

## Product Profile

### Product Details

Fund Assets	\$1,217,969,158.47
Fund Inception Date	01/10/2008
Number of Issuers	34
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.

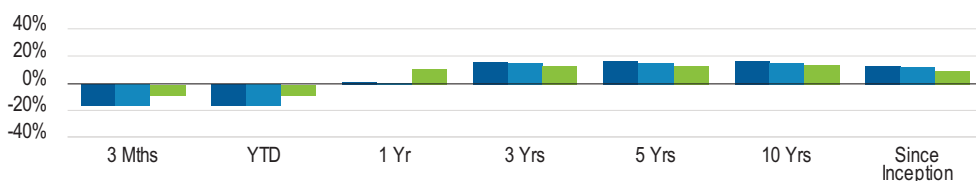
### Performance Data<sup>1</sup>

#### 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	-16.05	-16.05	1.18	16.07	16.85	17.03	14.11
Franklin Global Growth Fund - I Class - Net of Fees	-16.21	-16.21	0.42	15.12	15.84	15.97	13.06
MSCI World ex-Australia Index-NR	-8.42	-8.42	11.60	12.92	12.88	14.64	10.33

#### 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	-16.05	-16.05	1.18	16.08	16.86	17.04	13.23
Franklin Global Growth Fund - W Class - Net of Fees	-16.25	-16.25	0.27	14.94	15.65	15.78	12.01
MSCI World ex-Australia Index-NR	-8.42	-8.42	11.60	12.92	12.88	14.64	9.86



- 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 %)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Franklin Global Growth Fund - W Class - Gross of Fees	22.84	31.88	37.26	-2.60	26.90	3.79	18.03	13.81	43.23	22.48
Franklin Global Growth Fund - W Class - Net of Fees	21.76	30.58	35.74	-3.70	25.50	2.63	16.71	12.57	41.63	21.18
MSCI World ex-Australia Index-NR	29.58	5.73	27.97	1.52	13.38	7.92	11.80	15.01	48.03	14.14

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 equity markets declined overall in the first quarter, although stocks in some commodity-exporting regions advanced. Persistently high inflation and tightened monetary policy from the world's major central banks were among the main headwinds facing stocks. Russia's invasion of Ukraine added significant uncertainty in both equity and commodity markets. Global growth stocks, which are typically more sensitive to tightening monetary policy, declined significantly for the period.

### Performance Review

During the quarter, the portfolio underperformed its benchmark, the MSCI World ex Australia Index, as security selection in the Information Technology, Financials and Health Care detracted from relative results.

Conversely, select holdings in the Information Technology sector contributed to relative results.

In terms of sector allocations, a lack of exposure to Energy weighed on relative returns. Conversely, lack of exposure to Communication Services contributed to relative results. Regionally, security selection in North America held back performance, while lack of exposure to Japan aided returns.

### Outlook & Strategy

We believe markets are somewhat optimistic at the start of the second quarter about avoiding a recession, despite a significant number of indicators flashing yellow to red across a wide range of global markets.

We expect that global equity markets will continue to keep a close eye on global interest rates over the coming quarters. In a well-telegraphed move, the US Federal Reserve (Fed) hiked short-term interest rates in early March by 25 basis points, citing the raise as the initial step in a series of hikes through 2022 to combat inflation caused by wage pressures, supply chain disruptions and an uptick in consumer demand.

An unexpected selloff on the longer end of the bond market later in the first quarter was largely global in nature and pushed yields higher across the board. While participants initially believed that central banks might have a shot at taming inflation, the selloff indicates to us that bond investors are skeptical the Fed will be able to bring inflation down.

When considering Ukraine, a hawkish Fed noting 40-year high inflation rates, and the continuation of large-scale pandemic lockdowns in China, it is easy to understand the newly found appetite for global investors in tail-risk ETFs as opposed to traditional long equity funds. The rest of 2022 surely has the conditions suitable for volatile equity markets, in our view, but we remain committed to maintaining a long-term, focused portfolio with growth companies built for the future.

We believe our strategy of investing in high-quality companies tied to long-term secular growth trends can continue to 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, cloud computing and automation.

We remain confident that a focused yet highly diversified portfolio, with an emphasis on well-managed companies that have robust competitive advantages and good growth prospects, can provide investors with excellent outcomes over the longer term—during both uncertain and certain times.

## Portfolio Characteristics<sup>3,4</sup>

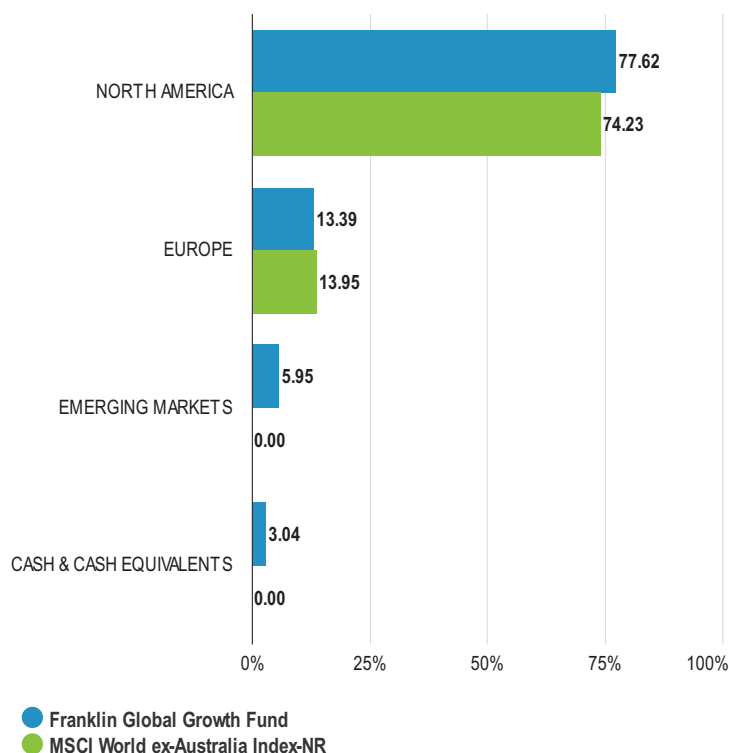
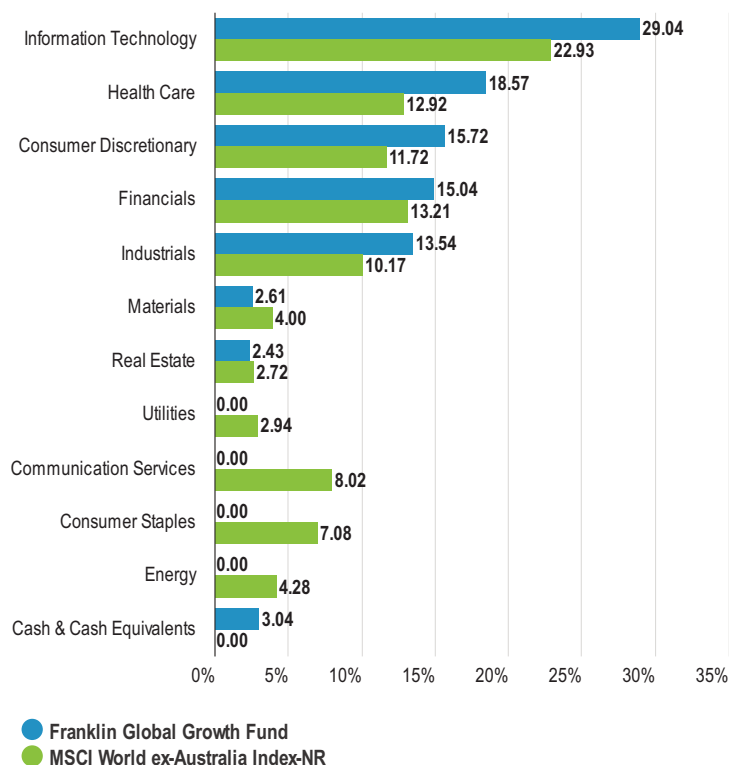
	Portfolio	MSCI World ex-Australia Index-NR
Market Capitalisation (Millions in AUD)	86,070	545,814
Number of Issuers	34	1480
Return on Equity	20.33%	22.88%
Price to Earnings Growth Ratio	1.91x	1.21x
Historical 3-Year EPS Growth	14.46%	14.17%
Estimated 3-5 Yr EPS Growth	20.74%	13.98%
Price to Earnings (12 Month Forward)	31.91x	17.74x

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.

**For Wholesale Clients and Sophisticated Investor Use Only. Not for Distribution to Retail Investors.**

## 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	%
VISA INC	Software & Services	United States	3.52
SVB FINANCIAL GROUP	Banks	United States	3.49
DANAHER CORP	Pharmaceuticals, Biotechnology & Life Sciences	United States	3.37
SYNOPSYS INC	Software & Services	United States	3.35
CHARLES RIVER LABORATORIES INTERNATIONAL INC	Pharmaceuticals, Biotechnology & Life Sciences	United States	3.20
AMADEUS IT GROUP SA	Software & Services	Spain	3.17
INTUITIVE SURGICAL INC	Health Care Equipment & Services	United States	3.17
HDFC BANK LTD	Banks	India	3.15
INTERCONTINENTAL EXCHANGE INC	Diversified Financials	United States	3.11
ASPEN TECHNOLOGY INC	Software & Services	United States	3.07

## 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	14.85	14.09	12.61	12.59
MSCI World ex-Australia Index-NR	11.82	11.03	10.78	11.13
<b>Tracking Error (%)</b>	8.39	7.24	5.99	6.06
<b>Information Ratio<sup>7</sup></b>	0.24	0.38	0.19	0.44
<b>Beta</b>	1.04	1.10	1.03	0.99
<b>Sharpe Ratio</b>				
Franklin Global Growth Fund	0.98	1.04	1.06	0.78
MSCI World ex-Australia Index-NR	1.06	1.07	1.14	0.64

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

## 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	13	22
Don Huber, CFA	19	40

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.

7. Information Ratio is a way to evaluate a manager's ability to outperform a benchmark in relation to the risk that manager is assuming, with risk defined as deviation from the benchmark. This measure is calculated by dividing the portfolio's excess return (portfolio return less the benchmark return) by the tracking error (derived by taking the standard deviation of the monthly differences between the portfolio return and the benchmark return over time).

For Wholesale Clients and Sophisticated Investor Use Only. Not for Distribution to Retail Investors.

**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.

*CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.*

MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

a. Percentage may not equal 100% due to rounding. All holdings are subject to change.

b. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. These securities do not represent all of the securities purchased, sold or recommended for clients and the reader should not assume that investment in the securities listed was or will be profitable. The information provided is not a recommendation to purchase, sell, or hold any particular security. The securities identified do not represent the fund's entire holdings and in the aggregate may represent only a small percentage of such holdings. There is no assurance that securities purchased will remain in the fund, or that securities sold will not be repurchased. The portfolio manager reserves the right to withhold release of information with respect to holdings that would otherwise be included.

This document is for wholesale/institutional investors only. It is not directed at private individuals and in no way does it constitute investment advice.

This publication is issued for information purposes only and does not constitute investment or financial product advice. It expresses no views as to the suitability of the services or other matters described in this document as to the individual circumstances, objectives, financial situation, or needs of any recipient. You should assess whether the information is appropriate for you and consider obtaining independent taxation, legal, financial or other professional advice before making an investment decision.

Any research and analysis contained in this publication has been procured by the issuer for its own purposes and may be acted upon in that connection and, as such, is provided to you incidentally. The underlying assumptions and these views are subject to change without notice. The value of investments and the income from them can go down as well as up and you may not get back the full amount that you invested.

Past performance is not an indicator nor a guarantee of future performance. Any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance. Neither Franklin Templeton Australia, nor any other company within the Franklin Templeton group guarantees the performance of any Fund, nor do they provide any guarantee in respect of the repayment of your capital.

Please read the relevant Product Disclosure Statements (PDSs) and any associated reference documents before making an investment decision. In accordance with the Design and Distribution Obligations and Product Interventions Powers requirements, we maintain Target Market Determinations (TMD) for each of our Funds. All documents can be found via [www.franklintempleton.com.au](http://www.franklintempleton.com.au) or by calling 1800 673 776.

Issued by Franklin Templeton Australia Limited (ABN 76 004 835 849, AFSL 240827) which is part of Franklin Resources, Inc. Franklin Templeton Australia Limited is the investment manager of the Franklin Global Growth Fund (ARSN 132 597 972).

© Copyright Franklin Templeton Australia Limited. You may only reproduce, circulate and use this document (or any part of it) with the consent of Franklin Templeton Australia Limited.



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

**For Wholesale Clients and Sophisticated Investor Use Only. Not for Distribution to Retail Investors.**