



Franklin Templeton Global Aggregate Bond Fund

Multi-Sector
Fixed Income
30 September 2022

Product Profile

Product Details

Fund Assets	\$57,387,884.09
Fund Inception Date	18/10/2012
Base Currency	AUD
Investment Style	Multi-Sector
ARSN	160 124 096

Overview¹

- Multi-sector global fixed income funds that invest in government, securitised and corporate sectors, and may tactically invest up to 20% of the portfolio in high yield, bank loans, and emerging market debt.

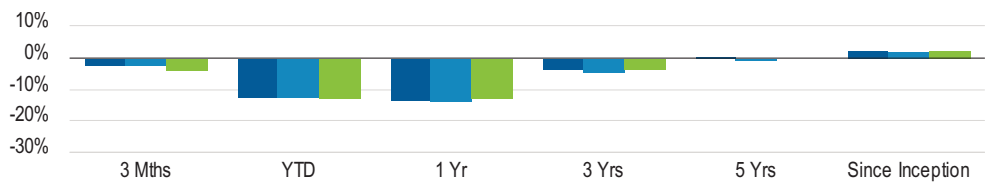
Performance Data^a

Average Annual Total Returns (Institutional, AUD %)²

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception (31/10/2012)
Franklin Templeton Global Aggregate Bond Fund - I Class - Gross of Fees	-2.13	-12.15	-12.96	-3.65	0.28	2.64
Franklin Templeton Global Aggregate Bond Fund - I Class - Net of Fees	-2.25	-12.48	-13.39	-4.13	-0.24	2.11
Bloomberg Global Aggregate (Hedged into AUD) Index	-3.78	-12.84	-12.81	-3.63	-0.17	2.40

Average Annual Total Returns (Wholesale, AUD %)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception (01/01/2013)
Franklin Templeton Global Aggregate Bond Fund - W Class - Gross of Fees	-2.14	-12.16	-12.98	-3.65	0.24	2.52
Franklin Templeton Global Aggregate Bond Fund - W Class - Net of Fees	-2.27	-12.52	-13.45	-4.18	-0.32	1.93
Bloomberg Global Aggregate (Hedged into AUD) Index	-3.78	-12.84	-12.81	-3.63	-0.17	2.32



- Franklin Templeton Global Aggregate Bond Fund - W Class - Gross of Fees
- Franklin Templeton Global Aggregate Bond Fund - W Class - Net of Fees
- Bloomberg Global Aggregate (Hedged into AUD) Index

1. Targets represent the goal the strategy seeks against the Bloomberg Global Aggregate (Hedged into AUD) Index and do not take into account management fees or other expenses an investor would incur in the management of its account, which would reduce any returns. There is no assurance that employment of the strategy will result in the intended targets being achieved.
2. Periods of more than one year are annualised. **Past performance is not an indicator or a guarantee of future performance.**

Calendar Year Returns (Wholesale, AUD %)

	2021	2020	2019	2018	2017	2016	2015	2014
Franklin Templeton Global Aggregate Bond Fund - W Class - Gross of Fees	-2.97	5.48	10.41	1.55	2.07	1.62	4.85	13.05
Franklin Templeton Global Aggregate Bond Fund - W Class - Net of Fees	-3.49	4.89	9.77	0.95	1.47	1.02	4.23	12.39
Bloomberg Global Aggregate (Hedged into AUD) Index	-1.53	5.09	7.19	1.65	3.68	5.24	3.35	10.37

Portfolio Manager Insight

Market Review

- Global bonds posted significantly negative returns in the third quarter of 2022.
- US inflation maintained its upward trend over the quarter, causing the US Federal Reserve (Fed) to raise interest rates by 75 basis points (bps) in both July and September.
- The central bank revised its 2023 projections for growth down to 1.2%, and unemployment and core inflation up to 4.4% and 3.1%, respectively.
- Benchmark 10-year US Treasury yields rose sharply over the quarter, with two- and five-year US Treasury yields moving above 4% at the end of the period.
- The European Central Bank (ECB) raised rates by 50 bps in July, then, after inflation in the eurozone had reached 9.1% (year-on-year) in August, by another 75 bps in September.
- Economic growth for 2023 was also revised down to 0.9%, emphasising the difficult path the ECB must tread on monetary policy.
- In fixed income markets, benchmark European government bond yields rose considerably over the quarter.
- Investment-grade bonds fared slightly better than their government counterparts in the third quarter. High-yield corporate credits and emerging market issues also bettered the broader market.

Performance Review

- The portfolio's sector allocation and security selection contributed to relative performance, largely via selection in hard-currency emerging market debt and positioning in US mortgage-backed securities.
- The portfolio's duration and yield-curve positioning enhanced relative performance, owing to underweight duration stances on UK, US, Australian, Japanese and eurozone bonds.
- The portfolio's currency positioning had an additional positive impact on relative returns, particularly an underweight allocation to the euro.
- The portfolio's local market allocation had a positive effect on relative performance, notably overweight positions in the outperforming Australian and Chinese markets.

Outlook & Strategy

- Investors are gradually recognizing that a long-overdue policy paradigm shift is occurring, although we believe there is still too much confidence among investors that rates will peak in the first half of next year and be followed by a dramatic easing cycle.
- We believe the Fed's hiking cycle will extend until the end of 2023's first quarter, followed by a pause at the central bank's chosen plateau until the third or fourth quarter of 2023 to ensure inflation has been convincingly reined in.
- In our opinion, the European Central Bank faces an even more challenging situation than the Fed, with Russia's decision to curtail gas supplies posing a severe threat to the European economy over the coming winter.

Portfolio Characteristics^{b,c,d}

	Portfolio	Bloomberg Global Aggregate (Hedged into AUD) Index
Number of Securities Including Cash	104	28279
Yield to Maturity	4.81%	3.69%
Yield to Worst	4.81%	3.69%
Average Credit Quality ³	A+	AA-
Average Duration	4.26 Yrs	6.67 Yrs
Average Weighted Maturity	4.87 Yrs	8.50 Yrs

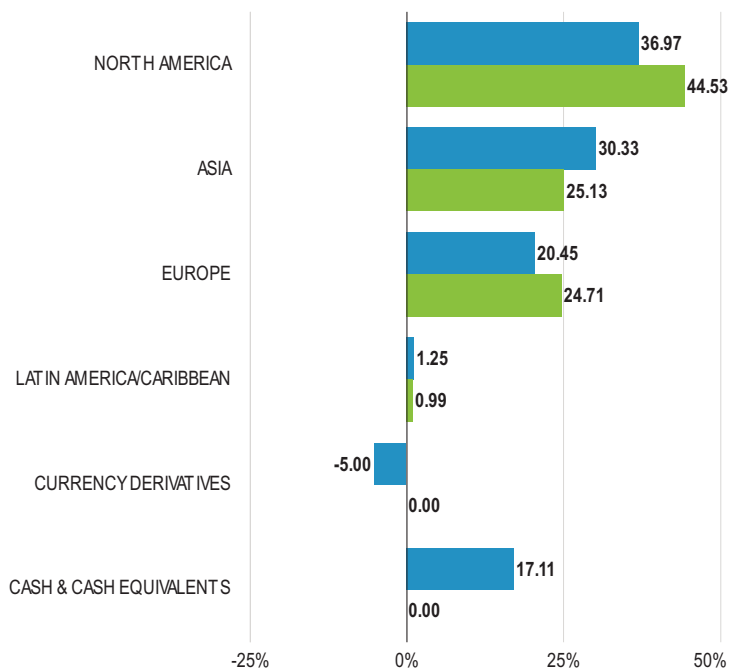
3. The average credit quality (ACQ) rating may change over time. The portfolio itself has not been rated by an independent rating agency. The letter rating, which may be based on bond ratings from different agencies (or internal ratings for unrated bonds, cash and equivalents), is provided to indicate the average credit rating of the portfolio's underlying investments and generally ranges from AAA (highest) to D (lowest). For unrated bonds, cash and equivalents, ratings may be assigned based on the ratings of the issuer, the ratings of the underlying holdings of a pooled investment vehicle, or other relevant factors. The ACQ is determined by assigning a sequential integer to all credit ratings AAA to D, taking a simple, asset-weighted average of investments by market value and rounding to the nearest rating. The risk of default increases as a bond's rating decreases, so the ACQ provided is not a statistical measurement of the portfolio's default risk because a simple, weighted average does not measure the increasing level of risk from lower-rated bonds. The ACQ may be lower if cash and equivalents are excluded from the calculation. The ACQ is provided for informational purposes only. Derivative positions are not reflected in the ACQ.

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Portfolio Diversification^c

Geographic Exposure vs. Bloomberg Global Aggregate (Hedged into AUD) Index^e

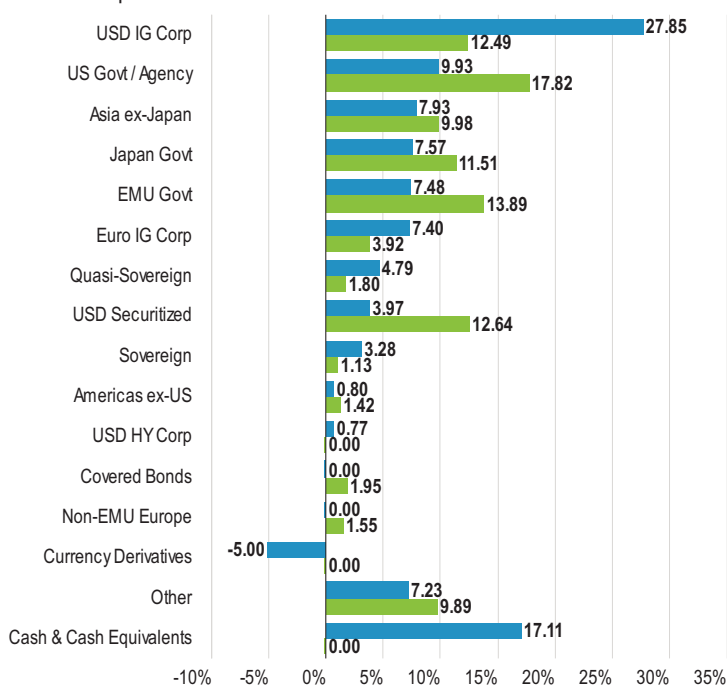
Notional Exposure—Percent of Total



● Franklin Templeton Global Aggregate Bond Fund
● Bloomberg Global Aggregate (Hedged into AUD) Index

Sector Exposure vs. Bloomberg Global Aggregate (Hedged into AUD) Index^e

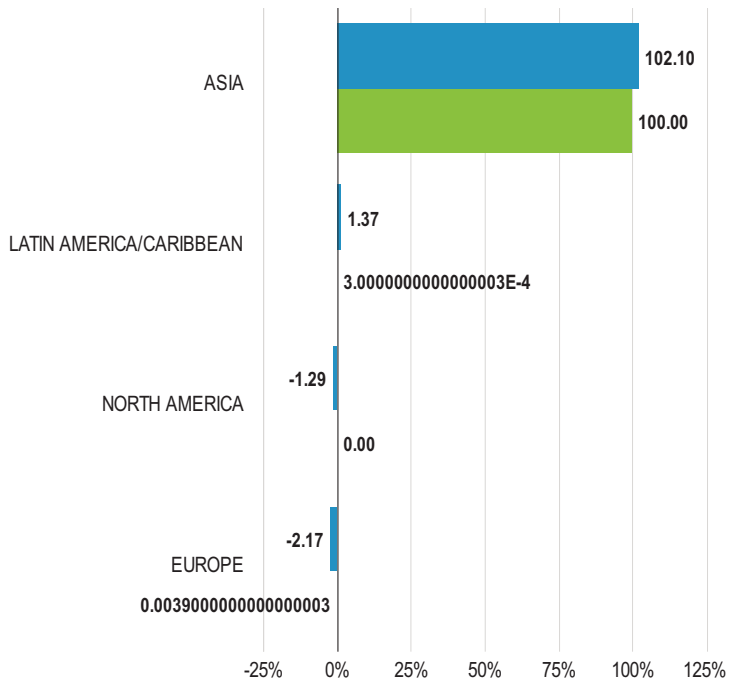
Notional Exposure—Percent of Total



● Franklin Templeton Global Aggregate Bond Fund
● Bloomberg Global Aggregate (Hedged into AUD) Index

Currency Exposure vs. Bloomberg Global Aggregate (Hedged into AUD) Index^e

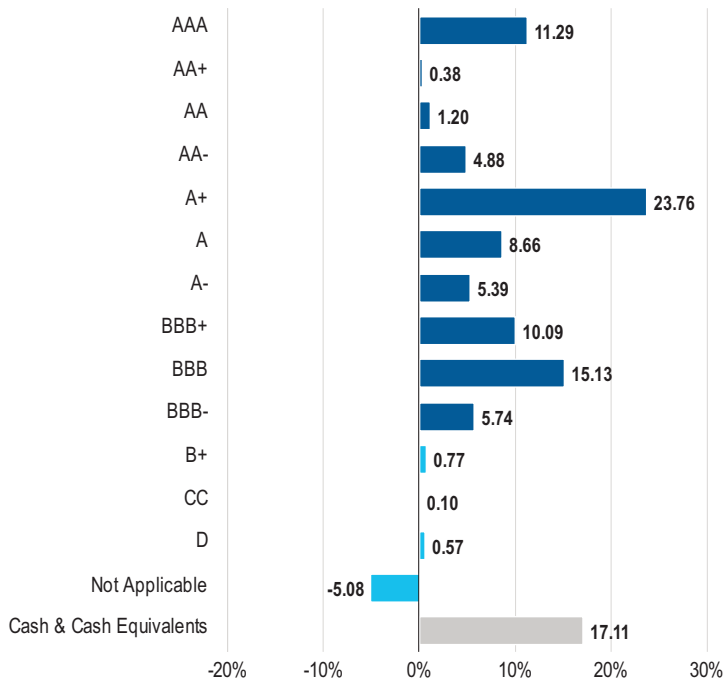
Notional Exposure—Percent of Total



● Franklin Templeton Global Aggregate Bond Fund
● Bloomberg Global Aggregate (Hedged into AUD) Index

Credit Quality Allocation^{f,4}

Market Value—Percent of Total



● Investment Grade ● Non-Investment Grade
● Cash & Cash Equivalents

4. Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ("NRSRO"), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. The Not Rated category consists of ratable securities that have not been rated by an NRSRO. The Not Applicable category consists of nonratable securities (e.g., equities). Cash includes equivalents, which may be rated.

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Performance Statistics

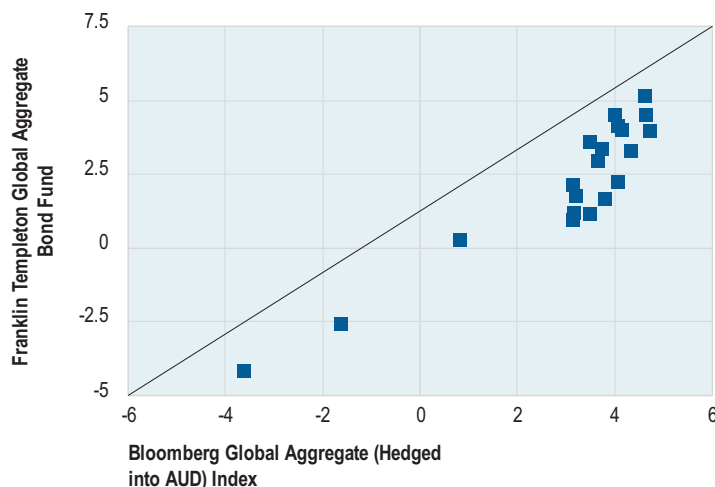
Performance Statistics (Wholesale, AUD)⁵

	3 Yrs	5 Yrs	Since Inception
Standard Deviation (%)			
Franklin Templeton Global Aggregate Bond Fund	5.41	4.94	-
Bloomberg Global Aggregate (Hedged into AUD) Index	4.54	4.06	3.57
Tracking Error (%)	2.88	2.74	-
Information Ratio	-0.19	-0.06	-
Beta	1.01	1.01	-
Sharpe Ratio			
Franklin Templeton Global Aggregate Bond Fund	-0.86	-0.27	-
Bloomberg Global Aggregate (Hedged into AUD) Index	-0.90	-0.30	0.08

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

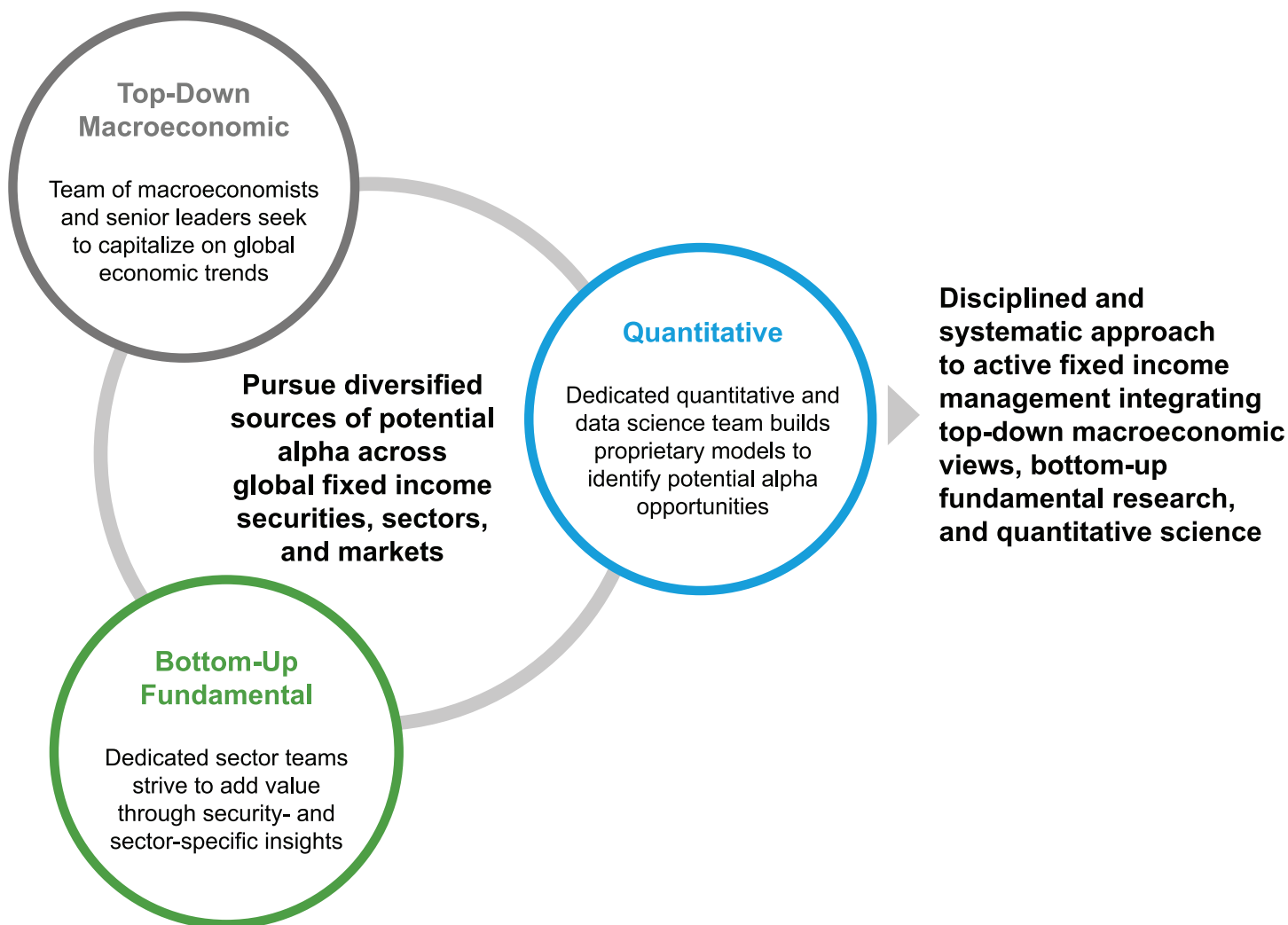
Historical Long-term Performance

Quarterly rolling three-year net returns of W Class in AUD (%) since 01/01/2013 as of 30/09/2022.



Investment Philosophy

Franklin Templeton Fixed Income believes that integrating top-down macroeconomic views, bottom up fundamental research, and quantitative science provides us with a competitive edge to navigate challenging investment environments, pursue consistent alpha, and better serve our clients.

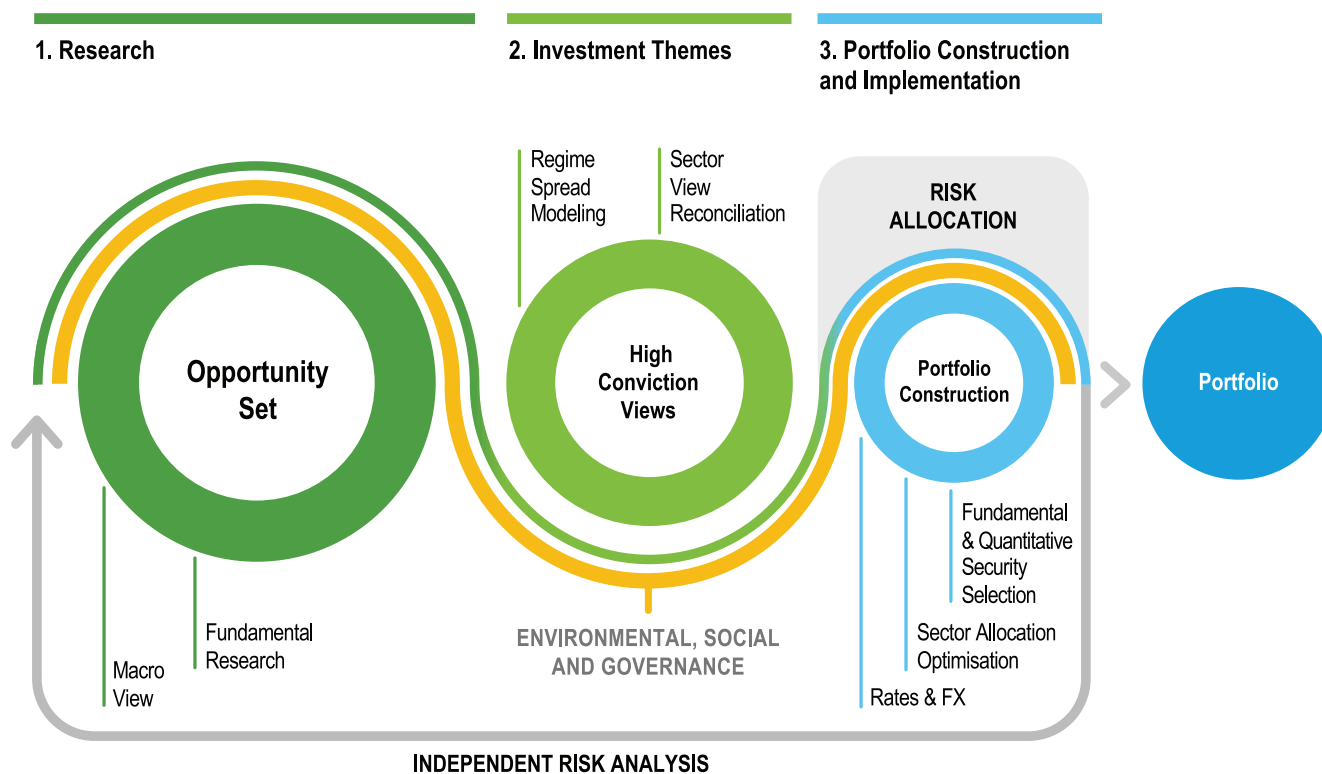


5. Beta, Information Ratio and Tracking Error information are measured against the Bloomberg Global Aggregate (Hedged into AUD) Index.

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Investment Process

Our investment process marries independently derived macroeconomic and fundamental sector-specific research with quantitative insights.



Research

The Quarterly Research and Strategy Forum is the starting point for our investment process. At this forum the Fixed Income Strategy & Research Team (FIRST), which includes all Franklin Templeton fixed income investment professionals and representatives from other Franklin Templeton investment teams, present and debate independently derived macro, fundamental, and quantitative research. The purpose is to establish key investment themes for the next six to 12 months.

Individual sector teams dedicated to global sovereigns/quasi sovereigns, corporate credit and securitised debt, are responsible for preparing and presenting independent research which culminates in a fundamentals-driven outlook and recommendation for their sectors.

Investment Themes

Our proprietary model provides unbiased forecast of spreads in each sector. Applying economic forecasts and machine learning, the model maps this forecast to an historic economic regime /environment considering how spreads in different sectors have behaved.

We perform a reconciliation between the macro views, quantitative input, fundamental views, and cross sector considerations to arrive at high conviction spread forecasts across all sectors.

Comparing expected spreads with prevailing market spreads identifies which sectors look expensive relative to our forecast 'fair value' and which sectors look cheap.

The goal of this process is to provide the investment team with a high conviction view of expected spreads, to aid in the portfolio optimising process.

Portfolio Construction and Implementation

We use a sophisticated portfolio optimisation to maximise expected excess return for a given level of risk. Sector allocation, coupled with our top-down macro views, drive the final allocations for each strategy.

We conduct a 'neighbourhood analysis' to determine optimal allocation bands. This process seeks to ensure that risk is efficiently allocated to our highest conviction views in a way that is consistent, repeatable, and designed for accountability.

Each sector allocation is then populated with the highest conviction securities of each sector team. This process brings together factor-based quantitative security rankings and active fundamental credit recommendations into prioritised, potential buy and sell lists at the security level.

Material environmental, social, and governance (ESG) issues are an integral component of our bottom-up research and risk/return forecasts. Analysts have access to multiple ESG data sources to help build a qualitative view of each issuer and security.

Risk Management

Throughout the portfolio construction process, portfolio managers collaborate with our independent Investment Risk Management Group, using a mosaic of risk metrics, to monitor and evaluate the level and sources of risk in each portfolio, and to ensure the allocation of risk is commensurate with the forward-looking views of the investment team, level of conviction, and the portfolio's investment objectives and guidelines.

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Investment Team

Portfolio Manager	Years with Firm	Years Experience
David Zahn, CFA	16	28
John Beck	32	35
Patrick A. Klein, Ph. D.	17	17
Sonal Desai, Ph. D.	12	28

Important Legal Information

Franklin (the "Firm") is a global investment management group that manages equity, fixed income, balanced accounts, REIT funds, private funds, as well as multi-asset strategies, fund-of-fund portfolios, risk premia strategies, ETFs, GCC fixed income and Sukuk strategies for institutional and retail clients. For multi-asset strategies and fund-of-fund portfolios, the Firm may invest in various investment strategies advised by registered investment advisory entities within Franklin Resources, Inc. or unaffiliated investment managers. The Firm includes Franklin Templeton Multi-Asset Solutions (FTMAS), Franklin Mutual Advisers (FMA), Franklin LibertyShares® ETFs and Franklin Venture Partners in addition to Franklin Equity Group, Franklin Templeton Fixed Income Group, and Templeton Global Macro. Effective 1 October 2020, Franklin Templeton Multi-Asset Solutions and QS Investors combined to form Franklin Templeton Investment Solutions. Assets from QS Investors are not included in the Franklin Firm Definition. In addition, the Firm excludes wrap-fee and non-wrap-fee accounts managed by Franklin Separately Managed Accounts and alternative strategies managed by K2. The Firm is comprised of individuals representing various registered investment advisories of Franklin Resources, Inc., a global investment organization operating as Franklin Templeton.

Franklin Templeton Global Aggregate Bond Fund consists of all portfolios managed on a fully discretionary basis with an investment objective that seeks to achieve above average total return by investing primarily in global bonds that can be described as from "core" sectors: global government bonds, mortgage-backed securities, agencies and global corporate bonds. The remaining securities may be invested in "non-core" sectors: emerging market debt, global high yield bonds and global inflation-linked securities (including Treasury Inflation Protected Securities or "TIPS"). The strategy uses currency forwards, options, interest rate futures and other derivatives such as swaps (including credit default swaps and total return swaps) for hedging purposes or for investment to control risk or assume tactical exposure to various foreign currencies or asset classes consistent with the investment objective. In addition, the firm uses foreign currency forward contracts in conjunction with the normal settlement of security trades in currencies other than the base currency of each account.

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.

The Bloomberg Global Aggregate (Hedged into AUD) Index is a market value weighted fixed income index comprised of investment grade securities from global and regional fixed income markets. The benchmark is broadly indicative of the style of the composite and is provided for comparative purposes only to represent the investment environment existing 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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a. The Fund's Inception Date is 18 October 2012, and the Fund's W Share Class and I Share Class inception date is 7 December 2012 and 18 October 2012, respectively. The Fund's W Share Class and I Share Class Since Inception performance is calculated starting 1 January 2013 and 31 October 2012, respectively, due to the availability of fee data used for calculating fund returns.

b. Yield to Maturity, Yield to Worst, Average Duration and Average Weighted Maturity reflect certain derivatives held in portfolio (or their underlying reference assets).

c. All holdings are subject to change.

d. Yield figures quoted should not be used as an indication of the income that has or will be received. Yield figures are based on the portfolio's underlying holdings and do not represent a payout of the portfolio. **Past performance is not an indicator or a guarantee of future performance.**

e. Notional exposure figures are intended to estimate the portfolio's exposure, including any hedged or increased exposure through certain derivatives held in the portfolio (or their underlying reference assets). Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

f. Market value figures reflect the trading value of the investments. Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

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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 or by calling 1800 673 776.

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