.46
Franklin Global Growth Fund - I Class - Net of Fees	7.71	17.90	22.46	8.81	11.35	14.53	12.43
MSCI World ex-Australia Index-NR	7.63	17.53	22.59	13.49	11.46	13.17	10.28

#### 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	7.90	18.34	23.37	9.63	12.28	15.56	12.66
Franklin Global Growth Fund - W Class - Net of Fees	7.67	17.82	22.28	8.65	11.18	14.35	11.46
MSCI World ex-Australia Index-NR	7.63	17.53	22.59	13.49	11.46	13.17	9.85



- 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 rose during the second quarter of 2023 as concerns about the banking industry subsided, the US debt ceiling issue was resolved, many companies' first-quarter earnings exceeded consensus estimates, and investors welcomed several central banks' slower pace or pausing of interest-rate hikes. However, concerns remained that persistent inflation combined with robust labour markets in many regions could lead their central banks to further tighten monetary policy and hurt economic growth. Global manufacturing activity contracted in June for the 10th consecutive month, while global services activity expanded at the slowest pace since February. As measured by MSCI indices in US-dollar terms, developed market equities outperformed a global index, while emerging market equities underperformed it. Global growth stocks, led by technology-related companies, significantly outperformed global value stocks.

### Performance Review

During the first quarter of 2023, the portfolio outperformed its benchmark, the MSCI World ex-Australia Index-NR (both in Australian-dollar terms), as stock selection in the industrials, financials and IT sectors boosted relative returns. In contrast, stock selection in the consumer discretionary and materials sectors hindered relative returns. In terms of sector allocations, a lack of exposure to consumer staples and energy and an overweight in IT enhanced relative results. In contrast, a lack of exposure to communication services and overweight positions in health care and materials detracted from relative results. On a regional level, stock selection in North America and a lack of exposure to Asia/Pacific ex Japan benefitted relative returns, while exposure to emerging markets and stock selection in Japan dampened relative returns.

### Outlook & Strategy

We believe that recent strength in employment markets indicates that a sharp recession is not in the cards. However, with more rate hikes by central banks likely on the horizon, a recession toward the end of the year cannot be ruled out.

A broad range of corporate earnings indicators appear to be showing cracks as we look out into the remainder of 2023. In addition, consumers appear to have spent nearly all of the savings they accumulated during the pandemic. Both factors combined indicate, in our view, that equity markets could struggle over the near term, following the strong relief rally and further central bank tightening.

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<sup>3,4</sup>

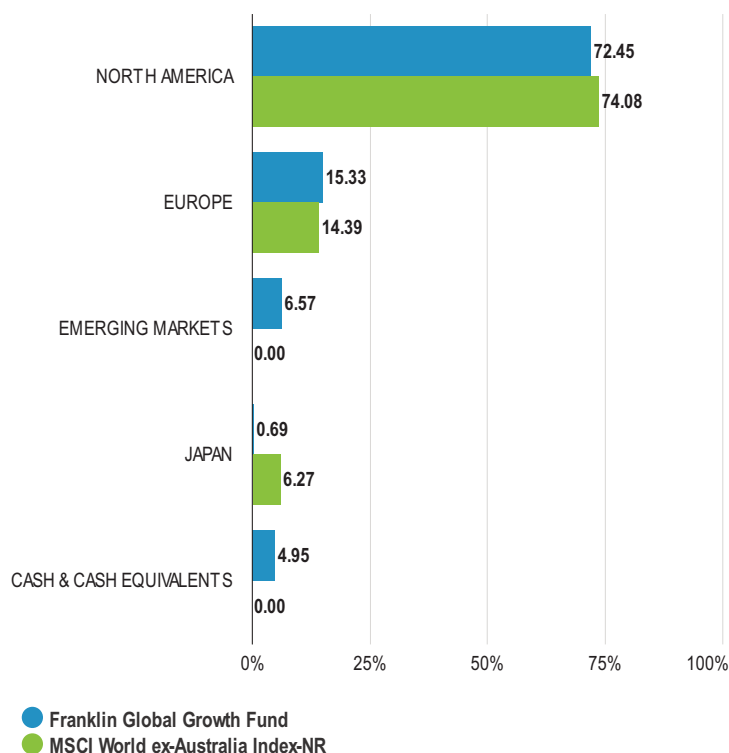
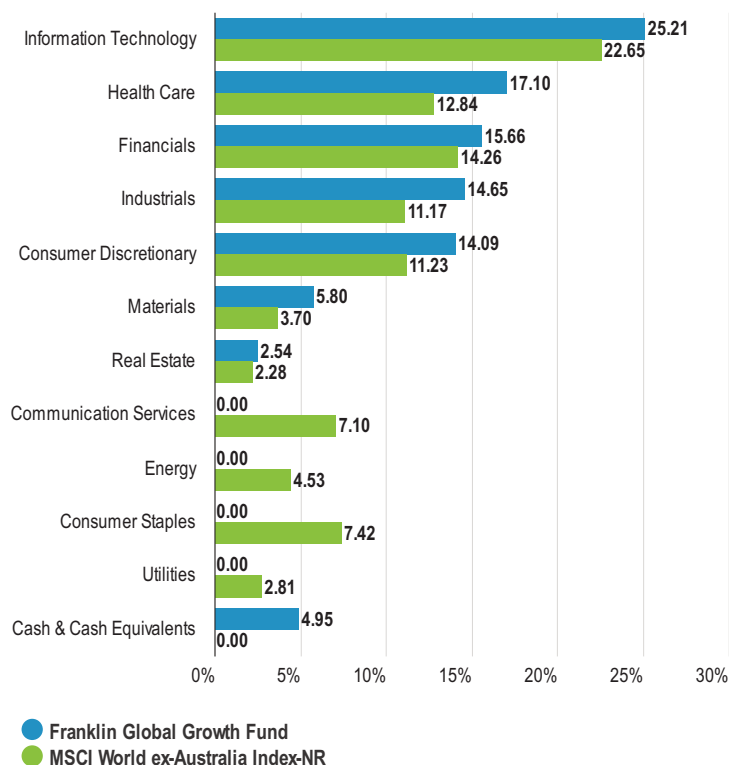
	Portfolio	MSCI World ex-Australia Index-NR
Market Capitalisation (Millions in AUD)	93,377	670,993
Number of Issuers	34	1453
Return on Equity	13.58%	20.25%
Price to Earnings Growth Ratio	1.83x	1.66x
3-Year Sales Growth	19.73%	13.91%
Historical 3-Year EPS Growth	7.43%	15.95%
Estimated 3-5 Yr EPS Growth	24.95%	11.96%
Price to Earnings (12 Month Forward)	31.94x	17.72x

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<sup>a</sup>  
Percent of TotalSector Weightings vs. MSCI World ex-Australia Index-NR<sup>a</sup>  
Percent of TotalTop Ten Holdings<sup>b</sup>

Percent of Total

Top Holdings	Sector	Country	%
SYNOPTIS INC	Software & Services	United States	3.97
ROCKWELL AUTOMATION INC	Capital Goods	United States	3.78
INTUITIVE SURGICAL INC	Health Care Equipment & Services	United States	3.77
ZSCALER INC	Software & Services	United States	3.77
BROADRIDGE FINANCIAL SOLUTIONS INC	Commercial & Professional Services	United States	3.61
TYLER TECHNOLOGIES INC	Software & Services	United States	3.55
DSV A/S	Transportation	Denmark	3.46
HDFC BANK LTD	Banks	India	3.43
DANAHER CORP	Pharmaceuticals, Biotechnology & Life Sciences	United States	3.32
AMADEUS IT GROUP SA	Consumer Services	Spain	3.30

## Performance Statistics

Performance Statistics (AUD)<sup>5,6</sup>

	3 Yrs	5 Yrs	10 Yrs	Since Inception
<b>Standard Deviation (%)</b>				
Franklin Global Growth Fund	14.88	15.95	13.56	13.03
MSCI World ex-Australia Index-NR	11.72	12.36	11.24	11.34
<b>Tracking Error (%)</b>	8.08	8.12	6.54	6.28
<b>Information Ratio</b>	-0.60	-0.04	0.18	0.33
<b>Beta</b>	1.07	1.12	1.06	1.01
<b>Sharpe Ratio</b>				
Franklin Global Growth Fund	0.50	0.62	0.90	0.71
MSCI World ex-Australia Index-NR	1.05	0.83	0.99	0.63

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-NR, MSCI World ex-Australia Index (Hedged to AUD)-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	23
Don Huber, CFA	21	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](http://franklintempleton.com.au)

88 Phillip Street  
Sydney NSW 2000  
1800 673 776

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