

FRANKLIN GLOBAL RESPONSIBLE INVESTMENT FUND

Investment objective

The Fund aims to earn an after-fee return in excess of the MSCI World ESG Leaders Index ("Performance Benchmark"), in Australian dollars over rolling three-year periods.

Performance (%)					
	1 mth	3 mths	6 mths	1 yr	3 yrs pa
Fund (net)	-3.16	3.43	13.55	32.70	-
MSCI World ESG Leaders Index(AUD)	-3.22	4.55	14.09	28.01	-
MSCI World Index (AUD)	-3.02	3.92	13.60	27.82	-

Calendar year performance (%)					
	2020	2019	2018	2017	2016
Fund (net)	0.32	-	-	-	-
Benchmark	5.03	-	-	-	-

Fund details	
Inception date	May 2019
Performance Benchmark	MSCI World ESG Leaders Index (AUD)
Benchmark	MSCI World Index (AUD)
ISIN	AU60SSB57389
APIR	SSB5738AU

Monthly review

What happened in the market?

Global equity markets edged down during 2021's third quarter on mixed underlying results as a selloff in September erased the gains of many markets earlier in the quarter. Early in the period, strong corporate earnings in several parts of the world, full US regulatory approval for a COVID-19 vaccine and the Chinese central bank's liquidity-boosting measures aided markets. However, many investors were also pricing in the potential for the US Federal Reserve (Fed) to begin tapering stimulus sooner than expected. Late in the period, persistent inflation, more hawkish central bank messaging and a continued regulatory crack-down in China all affected investor sentiment. The MSCI All Country World Index of equities also fell for the quarter. Developed stock markets overall edged up, and emerging markets collectively sold off, while frontier stock markets as a group rose. Regionally, US equities advanced slightly while Asian and European markets overall declined (though Europe rose in euro and local-currency terms); Latin American stock markets plunged.

What happened in the Fund?

The Fund underperformed the MSCI World Index, on a net of fees basis, in the third quarter of 2021, retuning 3.43%

Stock selection detracted for the month. Selection within the U.K. and Continental Europe were the top detractors. Within Continental Europe, selection in the Information Technology and Industrials sectors were poor. Across other regions selection in the Australia, New Zealand, and Canada, Japan, and the U.S. was negative, but positive across the Asia Developed ex Japan region. From a sector perspective, selection was weak across Industrials, Consumer Discretionary, and Financials ex Banks. The impact of region and sector allocation decisions was flat.

At quarter end, the Fund was attractively valued with a lower 12-month forward PE than the benchmark. The Fund was well diversified across regions and sectors. The largest region overweight was to Australia, New Zealand, and Canada and the largest underweight was to the U.S. From a sector perspective, the Fund was most overweight in Financials ex Banks and most underweight in Utilities.

What is the outlook?

We anticipate continued strong global growth. While peak growth may have already been reached, led by fiscal stimulus from the United States, we believe a period of synchronized global growth is anticipated for the remainder of this year, although it may be largely built into investors' expectations. Regional divergences will be accentuated by access to vaccines and the persistence of policy accommodation.

High inflation is largely temporary, but risks remain elevated. Global inflation has moved up, pulled higher by demand. Growing supply bottlenecks are boosting headline inflation, but this is likely to be largely transitory. In the longer term, secular disinflationary forces, such as technology and globalization, remain strong.

Policy is likely to be adjusted, but its objective will not change. Central banks remain accommodative and are focused on inclusive recovery. The transition away from crisis measures and tapering asset purchases will proceed, but liquidity keeps flowing. We see fiscal objectives contributing to a stimulative environment and a dovish bias to policy.

We are confident that investors will continue to reward stocks that are attractively valued and invest in companies that have solid growth prospects and the ability to generate cash for their shareholders. We believe that our well-diversified, disciplined strategy will serve investors well in this environment.

Highlights

- Investment approach that seeks attractively valued companies that also embody good and improving Environmental, Social and Governance (ESG) practices with the aim of delivering more sustainable returns
- An ethical screen which actively screens out companies that do not meet the Fund's ethical investment criteria*

About us

Franklin Templeton

Franklin Resources, Inc., is a global investment management organisation, operating as Franklin Templeton, which is headquartered in California. Franklin Resources, Inc., provides, through its subsidiaries, deep investment expertise across all asset classes - including equity, fixed income, and multi-asset solutions. Franklin Resources, Inc. is listed on the New York Stock Exchange and has employees in over 34 countries.

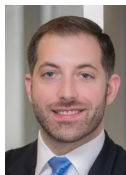
Ratings

Qualitative



Meet the Portfolio managers

Franklin Templeton Australia has appointed Franklin Advisers, Inc., part of Franklin Templeton Investment Solutions (FTIS) to be the investment manager. FTIS translates a wide variety of investor goals into portfolios powered by Franklin Templeton's best thinking around the globe. The team includes more than 100 investment professionals, specialising in strategic asset allocation and tactical positioning, fundamental and quantitative research, active integration, and risk management. For this strategy, FTIS integrates quantitative and qualitative analysis into an agile investment approach. The investment strategy is derived from multiple sources of proprietary investment insights seeking to systematically harness insights from behavioural finance and traditional qualitative research. The process is diversified, systematic and adaptive and seeks to deliver consistent, repeatable and risk-controlled returns. The key personnel for this fund include Michael LaBella CFA, Russel Shtern CFA, and Joseph Giroux.



Michael LaBella, CFA



Joseph S. Giroux

For enquiries, please contact Client Services team on 1800 679 541, email auclientadmin@franklintempleton.com or visit leggmason.com.au.

* Please read Product Disclosure Statement (PDS)

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