

Additional Information Booklet

Managed Investment Schemes

29 April 2026

This Additional Information Booklet (“Booklet”) is issued by Franklin Templeton Australia Limited (“Franklin Templeton Australia”, “Responsible Entity”, “we”, “our” or “us”) ABN 76 004 835 849, AFSL 240827. The content in this Booklet (“Booklet”) forms part of the relevant Product Disclosure Statement (“PDS”) or Information Memorandum (“IM”) of the registered managed investment schemes listed on the following page (each a “Fund” and together the “Funds”).

How to read this booklet

This booklet should be read in conjunction with each PDS or IM. The information in this Booklet forms part of the PDS or IM for each of the Funds listed on the following page issued by Franklin Templeton Australia Limited (“Franklin Templeton Australia”, “Responsible Entity”, “we”, “our” or “us”) ABN 76 004 835 849, AFSL 240827. A reference to a PDS in this Booklet includes a reference to an IM for a Fund or class of Units that has an IM.

The information in this Booklet is only of a general nature and does not constitute investment advice. It does not take into account any person’s financial situation or needs. We recommend you consult a licensed financial planner before making any investment decisions. The information in this Booklet is up to date at the time of preparation and may change from time to time. Where the changes are not materially adverse to investors, the information may be updated on our website at www.franklintempleton.com.au. For updated information about the Funds or a copy of the PDS or this Booklet, please contact us. We will provide you with a paper copy of any updated information without charge upon request.

An investment in a Fund is not an investment in, deposit with or any other liability of the Responsible Entity or any other entity in the Franklin Templeton Group. It is subject to risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested. The Responsible Entity and its related entities do not guarantee the performance of, or any income distribution or repayment of capital from, the Funds.

Investments in a Fund can only be made by persons receiving the Fund’s PDS (including an electronic version) in Australia.

How to contact Franklin Templeton Australia

Please contact Franklin Templeton Australia if you require further information or if you have any questions regarding this PDS.

Free call 1800 673 776
Mail Franklin Templeton Australia
GPO Box 24011
Melbourne VIC 3001
Email auclientadmin@franklintempleton.com
Website www.franklintempleton.com.au

Contents

List of funds	3
Applications, Withdrawals and Unit Pricing	4
Risks	6
How we invest your money	13
Environmental, Social and Ethical Factors and Labour Standards	15
<i>Brandywine Global</i>	17
<i>ClearBridge Investments</i>	21
<i>Franklin Templeton Equity</i>	29
<i>Franklin Templeton Fixed Income</i>	31
<i>Franklin Templeton Investment Solutions</i>	36
<i>Royce</i>	39
<i>Western Asset</i>	40
Additional explanation of fees and costs	44
Taxation	47
How to apply	52
Additional important information	55
Glossary	58

List of funds

Effective 29 April 2026

ARSN	FUND NAME	CLASSES WITH A PDS	CLASSES WITH AN IM
674294369	Brandywine Global Opportunistic Equity Fund	A, M	
127583411	Brandywine Global Opportunistic Fixed Income Fund	A, B	
673996720	ClearBridge Active Insights Fund	M	
88669292	ClearBridge Diversified Growth Fund	A	
147940467	ClearBridge Emerging Markets Fund	A, M	X
150751821	ClearBridge Equity Income Fund	A, M	X
613725036	ClearBridge Ethical Values with Income Fund	A	
641334803	ClearBridge Global Real Income Fund	A	X
146910349	ClearBridge Real Income Fund	B, M	X
122100207	ClearBridge Select Opportunities Fund	A	X
88668820	ClearBridge Sustainable Equity Fund	A, M	X
618906068	ClearBridge Sustainable Income Fund	A	
601662631	Franklin Australian Absolute Return Bond Fund	M	
132597972	Franklin Global Growth Fund	M	
132597972	Franklin Global Growth Fund – (Hedged)	A, M	
631941172	Franklin Global Responsible Investment Fund	A, M	
88669827	Franklin Global Systematic Equity Fund	A	X
88669827	Franklin Global Systematic Equity Fund – (Hedged)	A	
676724600	Franklin Government Cash Fund	A	
680914434	Franklin Government Cash Fund (USD)	A	
657325794	Franklin Multi-Asset Balanced Fund	A, M	
657332539	Franklin Multi-Asset Conservative Fund	A, M	
657332753	Franklin Multi-Asset Defensive Fund	A, M	
657333018	Franklin Multi-Asset Growth Fund	A, M	
657333447	Franklin Multi-Asset High Growth Fund	A, M	
160124096	Franklin Templeton Global Aggregate Bond Fund	A, M	
648409009	Royce Global Small-Cap Premier Fund	A	
88670286	Western Asset Australian Bond Fund	A, M	X
88670197	Western Asset Conservative Income Fund	A	X
648408548	Western Asset Enhanced Income Fund	A	X
616233017	Western Asset Global Bond Fund	A, B, M	

Applications, Withdrawals and Unit Pricing

Please note: This should be read in conjunction with Section 2 of each PDS.

Classes of Units

The PDSs set out the different classes of Unit offered in each Fund to Eligible Investors (as defined on page 52). Franklin Templeton Australia may offer or withdraw classes of Units. Eligible investors should nominate which class of Units they are applying for. Where more than one class is being offered, in the absence of a nomination, new investors will be issued with class A Units. The rights of a Unitholder differ depending upon the class of Units that they hold. Please refer to the PDS for details.

Application for Units

Applications received by 12pm on a Business Day (Franklin Government Cash Fund and Franklin Government Cash Fund (USD): by 4pm on a Business Day) will receive that day's application price and will be invested, subject to all client identification procedures that we deem necessary to satisfy our obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ("AML/CTF Act") being completed, on that day. Should application monies not be received prior to the settlement of investment of application amounts, the Fund may be temporarily overdrawn. If Units are issued for which payment has not been received, the Applicant's Units will become void to remedy any unfunded liabilities to the Fund.

Staggering large withdrawal requests

For the Funds below, the respective Constitutions permit the staggering of withdrawals on the following basis:

Withdrawal requests of more than 5% of the Units on issue in a Class of Units of any of the Funds may be treated as five separate requests, with 20% of the original request being received over five successive Business Days.

Brandywine Global Opportunistic Equity Fund	Franklin Government Cash Fund
Brandywine Global Opportunistic Fixed Income Fund	Franklin Government Cash Fund (USD)
ClearBridge Active Insights Fund	Franklin Multi-Asset Balanced Fund
ClearBridge Diversified Growth Fund	Franklin Multi-Asset Conservative Fund
ClearBridge Equity Income Fund	Franklin Multi-Asset Defensive Fund
ClearBridge Ethical Values with Income Fund	Franklin Multi-Asset Growth Fund
ClearBridge Global Real Income Fund	Franklin Multi-Asset High Growth Fund
ClearBridge Real Income Fund	Royce Global Small Cap Premier Fund
ClearBridge Select Opportunities Fund	Western Asset Australian Bond Fund
ClearBridge Sustainable Equity Fund	Western Asset Conservative Income Fund
ClearBridge Sustainable Income Fund	Western Asset Enhanced Income Fund
Franklin Global Responsible Investment Fund	Western Asset Global Bond Fund
Franklin Global Systemic Equity Fund and Franklin Global Systematic Equity Fund – (Hedged)	

For the Funds below, the respective Constitutions permit the staggering of withdrawals on the following basis:

Withdrawal requests of more than 10% of the number of Units on issue in a Class of Units of any of the Funds over five consecutive Business Days may have the excess paid within 45 or 90 Business Days of the original request in accordance with the relevant Fund's terms and conditions set out in its Constitution.

Brandywine Global Opportunistic Fixed Income Fund	ClearBridge Sustainable Equity Fund
ClearBridge Diversified Growth Fund	Franklin Global Systemic Equity Fund and Franklin Global Systematic Equity Fund – (Hedged)
ClearBridge Equity Income Fund (90 days)	Western Asset Australian Bond Fund
ClearBridge Real Income Fund	Western Asset Conservative Income Fund
ClearBridge Select Opportunities Fund	

Other arrangements may be entered into in regard to the timing of the payment of Withdrawal proceeds in consultation with the Unitholder.

For further details on the processing and treatment of Withdrawal requests please contact the Responsible Entity or refer to the Constitution, a copy of which is available free of charge by contacting the Responsible Entity.

Minimum investment and minimum holding

Please refer to the relevant Fund's PDS for details of the minimum initial investment. If the value of a Unitholder's Units fall below this minimum holding Franklin Templeton Australia reserves the right to redeem the entire Unit holding.

Transfer of Units

Unitholders can request a transfer to another person of some or all of their Units at any time. All requests for transfers must be made in the form required by Franklin Templeton Australia and be stamped for applicable stamp duty. Franklin Templeton, at its absolute discretion, may refuse to register any transfer of Units including without limitation if the transferee does not meet the Fund's eligibility criteria or does not satisfy Franklin Templeton Australia's anti money laundering or personal identification enquiries.

Unitholders considering transferring Units to another person should contact our Investor Services Team for more details. Franklin Templeton Australia also recommends such Unitholders seek their own legal and tax advice before requesting such a transfer.

Custodian and Registrar

The Responsible Entity has appointed a Custodian to provide custody and fund administration services and a Registrar to provide registry services as set out in the relevant PDS. The Custodian and Registrar do not oversee Franklin Templeton Australia's management of the Funds and are not responsible for protecting the rights and interests of Unitholders. Franklin Templeton Australia can terminate the Custodian and the Registrar appointments in the circumstances specified under respective agreements governing these relationships. As the register for the Funds is located in Victoria, certain transactions (including transferring Units to another person) may be subject to stamp duty. Please speak to your professional financial adviser for information about how duty may apply to a particular transaction.



Risks

Please note: This should be read in conjunction with Section 4 of each PDS.

Fund risk mapping

Fund Name	Counterparty Risk	Credit Risk	Currency Risk	Cyber Security Risks	Derivative Risk	Distribution Risk	Emerging Markets Risk	Equity Risk	Force Majeure Risk	Fund Risk	Hedging Risk	Interest Rate Risk	Investment Risk	Investment Selection Risk	Investment in Fixed Income or Other Debt Securities Risk	Investment in High Yielding Debt Securities Risk	Legal and Regulatory Risk	Liquidity Risk	Manager and Operational Risk	Market Risk	Political and Economic Developments Risk	Portfolio Concentration Risk	Rated and Unrated Securities Risk	Sector/Industry Risk	Security Specific Risk	Service Provider Risk	Short Selling Risk	Smaller and Midsize Companies Risk	Sustainability Risk
Brandywine Global Opportunistic Equity Fund	✓		✓	✓	✓		✓	✓	✓	✓			✓	✓			✓	✓	✓	✓	✓				✓	✓		✓	
Brandywine Global Opportunistic Fixed Income Fund	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	
ClearBridge Active Insights Fund	✓			✓	✓			✓	✓	✓			✓	✓			✓	✓	✓	✓					✓	✓			✓
ClearBridge Diversified Growth Fund	✓	✓	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			✓
ClearBridge Emerging Markets Fund	✓		✓	✓	✓		✓	✓	✓	✓			✓	✓			✓	✓	✓	✓	✓	✓	✓		✓	✓			✓
ClearBridge Equity Income Fund				✓				✓	✓	✓			✓	✓			✓	✓	✓	✓		✓			✓	✓			✓
ClearBridge Ethical Values with Income Fund				✓				✓	✓	✓			✓	✓			✓	✓	✓	✓		✓			✓	✓			✓
ClearBridge Global Real Income Fund	✓		✓	✓	✓			✓	✓	✓			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓
ClearBridge Real Income Fund				✓	✓			✓	✓	✓			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓
ClearBridge Select Opportunities Fund	✓			✓	✓			✓	✓	✓			✓	✓			✓	✓	✓	✓	✓	✓	✓		✓	✓			✓
ClearBridge Sustainable Equity Fund	✓			✓	✓			✓	✓	✓			✓	✓			✓	✓	✓	✓	✓	✓	✓		✓	✓			✓
ClearBridge Sustainable Income Fund				✓				✓	✓	✓			✓	✓			✓	✓	✓	✓	✓	✓	✓		✓	✓			✓
Franklin Australian Absolute Return Bond Fund	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓			
Franklin Global Growth Fund				✓	✓		✓	✓	✓	✓			✓	✓			✓	✓	✓	✓	✓	✓	✓		✓	✓			✓
Franklin Global Growth Fund - (Hedged)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			✓
Franklin Global Responsible Investment Fund	✓	✓	✓	✓	✓			✓	✓	✓			✓	✓			✓	✓	✓	✓	✓	✓	✓		✓	✓			✓
Franklin Global Systematic Equity Fund	✓			✓	✓			✓	✓	✓			✓	✓			✓	✓	✓	✓	✓	✓	✓		✓	✓			
Franklin Global Systematic Equity Fund - (Hedged)	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
Franklin Government Cash Fund		✓		✓				✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
Franklin Government Cash Fund (USD)		✓	✓	✓				✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
Franklin Multi-Asset Balanced Fund	✓	✓	✓	✓	✓		✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
Franklin Multi-Asset Conservative Fund	✓	✓	✓	✓	✓		✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
Franklin Multi-Asset Defensive Fund	✓	✓	✓	✓	✓		✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
Franklin Multi-Asset Growth Fund	✓	✓	✓	✓	✓		✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
Franklin Multi-Asset High Growth Fund	✓	✓	✓	✓	✓		✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
Franklin Templeton Global Aggregate Bond Fund	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
Royce Global Small-Cap Premier Fund			✓	✓			✓	✓	✓	✓			✓	✓			✓	✓	✓	✓	✓	✓	✓		✓	✓			✓
Western Asset Australian Bond Fund	✓	✓		✓	✓			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
Western Asset Conservative Income Fund	✓	✓		✓	✓			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
Western Asset Enhanced Income Fund	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			
Western Asset Global Bond Fund	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			

Risk	Risk Description
Counterparty Risk	Counterparty risk is the risk to each party of a contract that the counterparty will fail to perform its contractual obligations and/or to respect its commitments under the term of such contract, whether due to insolvency, bankruptcy or other cause. When a counterparty risk arises from the use of derivatives, the value of derivative and consequently the value of the Fund may be adversely affected.
Credit Risk	Where Funds invest in credit securities such investments carry credit risk, including adverse market or issuer developments and downgrading of securities ratings.
Currency Risk	Movements in exchange rates may cause rises or falls in the value of a Fund's units and any assets held by the Fund which are denominated in a different currency to that of the base currency of a Fund. The value of these investments may decrease if the currency in which they are traded falls relative to a Fund's base currency. As a result, currency fluctuations may indirectly affect the value of a Fund's investment and, in turn, may also adversely affect the value of units held by a unitholder.
Cyber Security Risks	<p>With the increased use of technologies such as the internet and other electronic media and technology to conduct business, the Responsible Entity, the Fund, as well as the Responsible Entity's service providers and their respective operations can be susceptible to operational, information security and related risks including cyber security attacks or incidents.</p> <p>In general, cyber incidents can result from deliberate attacks or unintentional events, and include unauthorised access to digital systems, networks or devices (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information.</p> <p>Cyber security breaches may cause disruptions and impact a business, potentially resulting in financial loss. This may impact the Fund's ability to calculate its Net Asset Value, trading and the ability of Unitholders to transact business. Cyber-attacks may violate privacy and other laws, resulting in regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs, and the loss of proprietary information. Among other potentially harmful effects, cyber-events may also result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support the Responsible Entity and the Responsible Entity's service providers.</p> <p>The above may affect issuers of securities in which the Fund invests, counterparties, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for Fund holders) and other parties. In addition, substantial costs may be incurred in order to try to prevent any cyber incidents in the future.</p>

Derivative Risk	<p>Derivatives are financial contracts that offer access to the performance of an underlying asset and are used to implement investment strategies in the most risk efficient manner possible. The use of derivatives to hedge the risk of physical securities will involve ‘basis risk’, which refers to the possibility that derivatives may not move exactly in line with the physical security. Fluctuations in the price of derivatives will be reflective of movements in the underlying assets, reference rate or index to which the derivatives relate. Consequently, the derivatives should not be expected to fully hedge the risk of the physical security. Derivatives are also used as substitutes for physical securities. In doing so there is the risk that a derivative may not be a perfect substitute for the underlying security it aims to replace and may not mirror its movements completely.</p> <p>Other risks associated with derivatives may include:</p> <ul style="list-style-type: none"> • Loss of value because of a sudden price move or because of the passage of time; • Potential illiquidity of the derivative; • The Fund being unable to meet payment obligations as they arise; • Significant volatility in prices of the underlying asset; • Some derivatives are leveraged and therefore may magnify or otherwise increase investment losses to the Fund; • Legal risk which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly; and • Counterparty risk which is the risk that parties to derivatives contracts and other investment instruments may not perform their contractual obligations and may default when settlement is due. <p>Note that the Responsible Entity does not guarantee that the Fund’s derivatives strategy will be successful.</p>
Distribution Risk	<p>A Fund’s hedging strategy may impact the distributions paid. When the base currency is appreciating relative to other currencies, the gains from hedging may result in additional income being distributed by that Fund and where the base currency is depreciating relative to other currencies, the losses from hedging may offset other income received by that Fund and may result in lower or no income being distributed from that Fund for a distribution period.</p>
Emerging Markets Risk	<p>Investments in “Emerging Markets” carry risks additional to those inherent in other investment, some of which are set out below.</p> <p>Economic & political factors: Investments in securities of issuers located in “Emerging Market Countries” involve special considerations and risks, including the risks associated with high rates of inflation and interest with respect to the various economies, the limited liquidity and relatively small market capitalisation of the securities markets in Emerging Market Countries, relatively higher price volatility, large amounts of external debt and political, economic and social uncertainties, including the possible imposition of exchange controls or other foreign governmental laws or restrictions which may affect investment opportunities. In addition, with respect to certain Emerging Market Countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments that could affect investments in those countries. Moreover, individual emerging market economies may differ favourably or unfavourably from the economies of developed nations in such respects as growth of gross national product, rates of inflation, capital investment, resources, self-sufficiency and the balance of payments position. Certain emerging market investments may also be subject to foreign withholding taxes.</p> <p>Market liquidity and volatility: The securities markets in Emerging Market Countries are substantially smaller, less liquid and more volatile than the major securities markets. A limited number of issuers in most, if not all, securities markets in Emerging Market Countries may represent a disproportionately large percentage of market capitalisation and trading volume. The combination of price volatility and the less liquid nature of securities markets in Emerging Market Countries may, in certain cases, affect the Fund’s ability to</p>

	<p>acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.</p> <p>Information standards: In addition to their smaller size, lesser liquidity and greater volatility, securities markets in Emerging Market Countries are less developed than the securities in more developed markets with respect to disclosure, reporting and regulatory standards. There is less publicly available information about the issuers of securities in these markets than is regularly published by issuers in the more developed market. Further, corporate laws regarding fiduciary responsibility and protection of stockholders may be considerably less developed than those in more developed market. Emerging market issuers may not be subject to the same accounting, auditing and financial reporting standards as companies in more developed market. Inflation accounting rules in some Emerging Market Countries require, for companies that keep accounting records in the local currency for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to reflect the high rates of inflation to which those companies are subject. Inflation accounting may indirectly generate losses or profits for certain companies in Emerging Market Countries. Thus, statements and reported earnings may differ from those of companies in other countries.</p> <p>Custodial risks: As the Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Fund which are traded in such markets and which have been entrusted to sub-custodians may be exposed to greater risk compared to countries with developed custodial and/or settlement systems.</p>
Equity Risk	<p>The value of all Funds that invest in equity and equity related securities will be affected by economic, political, market, and issuer specific changes. Additionally, different industries, financial markets, and securities can react differently to these changes. Such fluctuations in a Fund's value are often exacerbated in the short term as well. The risk that one or more companies in a Fund's portfolio will fall, or fail to rise, can adversely affect the overall portfolio performance in any given period. To gain the full benefits of equity investing, a long-term view is usually advised.</p>
Force Majeure Risk	<p>Circumstances beyond our reasonable control may impact the operation, administration and performance of the Fund. Those include industrial disputes, failure of a securities exchange, fires, floods, hurricanes, earthquakes, wars, strikes and acts of terrorism, governmental pre-emption in connection with an emergency of state and pandemics.</p>
Fund Risk	<p>There are risks of investing in the Fund rather than investing directly in individual securities. Risks include, but are not limited to, the risk that:</p> <ul style="list-style-type: none"> • the Fund terminates; • the fees and expenses will typically be higher compared to investing directly in individual securities and such fees and expenses may increase and the tax outcomes may be different; • investments and withdrawals by one or more Unitholders may have an impact on other Unitholders; or • there is a change in the Responsible Entity or an investment manager.
Hedging Risk	<p>Investors should note that the hedging strategy between the currency of the Fund and the currency exposure of the assets held is designed to reduce, but not eliminate, exchange-rate risk. There is no guarantee that the exposure of the currency in which the Fund is denominated can be fully hedged against the exposure of the asset held. The successful implementation of the hedging strategy may reduce the benefit of decreases in the value of currency of investment in relation to the base currency of the Fund.</p>

Interest Rate Risk	<p>The value of fixed income securities held by the Fund will generally vary inversely with changes in interest rates and such variation may affect the value of the Fund accordingly. A rise in rates tends to have a greater impact on the prices of longer term or duration securities. While changes in interest rates may affect the value of the Fund's interest income, such changes may also positively or negatively affect the Fund and the Net Asset Value of the Fund on a daily basis.</p> <p>When interest rates rise, bond prices fall. The opposite is also true: bond prices rise when interest rates fall. "Duration" is used to measure the sensitivity of a bond's price to changes in interest rates. Duration is expressed as a unit number of years. For example, the price of a bond with an interest rate duration of 2 years would be expected to move 2% for every 1% move approximately in interest rates. In general, securities with longer maturities (duration) are more sensitive to these interest rate changes compared to securities with shorter maturities (duration). Duration is only one factor that influences performance and other factors may have an impact on the outcome.</p>
Investment in Fixed Income or Other Debt Securities Risk	<p>All fixed income or other debt securities have the fundamental risk that the issuer may be unable to make interest payments or repay the capital. Generally, government securities offer the lowest credit risk, which is reflected in their lower yield. Corporate debt offers a higher yield due to its higher risk. However, changes in economic and political outlook affect the value of such securities.</p>
Investment in High Yielding Debt Securities Risk	<p>Due to the volatile nature of sub-investment grade assets and the corresponding risk of default, there may be significant capital losses and the possibility of fluctuations in the income return level of the Fund.</p> <p>When economic conditions appear to be deteriorating, medium or low-rated securities may decline in value due to heightened concern over credit quality, regardless of the prevailing interest rates. Adverse economic developments can disrupt the market for low-rated securities, and severely affect the ability of issuers, to service their debt obligations or to repay their obligations upon maturity, which may lead to a higher incidence of default on such securities.</p> <p>Low-rated securities also present risks based on payment expectations. If the Fund experiences unexpected net redemptions, it may be forced to sell its higher-rated securities, resulting in a decline in the overall credit quality of the Fund's investment portfolio and increasing the exposure of the Fund to the risks of low-rated securities. Investors should carefully consider the relative risks of investing in high yield securities and understand that such securities are not generally meant for short-term investing.</p>
Investment Risk	<p>There can be no assurance that the Fund's investment objective will be attained. The performance of the Fund is not guaranteed.</p> <p>The value of shares in the Fund may rise or fall, as the capital value of the securities in which the Fund invests may fluctuate. The investment income of the Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the Fund's investment income may be expected to fluctuate in response to changes in such expenses or income. Due to their investment policies, the Fund may have highly volatile performance.</p>
Investment Selection Risk	<p>The Investment Manager uses an investment selection process to identify investment opportunities which it believes are most likely to outperform over the medium to long term. There is a risk that these investments will not perform in line with the Investment Manager's expectations however this risk is mitigated to some extent by the knowledge, experience and processes of the Investment Manager.</p>
Legal and Regulatory Risk	<p>The Fund is subject to the risk that laws may change in any jurisdiction where the Fund is invested or operates. There is also a risk that taxation or other applicable laws and regulations may change that may affect the operation of the Fund.</p>

Liquidity Risk	<p>The risk that arises when adverse market conditions affect the ability to sell assets at desired price when necessary. Reduced liquidity may have a negative impact on the price of the assets. When a fund holds less liquid investments, the fund's portfolio may become harder to value, and if the fund is forced to sell these investments to meet redemption requests or for other cash needs, the fund may suffer a loss. Liquidity risk also refers to the possibility of the Fund not being able to meet redemption requests due to a lack of cash or the inability of the Fund to sell assets at acceptable market price to raise cash needed to meet the redemption requests.</p>
Manager and Operational Risk	<p>All Funds are exposed to possible manager and operational risk which include human error, system failures, poor procedures, lack of management controls, termination of the Fund, counterparty risk, changes in fees, replacement of the Responsible Entity and replacement of the Investment Manager.</p>
Market Risk	<p>The market prices of the Fund's securities may go up or down, sometimes rapidly or unpredictably, due to local and/or global market conditions, such as real or perceived adverse economic or political conditions, governments policy change, inflation, changes in interest rates, lack of liquidity in the asset markets, adverse investor sentiment, or world events.</p>
Political and Economic Developments Risk	<p>The political, economic and social structure of some foreign countries may be less stable and more volatile than those in domestic market that the investors are more familiar with. Investments in these countries may be subject to the risks of internal and external conflicts, currency devaluations, foreign ownership limitations and tax increases.</p>
Portfolio Concentration Risk	<p>A Fund may concentrate its investments by: investing in relatively few securities, and/or investing primarily or exclusively in a particular region, country, and/or sector or by excluding certain investments, such as through positive or negative screens. A Fund that has concentrated its investments in one or more of these ways may be less diversified than other funds. It may underperform other funds if there is a downturn in the region, country, sector and/or securities in which the Fund has concentrated its investments or if there is a relatively higher performance in the excluded securities, region, country and/or sector. Furthermore, a Fund's investment objectives and/or strategies may require it to concentrate its investments in this way. Such a Fund may maintain the concentration of its investments, despite unfavourable conditions for investment in the region, country, sector and/or securities in which it has concentrated its investments.</p>
Rated and Unrated Securities Risk	<p>Ratings of securities represent the opinions of bond rating agencies which are relative and subjective and are not absolute standards of quality. Unrated debt securities are not necessarily of lower quality than rated securities, but they may not be attractive to as many buyers. The bond rating agencies may change, without prior notice, their ratings on particular debt securities held by a fund, and downgrades in ratings are likely to adversely affect the price of the relevant debt securities.</p> <p>Investment Grade securities may be subject to the risk of being downgraded to below Investment Grade. Lower credit quality rated securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. If the issuer defaults, or such securities cannot be realised, or perform badly, the Fund and its shareholders may suffer substantial losses. In addition, the market for securities which are rated below Investment Grade and/or have a lower credit rating generally is of lower liquidity and less active than that for higher rated securities and the Fund's ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by factors such as adverse publicity and investor perception.</p>

Sector/Industry Risk	<p>The performance of a Fund which focuses on specific sectors or industries may be more influenced by the fluctuation within those sectors or industries. As a result, the Fund may experience a greater volatility compared to a fund with a more diversified sector of industry allocation. Factors such as regulatory changes, economic conditions, and technological advancements within a particular sector or industry can significantly impact the Fund's value.</p>
Security Specific Risk	<p>The value of an individual security held by a Fund may fall. Factors that can affect the value of such a security include, the operations, distribution expectations or management of the company that issued the security or market conditions affecting that company. Changes in interest rates may also affect the value of securities.</p>
Service Provider Risk	<p>The Underlying Fund, to a certain extent, is reliant on external service providers in connection with the operation of the Fund and investment activities. There is a risk with these arrangements that the service providers may default in the performance of their obligations or seek to terminate the services with the result that the Underlying Fund, or Fund may be required to seek an alternative supplier and, in the interim, investment activities and other functions of the Fund may be affected.</p>
Short Selling Risk	<p>In taking short positions, the Fund bears the risk of an increase in the price of an investment over which the short position is taken. Such an increase could lead to a substantial loss.</p>
Smaller and Midsize Companies Risk	<p>Securities issued by smaller and midsize companies may be more volatile in price than those of larger companies, involve substantial risks and should be considered speculative. Such risks may include greater sensitivity to economic conditions, less certain growth prospects, lack of depth of management and funds for growth and development, and limited or less developed product lines and markets. In addition, smaller and midsize companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans.</p>
Sustainability Risk	<p>The Fund's integration of sustainability risks in the investment decision process may have the effect of excluding profitable investments from the investment universe of the Fund and may also cause the Fund to sell investments that will continue to perform well. A sustainability risk could materialise due to an environmental, social or governance event or condition which may impact the Fund's investments and negatively affect the returns of the Fund.</p>

How we invest your money

Please note: This should be read in conjunction with Section 5 of each PDS and may not apply to all Funds.

Use of Derivatives

Derivatives are any contract or arrangement whose return is linked to or derived from changes in value of an underlying stock, bond, index, currency, liability or other asset (the “underlying asset” or “underlying liability”). Derivatives encompass a wide assortment of instruments including currency hedges, forwards, futures, options, share ratios, warrants, swaps (such as swap structured notes, credit default swaps, cross currency swaps and interest rate swaps) mortgage derivative securities and other similar securities.

It is Franklin Templeton Australia’s policy to use derivative instruments principally for hedging, risk management, return enhancement, and to implement strategies in a more efficient manner.

Derivatives are not used for speculation where speculation is defined as derivative activity that would result in the net exposure being outside of the Investment Guidelines.

Subject to each Fund’s investment guidelines, the derivatives principally used are exchange-traded futures and options and over-the-counter interest rate and credit swaps. Currency forwards may be used to manage exposure to exchange rates.

Derivatives often provide a cheaper and/or more liquid way to implement investment decisions. The main benefit of their use is to more efficiently create effective exposures which could otherwise be established through the physical market. In some instances, such as managing exposure to volatility, derivatives may be the only efficient way to implement an investment strategy.

Some of the Funds may use derivatives to manage currency risk or for additional active currency management. Through a forward currency contract, the Fund can enter into an agreement to sell a currency for a predetermined price on a specified future date. By contracting to sell one currency, the Fund is also contracting to purchase another currency such that a net short position in the currency being sold is offset by a net long position.

Except for those Funds in which economic leverage is expressly permitted, derivative positions are fully covered by cash, cash equivalents or securities, as appropriate.

Franklin Templeton Australia’s objectives in using derivatives may include:

- to ensure that cash flows are invested in a timely and cost-effective manner;
- to effect asset allocation shifts in a timely and cost-effective manner;
- to take advantage of market and price inefficiencies between futures and physical markets;
- capture relative value opportunities;
- to adjust the duration of fixed income Funds in a timely and cost-effective manner;
- to hedge or effect currency positions in certain Funds holding foreign and/or diversified assets; and
- to implement portfolio and hedging strategies in relation to Fund assets.

Sectors – for the ClearBridge Australian Equity Funds

ClearBridge Active Insights Fund

ClearBridge Ethical Income with Values Fund;

ClearBridge Equity Income Fund;

ClearBridge Global Real Income Fund;

ClearBridge Real Income Fund;

ClearBridge Select Opportunities Fund;

ClearBridge Sustainable Equity Fund; and

ClearBridge Sustainable Income Fund;

(collectively the “ClearBridge Australian Equity Funds”).

Subject to each of the above Fund’s investment guidelines, the definition of a sector may be determined by the Investment Manager. This means the standard GICS (Global Industry Classification Standard) classifications for sectors may not apply, resulting in more or fewer sectors as compared to the GICS. In addition, from time to time, the Investment Manager may also re-classify securities to a different sector, as compared to the sector GICS attributes it to.

Environmental, Social and Ethical Factors and Labour Standards

Environmental, Social and Ethical Factors and Labour Standards – for all Funds

Generally, consideration of labour standards, environmental, social, governance (ESG) and ethical factors does not include making ethical or moral judgements on particular practices or issues. Instead, when deciding whether to buy, retain or sell an investment, the applicable investment manager may include ESG factors as part of its wider evaluation of the current or future value of an investment in accordance with that investment manager's approach set out in Sections 3 and 5 of the relevant PDS. An investment manager may apply screens which exclude certain investments and any screens imposed are also set out in Section 5 of the relevant PDS.

Unless otherwise set out in the relevant PDS or in this section, the investment managers appointed by Franklin Templeton Australia do not have a predetermined view as to what comprises a labour standard or an environmental, social or ethical consideration and have no predetermined view as to the extent to which a labour standard or an environmental, social or ethical consideration will be taken into account. The Funds may hold investments where ESG factors are not considered, including cash, cash equivalents, exchange-traded funds and certain types of derivatives.

There may be limitations to the availability, timeliness, accuracy and reliability of data used to assess ESG factors and this may impact the analysis and may result in securities being incorrectly included or excluded for a period of time from a Fund's portfolio.

Risks relating to the use of negative screens - for all Funds

Where negative screens are applied to exclude investments from a Fund (whether based on ESG factors or otherwise), all reasonable care is taken to ensure such screening is applied consistently with the relevant PDS and a portfolio's compliance with the screening criteria is regularly monitored. However:

- there is a risk that different data will be available to the investment managers at different times (for example, because publicly available financial or other information is not always comprehensive or up to date), which may yield different results with respect to whether or not a particular investment is or should be excluded based on the application of the relevant screen at a particular point in time;
- there may be limitations in the financial or other data made available to Franklin Templeton Australia upon which screening decisions are based (for example, the data may include estimates or be based on certain assumptions which later prove to be inaccurate); and
- despite Franklin Templeton Australia's best efforts, some investments may from time to time be included in a Fund where they should, based on the applicable negative screen, be excluded and there is no guarantee that all investments in a Fund will meet all screening criteria at all times.

For the purposes of revenue-based exclusionary screens, unless otherwise set out in the PDS or in this section, while the investment managers appointed by Franklin Templeton Australia will generally divest investments that no longer meet the revenue thresholds, an investment manager may also continue holding certain investments where it considers it to be in the best interests of investors. For example, in certain circumstances, an investment may temporarily marginally exceed a revenue threshold but be retained in a portfolio where the investment manager assesses the investment will return within revenue thresholds within a reasonable time. Any such decisions will be made in the best interests of investors.

The Funds may have indirect exposure to excluded investments through other investments including cash, cash equivalents, exchange-traded funds and certain types of derivatives.

Environmental, Social and Ethical Factors and Labour Standards – for specific Funds

Additional information as to what is considered to be an ESG factor and labour standard and the extent to which ESG factors and labour standards are taken into account among other factors in the selection, retention and realisation of investments by individual investment managers appointed by Franklin Templeton Australia is set out below:

Brandywine Global

Brandywine Global Opportunistic Equity Fund

Brandywine Global takes labour standards, environmental, social and ethical considerations (ESG factors) into account in selecting, retaining and realising investments. Brandywine Global does not have a predetermined view about what it regards to be a labour standard, environmental or ethical consideration.

Consideration of ESG factors and risks is only one potential input in the assessment of eligible investments and, as with any inputs considered, may not be a determinative factor in the final decision on whether to purchase (or sell) a security. In addition, where ESG factors are considered, the weight given to ESG factors may vary across types of investments, industries, regions and issuers and ESG factors and weights considered may change over time. Every investment may not be considered for ESG factors and, when it does, not every ESG factor may be identified or evaluated.

Analysis

Brandywine Global uses both proprietary research and ratings, research and risk indicators from third-party data providers, employing a combination of top-down macro-oriented analysis combined with bottom-up fundamental analysis to make portfolio management decisions. It does not have a predetermined view as to the extent to which labour standards and environmental social and ethical considerations are taken into account.

The Brandywine Global Opportunistic Equity Fund is a value-biased strategy, which leverages the Brandywine Global fixed income team's global macro capabilities and insights for top-down thematic allocation decisions. Stock market assessments are made in a given country to determine whether valuation anomalies exist, and also presents the opportunity to evaluate ESG factors for the companies listed in that market. Brandywine Global uses quantitative data (where available) to assess a company on ESG factors, and also qualitatively through fundamental research. Failure to properly address ESG factors may expose a corporation to significant legal, regulatory, product, and reputational risks. Conversely, well-managed businesses tend to have strong governance structures that actively address possible environmental and social issues. Brandywine believes it is important to evaluate investment opportunities according to potential ESG factor risks and strengths alongside fundamental considerations. Governance is uniformly an important issue, and Brandywine focuses on the material areas of risk for a particular company based on its business activities.

Engagement

Brandywine Global engages with investee entities on behalf of its clients as part of its fiduciary duty. Engagement is sought with companies identified as having material risk or a lack of transparency into a company's management of an issue, as an opportunity to ask questions, request increased disclosure, or to gain a keener understanding. Engagement opportunities include, without limitation, interactions with corporate management teams, investor relations and sustainability teams. Governance issues tend to be a common issue to precipitate engagement, but Brandywine Global may also engage companies on social and environmental issues, such as policies for employment practices and transition to renewable power resources. There may be limitations to the degree of influence Brandywine Global may reasonably have in relation to the companies selected for engagement. Brandywine Global does not have any predetermined metrics for measuring or reporting outcomes of the engagement activities.

Risks and limitations

Brandywine Global's assessment of ESG factors for an issuer is an important but not necessarily determining factor in the overall investment assessment. Thus, the Fund may invest in an issuer despite a relatively weak ESG assessment or conversely may not invest in or hold an issuer despite a strong ESG assessment. The Fund may have investments where ESG factors are not considered, including cash, exchange-traded funds and certain types of derivatives. There may be limitations to the availability, timeliness, accuracy and reliability of data used to assess ESG factors and this may impact the analysis.

Monitoring and review

Brandywine Global will monitor current and prospective holdings for deterioration and improvement in ESG factors as part of its overall review of the portfolio and then determine its approach on a case-by-case basis. There is no set approach or timeframe for review.

Negative screens

The exclusions are limited to securities that fall within the categories noted in section 5 of the Fund's PDS. However, the Fund may have indirect exposure to excluded investments through other investments including cash, cash equivalents, exchange-traded funds and certain types of derivatives. The Fund may invest in securities that are involved in the same supply chain as an excluded investment or have an association with an excluded investment, for example, the Fund may invest in securities that have exposure to companies involved in the:

- distribution of tobacco and tobacco products;
- generation of electricity from thermal coal or involved in mining of thermal coal within the revenue limits;
- extraction or distribution of oil from tar sands within the revenue limits;
- distribution of Controversial Weapons or production or distribution of other types of weapons not considered Controversial Weapons; or
- financing to an excluded investment.

Brandywine Global considers the data provided by a third-party vendor (where available) in determining which companies are excluded and in assessing revenue thresholds for excluding companies. Brandywine Global's analysts also compare the data provided by any third-party data provider with their own internal research and to the extent of any inconsistency, Brandywine Global's analysis will prevail. Revenue is generally on a gross basis. The screening may not include the parent or subsidiaries of companies.

Should an investment cease to be consistent with the screens imposed, such investment will be divested as soon as reasonably practicable and in the best interests of investors.

Compliance with negative screens is monitored through a third-party monitoring system. Brandywine Global reviews the composition of the screens regularly and as the data is available from third-party vendors.

Brandywine Global Opportunistic Fixed Income Fund

The Brandywine Global Fixed Income investment team takes labour standards, environmental, social and ethical considerations (ESG factors) into account in selecting, retaining and realising investments. The Brandywine Global Fixed Income investment team does not have a predetermined view about what it regards to be a labour standard, environmental, social or ethical consideration.

Analysis

Brandywine uses both proprietary research and ratings, research and risk indicators from third-party data providers, employing a combination of top-down macro-oriented analysis combined with bottom-up fundamental analysis to make portfolio management decisions. It does not have a predetermined view as to the extent to which labour standards and environmental, social and ethical standards are taken into account.

Brandywine's global fixed income investment process begins with top-down, macroeconomic research, of which ESG factors are an important component. In the process of identifying attractive investment opportunities, Brandywine searches for the highest real-yielding countries (that is, the yield adjusted for inflation) in the world and focuses on currencies offering the most value, while monitoring political, economic and policy environments, as well as other governance factors, and significant environmental and social factors. When evaluating global sovereign bonds, governance issues such as rule of law, level of corruption, business freedom, and protection of property rights are among the key considerations. Environmental and social factors also can impact the economy and investment conditions in that country. Brandywine reviews environmental factors that provide insight into a country's exposure and response to climate change risk, including the country's evolving use of fossil fuels and renewables and its vulnerability to the impacts of climate change risk. Countries that mismanage pollution or natural resources can impair agriculture, health levels, demographics, country production, and growth prospects. Other factors Brandywine considers are conditions such as the levels of education, poverty, and net migration. Any of these factors and interaction of factors can influence the attractiveness of a country's sovereign debt.

Consideration of ESG factors can be an important input to Brandywine's evaluation of corporate bond and stock investments to assess the attractiveness of an investment. Failure to address ESG factors properly can expose a corporation to significant legal, regulatory, product, and reputational risks. Conversely, well-managed businesses tend to have strong governance structures and proactively address possible environmental and social issues. Brandywine believes it is important to evaluate investment opportunities according to potential ESG factor risks and strengths alongside fundamental considerations. Governance is uniformly an important issue, and Brandywine focuses on the material areas of risk for a particular company based on its business activities.

Engagement

The Brandywine Global Fixed Income team engages with government finance and central bank officials to gain information on the country's policies and plans when visiting a country and through participation in conferences, such as those hosted by the International Monetary Fund and Institute of International Finance to gain direct insights into a country.

Brandywine engages with corporate issuers where it identifies areas of material risk or a lack of transparency into a company's management of a risk to ask questions and to request increased disclosure to gain a keener understanding. Governance issues tend to be a common issue to precipitate engagement, but Brandywine also engages companies on social and environmental issues, such as policies for employment practices and transition to renewable power resources but acknowledges there may be limitations to the degree of influence it may reasonably have in relation to the companies selected for engagement. Brandywine does not have any predetermined metrics for measuring or reporting outcomes of the engagement activities.

Risks and limitations

Brandywine's assessment of ESG factors for an issuer is an important but not necessarily determining factor in the overall investment assessment. Thus, the Fund may invest in an issuer despite a relatively weak ESG assessment or conversely may not invest in or hold an issuer despite a strong ESG assessment.

Monitoring and review

Brandywine will monitor current and prospective holdings for deterioration and improvement in ESG factors as part of its overall review of the portfolio and then determine its approach on a case-by-case basis. There is no set approach or timeframe for review.

Negative screens

The exclusions are limited to securities that fall within the categories noted in section 5 of the Fund's PDS. However, the Fund may have indirect exposure to excluded investments through other investments including cash, cash equivalents, exchange-traded funds and certain types of derivatives. The Fund may invest in securities that are involved in the same supply chain as an excluded investment or have an association with an excluded investment, for example, the Fund may invest in securities that have exposure to companies involved in the:

- distribution of tobacco and tobacco products;
- generation of electricity from thermal coal or involved in mining of thermal coal within the revenue limits;
- extraction or distribution of oil from tar sands within the revenue limits;
- distribution of Controversial Weapons or production or distribution of other types of weapons not considered Controversial Weapons; or
- financing to an excluded investment.

Brandywine Global considers the data provided by a third-party vendor (where available) in assessing revenue thresholds for excluding companies. Brandywine Global's analysts also compare the data provided by any third-party data provider with their own internal research and to the extent of any inconsistency, Brandywine Global's analysis will prevail. Revenue is generally on a gross basis. The screening may not include the parent or subsidiaries of companies.

Should an investment cease to be consistent with the screens imposed, such investment will be divested as soon as reasonably practicable and in the best interests of investors.

Compliance with negative screens is monitored through a third-party monitoring system. Brandywine Global reviews the composition of the screens regularly and as the data is available from third-party vendors.

ClearBridge Investments

ClearBridge Active Insights Fund

ClearBridge Ethical Income with Values Fund;

ClearBridge Equity Income Fund;

ClearBridge Global Real Income Fund;

ClearBridge Real Income Fund;

ClearBridge Select Opportunities Fund;

ClearBridge Sustainable Equity Fund; and

ClearBridge Sustainable Income Fund;

(collectively the “ClearBridge Australian Equity Funds”).

The ClearBridge Australian Equities Investment Team, a division of Franklin Templeton Australia Limited, is the Investment Manager of the ClearBridge Australian Equity Funds. The team is operationally integrated under the “ClearBridge Investments” global brand, alongside ClearBridge Investments, LLC (“CBI”), and other ClearBridge entities wholly and indirectly owned by Franklin Resources, Inc.

The ClearBridge Australian Equities Investment Team considers and analyses labour standards and ESG factors as part of the investment decision making process for all of the ClearBridge Australian Equity Funds. The Investment Manager does not have a predetermined view about what it regards to be labour standard or an environmental, social or ethical consideration.

The Investment Manager considers labour standards, including by undertaking an assessment of a company’s exposure to Modern Slavery risks, including child labour risks.

Proprietary frameworks used to identify labour standards and ESG factors

The Investment Manager utilises proprietary frameworks that identify the labour standards and environmental, social or ethical considerations (ESG factors) that the Investment Manager considers are likely to be material in each industry, with reference to information from third-party data providers where relevant. These frameworks reflect the wide variation in what may be material and relevant across different industries.

These industry frameworks may consider:

- What ESG risks and opportunities may exist;
- How these risks and opportunities impact on revenues/costs/capital expenditure, etc;
- What metrics should be examined; and
- What are the key questions to ask management.

While the Investment Manager does not have a predetermined view as to the extent to which labour standards and environmental, social or ethical considerations are taken into account, the Investment Manager has developed an internal toolkit that they describe as an “active ownership approach” which is applied to all the ClearBridge Australian Equity Funds. This approach may include the following considerations for taking labour standards and ESG factors into account in determining the securities held within the portfolio and the target weightings of each security:

Analysis

Analysis of companies is an important source of fundamental information that helps the Investment Manager improve its understanding and conviction in investee companies. The research and analysis of companies gives the Investment Manager information about to what extent companies have identified material ESG risks and opportunities and how they are managing these. The Investment Manager considers the ESG factors identified in its proprietary framework for a specific industry, as discussed above. The Investment Manager does not have a predetermined view about how far ESG factors will be taken into account when conducting this analysis. It will depend on the context of the company concerned, where it operates and the industry within which it operates.

Engagement

For companies under consideration in accordance with the investment objective, this engagement may involve conducting meetings with any one of companies' management, their key competitors, customers, suppliers and applicable government agencies as determined by the Investment Manager. Engagement with companies enables the Investment Manager to provide feedback to a company's Board and/or management. This is an opportunity to build an understanding of the business and to share the Investment Manager's views on management of ESG risks and opportunities with company management and express any areas of concern on ESG factors. The aim is to encourage greater transparency and gain further insight into the company's governance and their management of key ESG factors but acknowledging there may be limitations to the degree of influence the Investment Manager may reasonably have in relation to the companies selected for engagement. The Investment Manager does not have any predetermined metrics for measuring or reporting outcomes of the engagement activities.

Proxy voting

Engagement and analysis are factors that the Investment Manager takes into account in voting proxies on behalf of the Fund. Other relevant factors, including the International Corporate Governance Network Global Governance Principles, conflicts of interest and what the Investment Manager considers to be the best interests of investors in the Fund are also taken into account in voting proxies. The Investment Manager does not have a predetermined view as to the weight to be given to engagement and analysis in respect of ESG factors in voting proxies and does not have any predetermined metrics for measuring and reporting on the outcomes of its proxy voting.

Proprietary Ratings

As a key component of the investment process, the Investment Manager maintains a proprietary ratings framework that it applies to the companies in its investment universe. The qualitative ratings are consistent and systematic, with securities rated 1 (best quality/low risk) to 5 (lowest quality/high risk) across each metric rated. These ratings are monitored on an ongoing basis, peer reviewed internally between the Investment Manager analysts and updated if research or engagement activities of the Investment Manager uncover issues or improvements the Investment Manager considers material. The Investment Manager does not have a predetermined view as to how far ESG factors will be taken into account when applying these ratings. It will depend on the context of the company concerned, where it operates and the industry within which it operates.

There are three metrics applicable to ESG factors:

1) Management Ratings

Areas considered include the competency of key personnel, the company's strategic plan, their culture and the quality of financial disclosures.

2) Governance Ratings

Areas considered include the Board and CEO performance, Board composition, Shareholder protections, social licence to operate (the level of community and stakeholder acceptance), CEO relationship with the Board and alignment of interests with shareholders.

3) Sustainability Ratings

In assessing sustainability, the Investment Manager takes into account its own proprietary assessment methodologies which incorporate considerations of modern slavery and human rights risks, contribution to the UN Sustainable Development Goals and other relevant factors.

This ratings category is broken down further into three key assessments:

- Net Sustainability Benefit

The Investment Manager assesses the material benefits and harms that may exist based on ESG factors, determining if there is an overarching net benefit. To do this the Investment Manager considers the balance between the positive benefits and the negative harm generated as a result of the company's products and services and commercial activities across the labour standards, ESG and ethical factors that the Investment Manager has identified to be relevant to that industry. For example, this may include consideration of the degree of contribution of a company's products and services to the UN's Sustainable Development Goals.

- Sustainability Risk

This is based on an assessment of common sustainability risk factors which the Investment Manager believes are faced by a company and its industry (identified through the proprietary industry frameworks outlined above). The Investment Manager determines whether or not those risk factors are material in accordance with its proprietary framework outlined above. Examples of such common sustainability risk factors are: climate change, human capital, supply chain management including controversial sourcing/modern slavery risk factors, pollution and waste, and data and cyber security.

- Sustainability Pathway

This is based on the Investment Manager's assessment as to whether the ESG factors for a company are likely to improve when analysing the company's operations, products and services. Factors considered include company sustainability strategies, board and management attention to feedback given by the Investment Manager on identified ESG factors, as well as expected trends and momentum of change in material factors affecting the Investment Manager's 'net benefit' and 'sustainability risk' assessments.

The Investment Manager also takes into account a proprietary approach called "Shadow Carbon Cost Assessment" via its Carbon Value at Risk (VaR) tool. This tool enables the investment team to assess the likely direct impact on the value of a company from climate and energy policies using carbon pricing as a mechanism to approximate this. This allows the Investment Manager to identify stocks that will either benefit or have a minimal impact on their earnings from the transition.

As a result of the Investment Manager's assessment of its own proprietary metrics outlined above, ESG factors can directly impact the size of an individual security position in a portfolio, or the decision to invest in, or divest from a security position.

Risks and limitations

Other relevant risk factors and constraints are also taken into account, and this may also influence the size of an individual security position in a portfolio, or the decision to invest in, or divest from, these securities. Accordingly, a security with a less favourable rating in terms of ESG factors may be acquired and retained, and, conversely, a security with a relatively more favourable rating in terms of ESG factors may be neither acquired nor retained, where the

Investment Manager believes this is consistent with the overall investment objective and strategy of the Fund. There may be limitations to the availability, timeliness, accuracy and reliability of data used to assess ESG factors and this may impact the analysis.

Negative Screening

The Investment Manager may apply screens which exclude certain investments and any screens imposed are set out in section 5 of the relevant PDS.

Where a Fund excludes tobacco, this also incorporates an exclusion to nicotine alternatives and tobacco-based products.

The Fund, depending on the stated investment objective, may invest in securities that are involved in the same supply chain as an excluded investment or otherwise have an indirect association with an excluded investment. For example, the Fund may invest in companies that are:

- directly involved in electricity generation from thermal coal or involved in mining of thermal coal but within the stated revenue limit or as a result of an indirect association;
- involved in retailing of tobacco even though the manufacturing of tobacco is excluded;
- involved in the distribution of Controversial Weapons even though the production of Controversial Weapons is excluded or involved in the production or distribution of other types of weapons not considered Controversial Weapons; or
- providing financing to an excluded investment.

The Investment Manager uses its own proprietary analysis or considers the data provided by a third-party vendor in determining which companies are excluded and, where applicable, in assessing revenue thresholds for excluding companies. Analysts may also compare data provided by a third-party data provider (where available) with their own internal research and to the extent of any inconsistency, the Investment Manager's analysis will prevail. For the purposes of revenue-based exclusionary screens, revenue is generally on a gross basis and generally based on both publicly available information including revenue reported by the company in audited financial statements (where available) and the Investment Manager's analysis of other relevant factors, such as expected commodity prices, that the Investment Manager adjudge may impact revenue trends. While the Investment Manager will generally divest investments that no longer meet the revenue thresholds, the Investment Manager may also continue holding certain investments where it considers it to be in the best interests of investors. For example, in certain circumstances, an investment may temporarily marginally exceed a revenue threshold but be retained in a portfolio where the Investment Manager assesses the investment will return within revenue thresholds within a reasonable time. Any such decisions will be made in the best interests of investors and will take into account various factors relating to the investment such as the materiality of the exceedance of the revenue thresholds (from both a quantum and time perspective), the liquidity of the investment and transaction costs.

In determining companies that do not meet the Investment Manager's assessment of Modern Slavery (including child labour), the Investment Manager makes its assessment based on a number of sources of information, including external data and its own proprietary assessment of modern slavery (including child labour) risks and how well the Investment Manager assesses that the company is managing the risk. Should the Investment Manager form the view that a company does not pass its assessment, the Investment Manager would first engage with the company to inform its analysis (where possible and practicable) before determining to exit the position in a timely matter and in the best interests of investors.

Negative screening may not include the parent or subsidiaries of companies.

Monitoring and review

The Investment Manager reviews the methodology above in respect of how labour standards and ESG factors are taken into account as appropriate. The Investment Manager regularly reviews and rebalances the portfolio to take into account its assessment of labour standards and ESG factors as outlined above.

Should an Investment Manager consider an investment of a fund ceases to be consistent with any negative screens imposed, such investment will generally be divested as soon as reasonably practicable and in the best interests of investors (refer to 'Negative Screening' above).

Compliance with negative screens is monitored through a third-party monitoring system.

Additional Information for the ClearBridge Sustainable Equity Fund and ClearBridge Sustainable Income Fund

For these Funds, in addition to the ESG factors described and utilised above, the Investment Manager identifies companies with more favourable assessments for 'sustainability risk', 'net benefits' and 'sustainability pathway' (using the methodology described above) and more attractive Shadow Carbon Cost assessments and intentionally invests in those companies. This concept of a positive tilt is consistent with the definition of positive/'best in class' screening as set by the Responsible Investment Association Australasia, being "intentionally tilting a proportion of an investment portfolio towards positive solutions, or targeting companies or industries assessed to have better ESG performance relative to benchmarks or peers".

The Investment Manager does not have a predetermined view of the weightings of companies with more favourable sustainability ratings and Shadow Carbon Cost in the portfolio. Accordingly, a security with a less favourable sustainability rating may be acquired and retained, and, conversely, a security with a relatively more favourable sustainability rating may be neither acquired nor retained, where the Investment Manager believes this is consistent with the overall investment objective and strategy of the Fund.

The Investment Manager does not have a predetermined view as to the weight given to these assessments.

Should the Investment Manager's assessment of an investment of a fund change, the Investment Manager does not have a predetermined view about the action it will take and will determine its approach to that investment on a case-by-case basis in the best interests of investors, which may include continuing to hold the security.

Portfolio composition in relation to the Investment Manager's sustainability assessments is reviewed regularly as part of the rebalancing of the portfolio and there is no set timeframe for monitoring and review.

ClearBridge Diversified Growth Fund

The ClearBridge Australian Equities Investment Team, a division of Franklin Templeton Australia Limited, is the Investment Manager of the Fund. The team is operationally integrated under the “ClearBridge Investments” global brand, alongside ClearBridge Investments, LLC (“CBI”), and other ClearBridge entities wholly and indirectly owned by Franklin Resources, Inc.

For this Fund, the Investment Manager aims to invest in underlying Schemes that have investment exclusions in relation to the matters set out in section 5 of the relevant PDS at the time of initial investment. However, where the Investment Manager is not the underlying Investment Manager, the underlying Investment Manager may apply different exclusions with different revenue thresholds and may change the investment exclusions from time to time. This means that, through an investment in an underlying Scheme, the Fund may hold investments involved in the production of controversial weapons, the manufacture of tobacco products or the mining of thermal coal or extraction of oil from tar sands.

Through an investment in an underlying Scheme, depending on the underlying Investment Manager’s policy, the Fund may also invest in securities that are:

- directly involved in electricity generation from thermal coal or involved in mining of thermal coal but within a revenue limit set by an underlying Scheme Investment Manager or as a result of an indirect association;
- involved in retailing of tobacco or the manufacturing of tobacco within a revenue limit set by an underlying Scheme Investment Manager; or
- involved in the distribution of Controversial Weapons or involved in the production or distribution of other types of weapons not considered Controversial Weapons or within a revenue limit set by the underlying Scheme Investment Manager.

Should the underlying Schemes cease to be consistent with the Investment Manager’s investment objective, the Investment Manager will determine its approach to investing in the underlying Scheme on a case-by-case basis in the best interests of investors.

Where there is a revenue threshold, this is assessed by the underlying Scheme Investment Manager.

ClearBridge Emerging Markets Fund

ClearBridge Investment Management Limited (“CIML”)¹ is the Investment Manager of the Fund. The team is operationally integrated under the “ClearBridge Investments” global brand, alongside ClearBridge Investments, LLC (“CBI”), and other ClearBridge entities wholly and indirectly owned by Franklin Resources, Inc.

¹ Effective 30 September 2025, the Investment Manager formerly known as Martin Currie Investment Management Limited will change its name to ClearBridge Investment Management Limited.

The ClearBridge Emerging Markets Investment Team considers and analyses labour standards and ESG factors as part of the investment decision making process for the Fund. The Investment Manager does not have a predetermined view about what it regards to be labour standard or an environmental, social or ethical consideration.

The Investment Manager considers labour standards, including by undertaking an assessment of a company’s exposure to Modern Slavery risk.

Proprietary analysis used to identify labour standards and ESG factors

The Investment Manager assesses ESG factors that could impact the ability of a company to generate future long-term financial returns. These may include shareholder rights, accounting standards, remuneration, board structure, supply chain, data protection, pollution/hazardous waste policies, water usage, and climate change policies. These characteristics are assessed both quantitatively and qualitatively, through the Investment Manager’s proprietary ESG ratings system and its direct research and engagement process. The Investment Manager’s proprietary Governance and Sustainability risk ratings act as a summary of the Investment Manager’s views on key issues and insights from tools that the Investment Manager uses to make these determinations, which may include but is not limited to Carbon Cost Analysis and Modern Slavery Analysis. These Governance and Sustainability risk ratings range from 1 (low risk) to 5 (high risk). The Fund aims to not invest in companies that are rated 4 or higher on either risk rating.

The Investment Manager utilises a third-party to make an initial assessment of whether a company is breaching the principles of the UN Global Compact and is therefore categorised as a ‘fail’. This assessment can only be over-ridden if the Investment Manager has identified clear evidence to support an assessment indicating that there was no breach of the principles.

In analysing modern slavery risks, the Investment Manager makes its assessment based on a number of sources of information, including external data and its own proprietary assessment of modern slavery risks and how well the Investment Manager assesses that the company is managing the risk.

The Investment Manager also takes into account a proprietary “Carbon Cost Analysis”. This enables the investment team to assess the likely direct impact on the value of a company from climate and energy policies using carbon pricing as a mechanism to approximate to this. This allows the Investment Manager to identify stocks that will either benefit or risk an impact on their earnings from the transition to a low carbon economy.

Negative Screening

The exclusions as set out in section 5 of the relevant PDS are intended to exclude those investments whose primary business is in the production of goods in those industries highlighted. While it is not the intent of the Fund to hold investments that fall outside the thresholds indicated or that are part of the same supply chain as an excluded business activity, there may be instances where the fund may hold such investments. For example, the Fund may invest in companies that are:

- Not involved in the production of tobacco but are involved in tobacco distribution or wholesale trading, or minimally involved in tobacco production but below the stated revenue limit in section 5 of the PDS.
- Involved in the generation of electricity from thermal coal or mining of thermal coal but that fall within the revenue limits, or are involved in the transportation of thermal coal.

- Providing finance to companies whose primary business activity is captured under an exclusion.

The Investment Manager either uses its own proprietary analysis or considers the data provided by a third-party vendor (where available) in determining which companies are excluded and in assessing revenue thresholds for excluding companies. The Investment Manager's analysts may also compare the data provided by the third-party data provider with their own internal research and to the extent of any inconsistency, The Investment Manager's analysis will prevail. For the purposes of revenue-based exclusionary screens, revenue is on a gross basis, generally based on revenue reported by the company in audited financial statements (where available).

Engagement

Where the Investment Manager identifies areas that do not meet expectations of best practice on material environmental or social issues, the manager will engage with companies to encourage improvement. Engagement may involve conducting meetings with any one of the companies' management, their key competitors, customers, suppliers and applicable government agencies as determined by the Investment Manager. This is an opportunity to build an understanding of the business and to share the Investment Manager's views on management of ESG risks and opportunities with company management and express any areas of concern on ESG factors and where necessary utilising further engagement and voting. The aim is to encourage greater transparency and gain further insight into the company's governance and their management of key ESG factors but acknowledging there may be limitations to the degree of influence the Investment Manager may reasonably have in relation to the companies selected for engagement. The Investment Manager does not have any predetermined metrics for measuring or reporting outcomes of the engagement activities.

Monitoring and review

The Investment Manager reviews the methodology above in respect of how labour standards and ESG factors are taken into account as appropriate. The Investment Manager regularly reviews and rebalances the portfolio to take into account as appropriate its assessment of labour standards and ESG factors as outlined above.

Should the Investment Manager consider an investment of a fund ceases to be consistent with any negative screens imposed, such investment will be divested as soon as reasonably practicable and in the best interests of investors.

Compliance with negative screens is monitored through a third-party monitoring system.

Franklin Templeton Equity

Franklin Global Growth Fund

The Franklin Global Equity team takes labour standards, environmental, social and ethical considerations (ESG factors) into account in selecting, retaining and realising investments. The investment team has no predetermined view as to what it regards to be a labour standard or an environmental, social and ethical consideration.

Analysis

The investment team uses a proprietary approach to analysing ESG factors as part of its bottom-up fundamental research. It does not have a predetermined view as to the extent to which labour standards and environmental, social and ethical standards are taken into account.

While the investment team does not take a top-down approach to search for companies explicitly targeting environmental impact mitigation, the bottom-up approach can identify companies with business models that incorporate a high level of environmental focus as a core pillar underlying their overall strategy.

Analysts also seek to identify companies that have a financially sustainable business model and quality characteristics, which may include:

in terms of governance characteristics: majority board independence, strong leadership quality, management accountability and transparency, remuneration policies that are correlated to performance and widely accepted by shareholders; and

in terms of social characteristics: companies with management teams who dedicate time to train and retain their labor force, and/or who exhibit a strong culture, both internally among employees and externally among clients and customers.

Engagement

During the research process, analysts may speak with management on environmental, social, and governance issues in order to better understand and analyse whether a company offers a high-quality, financially sustainable growth opportunity.

The investment team engages company management teams in a range of topics, based on the relevant issues impacting the risk factors of the company. The investment team acknowledges that there may be limitations to the degree of influence it may reasonably have in relation to the companies selected for engagement. The investment team does not have any predetermined metrics for measuring or reporting outcomes of the engagement activities.

Risks and limitations

The investment team's assessment of ESG factors for a company is an important but not necessarily determining factor in the overall investment assessment. Thus, the Fund may invest in a company despite a relatively weak ESG assessment or conversely may not invest in or hold a company despite a strong ESG assessment. There may be limitations to the availability, accuracy and reliability of data used to assess ESG factors and this may impact the analysis and may result in securities being incorrectly included or excluded.

Monitoring and review

Franklin Templeton will monitor current and prospective holdings for changes in ESG factors as part of its overall review of the portfolio and then determine its approach on a case-by-case basis. There is no set approach or timeframe for review.

Negative screens

The investment team may exclude certain investments and any screens imposed are set out in section 5 of the relevant PDS.

The Fund may invest in companies that are involved in the same supply chain as an excluded investment or otherwise have an indirect association with an excluded investment, for example, the Fund may invest in securities that have exposure to companies involved in the:

- distribution of Controversial Weapons or production or distribution of other types of weapons not considered Controversial Weapons;
- distribution of tobacco and tobacco products;
- generation of electricity from thermal coal or involved in mining of thermal coal within the revenue limit;
- extraction or distribution of oil from tar sands within the revenue limit; or
- financing to an excluded investment.

The investment manager may consider the data provided by a third-party vendor (where available) in assessing revenue thresholds for excluding companies. The investment managers' analysts also compare the data provided by any third-party data provider with their own internal research and to the extent of any inconsistency, the investment manager's analysis will prevail. For the purposes of revenue-based exclusions, revenue is generally on a gross basis. The screening may not include the parent or subsidiaries of companies.

Should an investment cease to be consistent with the guidelines imposed, such investment will be divested as soon as reasonably practicable and in the best interests of investors.

Compliance with negative screens is monitored through a third-party monitoring system. Franklin Templeton reviews the composition of the screens regularly and as the data is available from third-party vendors.

Franklin Templeton Fixed Income

Franklin Australian Absolute Return Bond Fund

The Franklin Templeton Australia Fixed Income team takes labour standards, environmental, social and ethical considerations (ESG factors) into account in selecting, retaining and realising investments. The team believes that ESG factors (such as natural resource use and scarcity, governance controls, product safety, employee health and safety practices, and shareholder rights issues) can have a material impact on the value of companies and securities to the portfolio. The Franklin Templeton Australia Fixed Income team has no predetermined view as to what it regards to be a labour standard or an environmental, social and ethical consideration.

Analysis

The investment team uses a proprietary approach to analysing ESG factors. It does not have a predetermined view as to the extent to which labour standards and environmental, social and ethical standards are taken into account.

The Franklin Templeton Australia Fixed Income team's sovereign and corporate credit analysts are responsible for identifying and evaluating material ESG factors as part of their bottom-up fundamental issuer research. The factors that analysts consider material vary between sectors, industries, issuers, and over time.

Within the corporate credit sector, credit analysts perform company and industry research on the companies within their assigned sectors. This involves a detailed analysis of each company's financial results, capital structure, business position, and strategy. Consideration of ESG factors forms part of this analysis. ESG factors are one component of comprehensive credit analysis, and not the deciding factor on whether a security is bought or sold for a portfolio.

Outside of credit security selection, the investment team also makes decisions with respect to interest rates, currency, inflation and relative value. This requires a different approach to be taken from the standard assessment for corporates, particularly as it relates to sovereign credit.

When it comes to sovereign credit, the team has an overarching belief that:

- ESG factors play a significant role in the stability and economic growth of a country.
- ESG factors need to be incorporated into the assessment of sovereign risk as issues such as evident corruption, poorly regulated capital markets and banking systems etc., all play a significant role in the risk and return outcomes of an investment into different countries.
- Sovereign issuers with stronger ESG credentials tend to exhibit a stronger economic growth profile and result in better long-term financial outcomes.
- Sovereign issuers that are economically disadvantaged can evidence progress in ESG within the constraints of their resources and opportunities.

ESG factors are a critical component of the research process and are considered alongside other factors such as financial, industry and regulatory risk. The investment team considers all of these factors and takes a holistic approach to considering the merits of an investment. If an issuer exhibits strong ESG credentials but does not meet the investment team's standards as it relates to traditional financial and credit attributes, it is unlikely to be included in the portfolio. Equally, issuers which strong credit attributes but exhibit failings on ESG factors would be unlikely to be included in the portfolio. Setting standards across all these factors, including ESG, allows the investment team to better focus on the salient issues impacting an issuer's risk profile, financial prospects and credit worthiness.

Engagement

The Franklin Templeton Australia Fixed Income Team meets with bond issuers to be able to obtain a more detailed analysis of their business performance, including areas around ESG factors. Engagement also enables the investment team to monitor the progress made over time in various areas of ESG, which further informs the investment team's forward-looking view of the issuer, but acknowledging there may be limitations to the degree of influence Franklin Templeton may reasonably have in relation to the companies selected for engagement. Franklin Templeton does not have any predetermined metrics for measuring or reporting outcomes of the engagement activities.

Risks and limitations

Franklin Templeton's assessment of ESG factors for an issuer is an important but not necessarily determining factor in the overall investment assessment. Thus, the Fund may invest in an issuer despite a relatively weak ESG assessment or conversely may not invest in or hold an issuer despite a strong ESG assessment. The Fund may have investments where ESG factors are not considered, including cash, exchange-traded funds and certain types of derivatives. There may be limitations to the availability, accuracy, timeliness and reliability of data used to assess ESG factors and this may impact the analysis and may result in securities being incorrectly included or excluded.

Monitoring and review

Franklin Templeton will monitor current and prospective holdings for changes in ESG factors as part of its overall review of the portfolio and then determine its approach on a case-by-case basis. There is no set approach or timeframe for review.

Negative screens

The investment manager may apply screens which exclude certain investments and any screens imposed are set out in section 5 of the relevant PDS. However, the Fund may have indirect exposure to excluded investments through other investments including cash, cash equivalents, exchange-traded funds and certain types of derivatives.

A Fund, depending on its investment objective, may invest in securities that are involved in the same supply chain as an excluded investment or otherwise have an indirect association with an excluded investment, for example, the Fund may invest in securities that have exposure to companies involved in the:

- distribution of Controversial Weapons or production or distribution of other types of weapons not considered Controversial Weapons;
- distribution of tobacco and tobacco products;
- generation of electricity from thermal coal or involved in mining of thermal coal within the revenue limit;
- gambling activities within the revenue limit, distribution of gambling products and services;
- manufacture of alcohol within the revenue limit, distribution of alcohol;
- production of adult entertainment categories outside the categories listed below or within the revenue limit;
- extraction or distribution of oil from tar sands within the revenue limit; or
- financing to an excluded investment.

Adult entertainment materials are only excluded where the company has derived revenue from producing, directing, or publishing adult entertainment materials that fall into the following categories: producer of X-rated films, producer of pay-per-view programming or channels, producer of sexually explicit video games, producer of books or magazines with adult

content, live entertainment of an adult nature, producer of adults-only material on the internet. Does not include broadcasting of adult entertainment materials.

The investment managers may consider the data provided by a third-party vendor (where available) in assessing revenue thresholds for excluding companies and these may include estimates. The investment managers' analysts also compare the data provided by any third-party data provider with their own internal research and to the extent of any inconsistency, the investment manager's analysis will prevail. For the purposes of revenue-based exclusionary screens, generally revenue is on a gross basis. The screening may not include the parent or subsidiaries of companies.

Should an investment cease to be consistent with the screens imposed, such investment will be divested as soon as reasonably practicable and in the best interests of investors.

Compliance with negative screens is monitored through a third-party monitoring system. Franklin Templeton reviews the composition of the screens regularly and as the data is available from third-party vendors.

Franklin Templeton Global Aggregate Bond Fund

The investment team takes labour standards, environmental, social and ethical considerations (ESG factors) into account in selecting, retaining and realising investments. The investment team has no predetermined view as to what it regards to be a labour standard or an environmental, social and ethical consideration.

Analysis

The investment team uses proprietary and non-proprietary tools in analysing ESG factors as part of its bottom-up fundamental research and risk/return forecasts. It does not have a predetermined view as to the extent to which labour standards and environmental, social and ethical standards are taken into account.

The investment team's credit analysis includes an evaluation of ESG factors in a systematic way alongside traditional financial metrics. The investment team ranks issuers relative to industry peers for various factors in each of the environmental, social, and governance pillars. The factors focus on areas that the investment team considers could materially impact a company's credit profile through changing revenues, expenses, or capital expenditures. The research seeks to incorporate the impact of multiple financial and non-financial factors that over time can impact the default risk and risk/return expectations for each issuer. Analysts have access to multiple proprietary and third-party ESG data sources to help build a qualitative view of each issuer and security. The Fund may have investments where ESG factors are not considered, including cash, exchange-traded funds and certain types of derivatives.

Engagement

Analysts regularly engage with companies and government departments on ESG issues, where better disclosure may be required, or analysts feel that the materiality of the risk warrants further discussion but acknowledging there may be limitations to the degree of influence Franklin Templeton may reasonably have in relation to the companies selected for engagement. Franklin Templeton does not have any predetermined metrics for measuring or reporting outcomes of the engagement activities.

Risks and limitations

Franklin Templeton's assessment of ESG factors for an issuer is an important but not necessarily determining factor in the overall investment assessment. Thus, the Fund may invest in an issuer despite a relatively weak ESG assessment or conversely may not invest in or hold an issuer despite a strong ESG assessment. There may be limitations to the availability, accuracy and reliability of data used to assess ESG factors and this may impact the analysis and may result in securities being incorrectly included or excluded.

Monitoring and review

Franklin Templeton will monitor current and prospective holdings for changes in ESG factors as part of its overall review of the portfolio and then determine its approach on a case-by-case basis. There is no set approach or timeframe for review.

Negative screens

The investment managers may apply screens which exclude certain investments and any screens imposed are set out in section 5 of the relevant PDS. However, the Fund may have indirect exposure to excluded investments through other investments including cash, cash equivalents, exchange-traded funds and certain types of derivatives.

A Fund, depending on its investment objective, may invest in securities that are involved in the same supply chain as an excluded investment or otherwise have an indirect association with an excluded investment, for example, the Fund may invest in securities that have exposure to companies involved in the:

- distribution of Controversial Weapons or production or distribution of other types of weapons not considered Controversial Weapons;
- distribution of tobacco and tobacco products;
- generation of electricity from thermal coal or involved in mining of thermal coal within the revenue limit;
- extraction or distribution of oil from tar sands within the revenue limit; or
- providing the financing to an excluded investment.

The investment managers consider the data provided by a third-party vendor (where available) in assessing revenue thresholds for excluding companies. The investment managers' analysts also compare the data provided by any third-party data provider with their own internal research and to the extent of any inconsistency, the investment manager's analysis will prevail. For the purposes of revenue-based exclusionary screens, generally revenue is on a gross basis. The screening may not include the parent or subsidiaries of companies.

Should an investment cease to be consistent with the screens imposed, such investment will be divested as soon as reasonably practicable and in the best interests of investors.

Compliance with negative screens is monitored through a third-party monitoring system. Franklin Templeton reviews the composition of the screens regularly and as the data is available from third-party vendors.

Franklin Templeton Investment Solutions

Franklin Global Responsible Investment Fund

The Investment Management team takes into account environmental, social or ethical considerations (ESG factors). While the Investment Management team does not have a predetermined view about what it regards to be an environmental, social or ethical consideration, it uses a proprietary approach, leveraging analysis from multiple data vendors, to assign environmental, social and governance scores to securities under consideration in accordance with the investment objective. The Investment Management team does not take labour standards into account.

The Investment Manager does not have a predetermined view as to the extent to which ESG factors are taken into account. The Investment Manager uses a proprietary portfolio construction process that seeks to create a portfolio comprised of the highest-scoring stocks across six different dimensions – valuation, sentiment, alternative, environmental, social and governance. The valuation-oriented dimension focuses on the attractiveness of a security based on its price in relation to balance sheet, cash flow and income statement information. The sentiment-oriented dimension evaluates the attractiveness of a company based on its earnings growth, analyst estimates and technical measures. The alternative-oriented dimension is an uncorrelated factor grouping, looking at alternative data sources and ways of processing traditional data. The Investment Management team uses a proprietary methodology to assign environmental, social and governance scores to the securities, using proprietary analysis and third-party data sources where relevant.

Negative screens

The Investment Manager applies screens which exclude certain investments and any screens imposed are set out in section 5 of the relevant PDS. The Funds may have indirect exposure to excluded investments through other investments including cash, cash equivalents, exchange-traded funds and certain types of derivatives.

The Fund may invest in securities that are involved in the same supply chain as an excluded investment or otherwise have an indirect association with an excluded investment, for example, the Fund may invest in securities that have exposure to Companies:

- that, while not directly involved, operate in industries that are adjacent to the distribution of tobacco, weapons and small arms, or gambling products and services;
- involved in the distribution of tobacco and tobacco products within the revenue limit;
- involved in the distribution of weapons and small arms within the revenue limit;
- involved in the distribution of components and accessories of weapons and small arms;
- involved in the distribution of gambling products and services within the revenue limit; or
- providing financing to an excluded investment.

Adult entertainment materials are only excluded where the company has derived revenue from producing, directing, or publishing adult entertainment materials that fall into the following categories: producer of X-rated films, producer of pay-per-view programming or channels, producer of sexually explicit video games, producer of books or magazines with adult content, live entertainment of an adult nature, producer of adults-only material on the internet. Does not include broadcasting of adult entertainment materials.

The Investment Manager considers the data provided by a third-party vendor (where available) in assessing revenue thresholds for excluding companies. The Investment Managers' analysts also compare the data provided by any third-party data provider with their own internal research and to the extent of any inconsistency, the Investment Manager's analysis will prevail. For the purposes of revenue-based exclusionary screens, revenue is generally on a gross basis. The screening may not include the parent or subsidiaries of companies.

Should an investment cease to be consistent with the screens imposed, such investment will be divested as soon as reasonably practicable and in the best interests of investors.

Compliance with negative screens is monitored through a third-party monitoring system. The Investment Manager may override the third-party monitoring system on the basis of research undertaken within the Franklin Templeton Group.

Franklin Global Systematic Equity Fund

The Investment Manager applies screens which exclude certain investments and any screens imposed are set out in section 5 of the relevant PDS. The Funds may have indirect exposure to excluded investments through other investments including cash, cash equivalents, exchange-traded funds and certain types of derivatives.

The Fund may invest in securities that are involved in the same supply chain as an excluded investment or otherwise have an indirect association with an excluded investment, for example, a Fund may invest in securities that have exposure to Companies:

- that, while not directly involved, operate in industries that are adjacent to the distribution of tobacco, weapons and small arms, or gambling products and services;
- involved in the distribution of tobacco and tobacco products;
- involved in the generation of electricity from thermal coal or involved in mining of thermal coal within the revenue limit;
- involved in the extraction or distribution of oil from tar sands within the revenue limit;
- involved in the distribution of Controversial Weapons or production or distribution of other types of weapons not considered Controversial Weapons; or
- providing financing to an excluded investment.

The Investment Managers consider the data provided by a third-party vendor (where available) in assessing revenue thresholds for excluding companies. The Investment Managers' analysts may also compare the data provided by any third-party data provider with their own internal research and to the extent of any inconsistency, the Investment Manager's analysis will prevail. For the purposes of revenue-based exclusionary screen, revenue is generally on a gross basis. The screening may not include the parent or subsidiaries of companies.

Should an investment cease to be consistent with the screens imposed, such investment will be divested as soon as reasonably practicable and in the best interests of investors.

Compliance with negative screens is monitored through a third-party monitoring system. The Investment Manager may override the third-party monitoring system on the basis of research undertaken within the Franklin Templeton Group.

Royce

Royce Global Small-Cap Premier Fund

Royce believes certain material environmental, social, and governance (“ESG”) factors have the potential to contribute to a stock’s long-term performance, and therefore Royce may evaluate the potential impacts of ESG factors when assessing a company’s financial condition and profitability. Royce assesses what is material based on type of investment, sectors, industries, regions, and issuer. This analysis allows Royce’s portfolio managers to determine whether a company’s ESG factors pose a material financial risk (i.e. have the ability to impact a company’s long-term performance) or create an opportunity for investment. The Fund’s investments in cash and cash equivalents will not be assessed for ESG factors.

Consideration of ESG factors and risks is only one component of Royce’s assessment of potential investments and, as with its consideration of other factors and risks, may not be a determinative factor in any decision to purchase, sell, or hold a security. In addition, where ESG factors are considered, the weight given to ESG factors may vary across different types of investments, sectors, industries, regions, and issuers; and ESG factors and weights considered may change over time.

Royce may not assess every investment for ESG factors and, when it does, not every ESG factor may be identified or evaluated.

Royce’s assessment of a company’s ESG factors is subjective and may differ from that of institutional investors, third-party service providers (e.g., ratings providers), and/or other funds, and may be dependent on the availability of timely, complete, and accurate ESG data reports from issuers and/or third-party research providers, the timeliness, completeness, and accuracy of which is outside of Royce’s control. ESG factors are often not uniformly measured or defined, which could impact Royce’s ability to evaluate a company. While Royce views certain ESG factors as having the potential to contribute to a company’s long-term performance, there is no guarantee that such results will be achieved.

Negative screens

The Fund may invest in securities that are involved in the same supply chain as an excluded investment or have an association with an excluded investment. For example, the Fund may invest in securities that have exposure to companies involved in the distribution of tobacco products or involved in providing financing to an excluded investment.

Royce considers the data provided by a third-party vendor (where available) in assessing revenue thresholds to determine whether the securities issued by a particular company should be an excluded investment. Royce’s analysts also compare the data provided by any third-party data provider with its own internal research and, to the extent of any inconsistency, Royce’s analysis will prevail. Company revenues are analysed on a gross basis. The screening may not include the parent or subsidiaries of companies.

Should an investment cease to be consistent with the screens imposed, such investment will be divested as soon as reasonably practicable and in the best interests of investors.

Compliance with such negative screens is monitored through a third-party monitoring system. Royce reviews the composition of the screen for tobacco or cluster munitions regularly.

Western Asset

Western Asset Australian Bond Fund

Western Asset Conservative Income Fund

Western Asset Enhanced Income Fund

Western Asset Global Bond Fund

The Western Asset Fixed Income team takes into account environmental, social and governance considerations (including labour standards and ethical considerations) (ESG factors) in determining its view of the value of an investment to the portfolio. This value is then considered by the investment manager in the selection, retention and realisation of investments. The Western Asset Fixed Income Team does not have a predetermined view as to what it regards to be a labour standard or an environmental, social or ethical consideration. The Fund may have investments where ESG factors are not considered, including cash, exchange-traded funds and certain types of derivatives.

Analysis

Western Asset uses a proprietary approach whereby research analysts examine ESG factors, focusing on those that can potentially affect creditworthiness. Western Asset's research analysts draw upon proprietary research as well as third-party models to assess ESG factors. Western Asset does not have a predetermined view as to the extent to which labour standards and environmental, social and ethical standards are taken into account.

Investment professionals at Western Asset consider a wide range of macroeconomic and geopolitical factors in order to form an outlook for the challenges and opportunities that sovereigns and companies will face. This includes analysing how consumption of natural resources, climate change, demographics and socioeconomic development will affect global growth and health over the medium- and long-term horizon. At the issuer level, research analysts examine ESG factors, focusing on those that can potentially affect creditworthiness. The types and relative importance of factors vary depending on the sector as well as the individual issuer. Western Asset then evaluates whether the market is appropriately pricing the issuer's performance on those ESG factors.

Western Asset recognises the importance of analysing transition and physical climate risks at the issuer as well as portfolio level. Western Asset's research analysts identify and analyse material climate-related risks and opportunities as part of their overall research process. Credit analysts have access to environmentally focused metrics, including carbon emissions, water usage and other climate-related metrics.

Western Asset has developed proprietary climate risk reporting capabilities which enable it to assess the Weighted Average Carbon Intensity of the portfolio and its benchmark and carbon footprint analysis for the portfolio (on a stand-alone basis and relative to a benchmark). Western Asset has also developed proprietary portfolio metrics on greenhouse gas emissions reduction targets, water consumption reduction targets and toxic waste management, to help gauge portfolio exposure to climate risks. Western Asset also has a proprietary methodology to assess portfolio allocation to issuers with emissions reduction targets that are aligned with the 1.5C Degrees scenario, the Below 2 Degrees scenario, 2 Degrees scenario, International Pledges and Paris Pledges.

Western Asset closely monitors material social factors such as, but is not restricted to, supply-chain-related issues, employee relations, labour rights, health & safety practices in industries dependent on specialised physical labour such as automotive and manufacturing, and cybersecurity. In addition to conducting primary research and engagement, social considerations are particularly important in Western Asset's evaluation of sovereign issuers, where demographic composition, socioeconomic trends and income distribution can deeply affect the growth trajectory of the country. Governance risks play a critical role in Western Asset's ESG analysis, as governance lays the foundation for a well-run, sustainable sovereign country (or government). Western Asset considers governance crucial not only as a standalone risk factor, but also as a signal for how the issuer manages its long-term environmental and social issues.

With all ESG factors, Western Asset evaluates the extent to which each issuer is adapting to improve its practices in the changing environment. Western Asset views corporate sustainability initiatives and disclosures as important indicators of how issuers manage their operational costs, and further develops its understanding through its dialogue with management.

Engagement

Because Western Asset surveys a wide range of investment opportunities, encompassing many private as well as public issuers, the dialogue between its research analysts and issuer management is a key component in its evaluation of these opportunities.

Western Asset engages with issuer management based on the principles of the UN Global Compact. Engagement with management allows the research analysts to obtain additional perspective on ESG concerns that are inadequately addressed by existing policies and disclosures, but acknowledging there may be limitations to the degree of influence Western Asset may reasonably have in relation to the issuers selected for engagement.

Western Asset does not have any predetermined metrics for measuring or reporting outcomes of its engagement activities.

Risks and limitations

Western Asset's ESG assessment of an issuer is an important but not necessarily determining factor in the overall investment assessment. Thus, the Fund may invest in an issuer despite a relatively weak ESG assessment or conversely may not invest in or hold an issuer despite a strong ESG assessment. As a long-term, value-oriented investor, Western Asset takes its analysis of an issuer's ESG risks into account in assessing a reasonable price to acquire the security.

Monitoring and review

Western Asset will monitor changes in ESG factors as part of its overall review of the portfolio and then determine its approach on a case-by-case basis. There is no set approach or timeframe for review.

Negative screens

Western Asset may apply screens which exclude certain investments and any screens imposed are set out in section 5 of the relevant PDS. However, the Fund may have indirect exposure to excluded investments through other investments including cash, cash equivalents, exchange-traded funds and certain types of derivatives.

A Fund may invest in securities that are involved in the same supply chain as an excluded investment or otherwise have an indirect association with an excluded investment, for example, a Fund may invest in securities that have exposure to companies involved in the:

- distribution of tobacco and tobacco products;
- generation of electricity from thermal coal or involved in mining of thermal coal within the revenue limits;
- extraction or distribution of oil from tar sands within the revenue limits;
- distribution of Controversial Weapons or production or distribution of other types of weapons not considered Controversial Weapons; or
- financing to an excluded investment.

Western Asset considers the data provided by a third-party vendor (where available) in assessing revenue thresholds for excluding companies. Western Asset's analysts also compare the data provided by any third-party data provider with their own internal research and to the extent of any inconsistency, the Western Asset's analysis will prevail. For the purposes of revenue-based exclusionary screen, revenue is generally on a gross basis. The screening may not include the parent or subsidiaries of companies.

Should an investment cease to be consistent with the screens imposed, such investment will be divested as soon as reasonably practicable and in the best interests of investors.

Compliance with negative screens is monitored through a third-party monitoring system. Western Asset reviews the composition of the screens regularly and as the data is available from third-party vendors.

Western Asset Global Bond Fund

The securities comprising the investment universe are evaluated using a proprietary system and MSCI's ESG framework in order to determine the ESG rating of the overall investment universe and individual issuer and its securities. Western Asset selects investments having regard to the Fund's Investment Guidelines and the ESG ratings of the issuers of the relevant securities. While MSCI data is the primary source of ESG ratings, where MSCI ESG ratings data is unavailable or Western Asset considers it to be inaccurate or unreliable, Western Asset may rely on its proprietary ESG rating for the issuer. As part of the assessment, the Sub-Advisor uses third-party ESG data, from but not limited to, MSCI and the World Bank, to measure, amongst other elements, weighted average carbon emissions intensity for corporate and for sovereign issuers, respectively. The Fund may have investments where ESG factors are not considered, including cash, exchange-traded funds and certain types of derivatives.

Weighted average carbon emissions intensity refers to the Greenhouse Gas ("GHG") Protocol Scope 1 (direct GHG emissions that occur from sources that are controlled or owned by an organisation (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles), and Scope 2 (indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling) carbon emitted by an issuer. As outlined above, Western Asset uses its own proprietary analysis and third-party research to assess weighted average carbon emissions intensity.

United Nations Sustainable Development Goals ("UNSDGs") alignment is measured using a Western Asset proprietary framework based on the data obtained from third-party data providers.

Western Asset defines alignment through three lenses:

- 1) Thematic (green, social, sustainability and sustainability-linked) bonds, where use of proceeds directly finance projects that advance the UNSDGs;
- 2) Companies that contribute to a positive transformation in their industry through their best-in class sustainable business practices. This typically includes, but is not limited to, companies that feature in the upper quartile vs their peer-group or other suitable best in class bucket, for their relevant sector or relevant sustainability theme. Various metrics may be used for the assessment. These metrics may include, but are not limited to, % energy reduction, % renewable energy use, % raw materials consumed, % recycled, waste management, water efficiency metrics, % women and minorities in board and management; and
- 3) Companies that operate in industries that provide products and services that advance the UNSDGs (i.e. companies which operate in industries which naturally align with the UNSDGs such as, but not limited to, biotech, pharmaceuticals, medical equipment and devices, renewable energy, carbon capture & emissions reduction, water purification and recycling, gender and income inequality) and that are not subject to the investment exclusions.

There may be limitations to the availability, accuracy and reliability of data on ESG ratings carbon emissions and alignment with UNSDGs and this may impact the analysis.

Compliance with these investment parameters is monitored through a third-party monitoring system. Western Asset reviews the composition of the screens regularly and as the data is available from third-party vendors.

Additional explanation of fees and costs

Please note: This should be read in conjunction with Section 6 of each PDS.

Investing through a Master Fund or Wrap Service

The PDS shows the fees and other costs that are charged or recovered directly by Franklin Templeton Australia. These fees and other costs may be deducted from your money, from the returns on your investment or from the respective Fund's assets as a whole. Investors investing through a Master Trust or Wrap Service should note that these fees and costs do not include any other fees imposed by the Master Trust or Wrap Service operator.

Management fees and costs

For some Funds, the "Management Fees and Costs" identified in the Fees and Costs summary within the PDS' includes variables and estimates for administration and other costs in addition to Management fees. These administration and other costs components are based on the estimated expenses that may be incurred for a financial year. Under the Constitution of each Fund, Franklin Templeton Australia is entitled to recover from the Funds all expenses which are incurred in the proper performance and exercise of its powers and duties. Consequently, the expenses that are actually recovered may be higher or lower than the estimated other Fund costs.

These administration and other costs include the costs and/or expenses of the Funds (including those of the Responsible Entity, the Custodian and the Administrator). Other Fund costs may also include financial institution fees, costs of Unitholder meetings, costs of amending the Constitution of each Fund, costs of engaging auditors and/or other advisers, costs of promoting the Funds, costs of compliance, costs of Victorian stamp duty, indirect costs and administrative costs generally.

Indirect costs are variable amounts that directly or indirectly through underlying vehicles reduce the returns on the units that are paid from, or the amount or value of, the income or assets of a Fund. Indirect costs are reflected in the unit price of a Fund and include costs arising from interposed vehicles in or through which a Fund invests and the costs of investing in over-the-counter derivatives to gain investment exposure to assets or implement a Fund's investment strategy (if any).

Transaction costs

In addition to the Management Fees and Costs, the funds may incur transaction costs. Such costs include brokerage, settlement, clearing costs and OTC derivative transaction costs (excluding such costs disclosed as indirect costs), such as derivatives used for hedging purposes.

Transaction costs exclude market impact costs.

Transaction costs incurred as a result of Unitholders coming into and going out of the fund may be accounted for in the buy/sell spread. Other transaction costs that are not incurred as a result of Unitholders coming into and going out of the fund are additional costs to Unitholders that are deducted from the assets of the Fund. Such costs are recovered as they are incurred and reflected in the Unit price.

The transaction costs for the funds are provided in the Fees and Costs summary in each Fund's PDS. Unless otherwise stated in the table, the transaction costs disclosed in the table are based on the costs incurred for the previous financial year. For those funds operating for less than 12 months, the transaction costs are estimates based on information available as at the date of issue of the Fund's PDS. Where Franklin Templeton Australia considers any change to these estimates are not materially adverse, the information may be updated on Franklin Templeton Australia's website, www.franklintempleton.com.au.

Buy/sell spread estimate

The buy/sell spread is an estimate of the transaction costs that are incurred in buying and selling the underlying assets of each Fund as a result of applications and Withdrawals. The Application Price is adjusted up by a buy spread and the Withdrawal Price is adjusted down by a sell spread. We can change the buy/sell spread at any time without prior notice.

The buy/sell spread is retained in each of the Funds, and no portion is paid to Franklin Templeton Australia. Please refer to our website for the current buy/sell spreads at www.franklintempleton.com.au.

Rebates and related payments

Franklin Templeton Australia may make product access payments and fund manager payments to Master Trust and Wrap operators subject to the requirements of the Corporations Act.

Franklin Templeton Australia may also pay other alternative forms of remuneration. Alternative remuneration is at Franklin Templeton Australia's expense.

Additional fees may be paid to a financial adviser if an investor consulted a financial adviser. Where an investor receives financial advice, they should refer to their Statement of Advice or their adviser's Financial Services Guide for full details of these fees.

Taxation

Any tax benefit from reduced input tax credits or tax deduction is passed on to the investor in the form of reduced fee or cost. Please refer to "How managed investment schemes are taxed" section of this booklet and Section 7 of the relevant PDS for further information.

Performance fees

Where a Performance Fee is charged the fee's calculation methodology for the relevant Funds and classes are outlined below. The Performance Fee is the predetermined % rate (refer to the relevant Fund's PDS for the applicable % rate) of the amount by which the Fund outperforms its benchmark.

Performance fees - Brandywine Global Opportunistic Fixed Income Fund - Class B

In addition to the Management Fees and Costs, a Performance Fee may be payable to the Responsible Entity in respect of the Class B Units of the Brandywine Global Opportunistic Fixed Income Fund. This fee is only payable where the relevant Fund's return (before management fees) exceeds its benchmark. The Performance Fee for Class B Units is set at 20.5% (inclusive of GST and net of RITCs) of that outperformance and is subject to a cap of 3.0% of the NAV of the Class over rolling 12-month periods. The performance fee is calculated and accrued daily and is payable half yearly as at 30 June and 31 December each year. The fee is paid directly from the Fund and reflected in the Unit price. Depending on the return of the Fund in relation to the benchmark, the daily accrual may be a positive or negative amount. If no performance fee is payable at the end of a year period, then the accrued performance fee, positive or negative, will be carried forward into the next year period and form part of the performance fee for that year. This means that negative performance by the Fund must be made up before a performance fee will be payable.

Worked Example* - Based on an investment of \$30,000

Fund performance	Benchmark return	Performance fee calculation	Amount	Performance fee payable?	How and when paid
The half yearly performance (before management fees) was -10%	For the half year period the benchmark return was -5%	$\$30,000 \times$ $20.5\% \times$ $(-10\% - (-5\%))$	-\$307.50	No	<p>A performance fee will not be paid as the Fund's return underperformed the benchmark.</p> <p>A negative performance fee amount will be accrued and carried forward to the next performance period.</p>
The half yearly performance (before management fees) was +5%	For the half year period the benchmark return was +10%	$\$30,000 \times$ $20.5\% \times$ $(5\% - 10\%)$	-\$307.50	No	<p>A performance fee will not be paid as the Fund underperformed the benchmark.</p> <p>A negative performance fee amount will be accrued in the Unit price and carried forward to the next performance period.</p>
The half yearly performance (before management fees) was -5%	For the half year period the benchmark return was -10%	$\$30,000 \times$ $20.5\% \times$ $(-5\% - (-10\%))$	\$307.50	Yes	A performance fee of \$307.50 will be paid at the end of the performance fee period as even though the Fund's performance was negative, it exceeded the Benchmark return
The half yearly performance (before management fees) was +10%	For the half year period the benchmark return was +5%	$\$30,000 \times$ $20.5\% \times$ $(10\% - 5\%)$	\$307.50	Yes	A performance fee of \$307.50 will be paid at the end of the performance fee period as the Fund's positive performance exceeded the Benchmark return.

*Please note that the performance fees are subject to a cap of 3.0% of the NAV of the Class over a rolling 12-month period.

*These examples assume no existing carried forward performance fee accruals.

Taxation

Please note: This should be read in conjunction with Section 7 of each PDS.

Tax considerations generally applicable to Schemes

The information set out below is a broad overview of some of the tax consequences for certain Australian tax residents of investing in managed investment schemes and the Funds. It does not take into account the specific circumstances of each Unitholder that may invest in the Funds and is not intended to be a comprehensive guide of all relevant tax considerations. It should not be used as the basis upon which potential Unitholders make an investment decision.

This information has been prepared based on Australian tax laws and administrative practices of the Australian Taxation Office and judicial interpretations of such as at the date of this Booklet. Tax laws and their interpretation are subject to change, and Franklin Templeton Australia is not responsible for notifying you of any such changes.

These summaries do not take into account the position of Unitholders who are assessed on their disposal of Units otherwise than under the Australian capital gains tax provisions, such as Unitholders who are in the business of trading or dealing in Units or securities or within the scope of the Australian "taxation of financial arrangements" ("TOFA") regime. It also does not apply to:

- (unless otherwise stated) Unitholders who are tax resident of any other jurisdiction other than Australia (i.e. non-resident Unitholders); and
- investors who hold their interests in the Fund indirectly via an IDPS or Master Trust (as the Unitholder will be the operator of the IDPS or the trustee of the Master Fund - in this case the investor should consult the relevant disclosure documents for the IDPS or Master Trust).

The taxation implications of investing in a Fund are particular to each Unitholder's circumstances. Franklin Templeton Australia recommends that you seek professional tax advice, particularly if (for Australian tax purposes) you are not a resident of Australia or you are a "temporary resident" of Australia. Nothing contained in the Fund PDSs or this Booklet should be construed as the giving of, or be relied upon, as tax advice.

Franklin Templeton Australia has elected into the Attribution Managed Investment Trust ("AMIT") tax regime, from the year ended 30 June 2018, for each of the Funds that is eligible as an Attribution Managed Investment Trust. We have set out below a summary of how the AMIT regime will apply to those Funds

However, for those Funds that currently are not eligible or may cease to satisfy the qualification requirements to be an AMIT, this material may not be relevant. We have also set out below a summary of how the Funds are taxed under the default trust taxation rules, as well as some information that is relevant to the Funds irrespective of whether the AMIT regime applies or not.

Tax treatment of Schemes – AMITs

On the basis that a Fund is an AMIT for tax purposes, Australian resident Unitholders of the Fund should be taxed on their share of the components of the Australian taxable income and tax offsets of the Fund that are attributed to the Unitholder each year. This is the case irrespective of the amount and timing of distributions (if any) actually received by Unit holders from the Fund. Some of the potential components of the Fund's taxable income and tax offsets are set out below.

The components of a Fund's taxable income that are attributed to an Australian resident Unitholder will be disclosed in a statement, known as the "AMIT member annual statement" or "AMMA statement", provided to the Unitholder following the Funds' financial year end of 30 June.

Under the AMIT regime, to the extent there is an overstatement or understatement of the components of taxable income or tax offsets of a Fund (referred to as an "over" or "under" respectively), a Fund may choose whether to reissue AMMA statements for the income year in which the over or under arose (which may require a Unitholder to amend their income tax return for that income year) or to carry forward the over or under and deal with it in a later income year (including the

income year in which the over or under is discovered). This may result in a decrease or increase in the components of taxable income or tax offsets of a Fund in that later income year.

The components of a Fund's taxable income and tax offsets for an income year which are attributed by the Fund to Unitholders will be attributed on a fair and reasonable basis, and should generally include those components of the taxable income and tax offsets of the Fund (if any) that are reflected in any distributions made by the Funds to Unitholders for the relevant year. Unitholders may also be attributed components of taxable income and tax offsets where they undertake a Significant Withdrawal of units in the Funds, or where Franklin Templeton Australia determines that part of the taxable income of the Funds should be accumulated and not distributed or where there is an "under" or "over" from a previous income year. With the exception of the Franklin Government Cash Fund and the Franklin Government Cash Fund (USD), Franklin Templeton Australia does not currently have an intention to accumulate taxable income of the Funds. In accordance with the Fund's Constitution all taxable income of the Franklin Government Cash Fund and the Franklin Government Cash Fund (USD) will be accumulated within the Funds and will not be distributed, however, if the Franklin Government Cash Fund and the Franklin Government Cash Fund (USD) derives taxable income for a period, the components of that taxable income and any tax offsets will still be attributed despite no distributions being paid in respect of that period.

For the Funds that qualify as AMITs, Unitholders should also be subject to the regime for cost base adjustments provided for interests in AMITs. Under this regime, Unitholders may experience an upward cost base adjustment to the extent that the amounts attributed to them (including the gross amount of any capital gains prior to the application of any capital gains discount concession and any non-assessable non-exempt income) for the year exceed the amounts distributed to them for the year (including any tax offsets attributed to them), or a downward cost base adjustment to the extent that the distributions made to them exceed the components of taxable income and any tax offsets attributed to them. The AMMA statement that Unitholders are provided should provide details of Franklin Templeton Australia's estimate of the expected cost base adjustments, any further downward cost base adjustments may give rise to a capital gain for the Unitholder.

Tax treatment of Schemes – where Funds are not AMITs

For those Funds that are not AMITs for a particular year of income:

- Unitholders should be taxed on the taxable income generated by the Funds to the extent that they are 'presently entitled' to all of the distributable income of the Funds. Franklin Templeton Australia intends to administer these Funds such that Unitholders of these Funds are 'presently entitled' to all of the distributable income of these Funds each year.
- Instead of being provided with an AMMA statement as described above, Unitholders will be provided with a distribution statement. This distribution statement will include information regarding the taxable net income of the Funds which Unitholders may be assessed on, based on their distributions and 'present entitlement' to the distributable income of the Funds. This should assist Unitholders in the completion of their tax returns for the relevant years.
- The regime for cost base adjustments that apply to units in AMITs (including the potential for upward cost base adjustments) should not apply. However, Unitholders may have downward adjustments to the cost base of their units in certain circumstances (see discussion below).

Taxable components from the Funds

We have set out below information regarding certain components of the taxable income and tax offsets of the Funds which Unitholders may be attributed under the AMIT regime (where the Funds are AMITs) or distributed (where the Funds are not AMITs).

Capital gains

The disposal of investments by the Funds may give rise to capital gains for the Funds. Accordingly, the components of taxable income that a Unitholder is attributed or distributed from the Funds may include a component of taxable capital gains (including discount capital gains), which should be included in determining the Unitholder's taxable net capital gains for the relevant income year.

As previously discussed, the inclusion of non-assessable amounts in the distributions made by the Funds may have capital gains tax consequences for Unitholders, such as the potential for downward cost base adjustments (or even capital gains where there is insufficient cost base) for a Unitholders' units in the Fund.

To the extent the amounts attributed to Unitholders may also include amounts that are referable to the discount capital gains concession applied by the Fund, a Unit Holder will be required to 'gross up' the amount of the capital gain to effectively reverse any discount capital gain claimed by the Fund, before applying any eligible capital losses and any discount capital gains concession the Unit holder is entitled to. Irrespective of whether a Unitholder is assessed on these amounts, to the extent that these amounts are distributed by the Funds to Unitholders, no downward cost base adjustment should arise for the Unitholder in respect of these amounts.

Foreign income and foreign income tax credits

The Funds may realise assessable foreign-sourced income from their investments. Assessable foreign-sourced income components may be attributed or distributed by the Funds to Unitholders. Such foreign sourced-income may be subject to tax, or have tax withholding, in a foreign jurisdiction.

The Funds may also attribute or otherwise pass through any foreign income tax offsets of a Fund to Unitholders in respect of certain foreign taxes withheld from foreign-sourced income realised by the Funds. These should be disclosed in the AMMA statement (for Funds that are AMITs) or distribution statement (for Funds that are not AMITs) that are provided to Unitholders following the end of the financial year (see discussed above).

Other gains

The Funds may realise other types of assessable income, for example, gains arising on certain derivatives which may be entered into by the Funds.

As the Funds' investments may be denominated in a currency other than Australian dollars, the Funds may realise foreign currency gains in certain circumstances. The components of the Funds that are attributed or distributed to Unitholders may include amounts that are referable to such gains.

Disposal or Withdrawal of Units by Unitholders

Under the capital gains tax provisions, Unitholders who redeem or otherwise dispose of their Units in the Funds may realise a capital gain or loss on the withdrawal or disposal. The amount of the capital gain or loss should broadly equal the excess of the consideration they receive in respect of the withdrawal or disposal over the cost base of their Unit.

For Units in Funds that are or have been subject to the AMIT regime, as previously discussed, the application of the AMIT regime to the Funds means that the cost base of Units in the Funds may be adjusted for the relevant year based on the distributions received on the Units and the tax components attributed to the Unitholder in respect of the Units for the relevant year. Any such cost base adjustments that arise in respect of the financial year in which Units that are redeemed or disposed of should be taken into account in calculating the capital gain or loss which arises for Unitholders in respect of the withdrawal or disposal.

Unitholders who are individuals, trustees of trusts or complying superannuation funds may be able to claim a capital gains tax discount to reduce any net capital gain arising on the disposal or withdrawal of their Units if they have held their Units for 12 months or more prior to the disposal or withdrawal and relevant conditions are satisfied. No capital gains discount is available to Unit holders who are companies.

Where a Unit is redeemed by a Unitholder, Franklin Templeton Australia may also determine to attribute a share of the taxable income of the Fund (including in relation to any income or gains arising on the disposal of assets to fund the redemption) to the Unit holder redeeming its units. Where that is the case, any capital gain to the Unit holder arising on the redemption of the Unit should be reduced by the taxable income of the Fund attributed to the Unit holder and included in the Unitholder's taxable income.

Tax File Number or Australian Business Number

Collection of tax file numbers ("TFN") is authorised and the use and disclosure of TFNs are strictly regulated by the *Taxation Administration Act 1953 (Cth)* and the Privacy Act. The purpose of the collection is to comply with and report information pursuant to Australian tax laws. Unitholders may, but are not required to, quote a TFN, a TFN exemption or, if your investment is made in the course or furtherance of an enterprise carried on by you, an ABN. It is not a criminal offence not to report your TFN.

If a Unitholder does not provide a TFN (or alternatively a TFN exemption or an ABN where eligible), withholding tax may be deducted from distributions made to the Unitholder at the top Australian marginal tax rate (currently 47%).

GST

Unitholders should not be subject to GST on applications to or Withdrawals from the Funds. GST (currently 10%) may apply in respect of various supplies made to a Fund. However, a Reduced Input Tax Credit (RITC) may be available to the Funds on certain supplies.

Non-resident Investors

For any investor in a Fund who is a non-resident for Australian tax purposes, Franklin Templeton Australia may be required to withhold Australian tax from any distributions. The applicable withholding tax rate will vary depending on the type of distribution, the non-resident investor's country of residence and whether Australia has a double tax treaty with that country.

Under the AMIT regime, if the taxable components attributed to a foreign resident investor exceed the cash distributions made, then the trustee of the relevant Fund will be required to pay withholding tax on behalf of the foreign resident investor on that excess. In this case, Franklin Templeton Australia may deduct amounts on account of such taxes from amounts payable to the non-resident investor, and may, if required, compulsorily redeem Units to meet these tax liabilities.

Foreign taxes

Foreign taxes may be imposed where a Fund's investments or dealings have some connection with a foreign jurisdiction.

FATCA

The United States of America has enacted rules known as the Foreign Account Tax Compliance Act (FATCA), which commenced on 1 July 2014. FATCA withholding tax at 30% may apply to certain payments of US sourced income (and certain other amounts) unless the recipient is FATCA compliant.

As Responsible Entity of the Funds, we are a Reporting Australian Financial Institution (AFI) and comply with our obligations under the FATCA Intergovernmental Agreement with the US (FATCA IGA) and Australian domestic laws. Under the FATCA Agreement, we do not report information directly to the IRS. Instead, we report to the Australian Taxation Office (ATO) and the information is made available to the IRS, in compliance with Australian privacy laws, under existing rules and safeguards in the Australia-U.S. Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income. We conduct appropriate due diligence procedures as set out in the FATCA IGA.

Provided we comply with registration, due diligence and reporting requirements in accordance with the FATCA IGA and associated Australian domestic law, and we comply with self-certification requests from other parties, the Funds are not expected to be subject to FATCA withholding on payments made to them. We may request that you provide certain information about yourself and (where you are an entity) your controlling persons in order for the Funds to comply with their FATCA IGA obligations.

Subject to law, we may delay or refuse to accept an Application (and return any monies received with the Application without interest) where there is a delay or failure to produce the information required in respect of FATCA. Alternately we may be required to treat the Applicant, or Unitholder, as reportable to the ATO or subject to withholding tax. By applying to invest in the Fund, you warrant that you, your agent, or your nominated representative will provide us with all additional information and assistance that may be requested in order to comply with our ongoing obligations under FATCA and the FATCA IGA.

In the event that Franklin Templeton Australia/the Funds incur FATCA withholding tax and/or penalties, neither we/the Fund will be required to compensate a Unitholder for any such tax or penalties.

Common reporting standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (CRS) is a global standard for the collection, reporting and exchange of financial account information on foreign tax residents. The CRS tackles and deters cross-border tax evasion by establishing a common international standard for financial institutions to identify and report information about the financial accounts of foreign residents to their local tax authority and for tax authorities to exchange this information. Under Australian legislation implementing the CRS, banks and other financial institutions will collect and report to the ATO, financial account information of non-residents. The ATO will exchange this information with participating foreign tax authorities.

The Australian CRS implementing legislation applies from 1 July 2017. The first exchange of information occurred in 2018. This legislation requires certain Australian financial institutions to conduct due diligence and collect certain information from new and existing investors. We may request that you provide certain information about yourself and (where you are an entity) your controlling persons in order for us to comply with our CRS obligations.

Subject to law, we may delay or refuse to accept an Application (and return any monies received with the Application without interest) where there is a delay or failure to produce the required information. Alternatively, we may be required to treat the Applicant, or Unitholder, as reportable to the appropriate governmental agency(s). By applying to invest in the Fund, you warrant that you, your agent, or your nominated representative will provide us with all additional information and assistance that may be requested in order to comply with our ongoing obligations under any CRS laws

How to apply

Please note: This should be read in conjunction with Section 8 of each PDS.

How to make an application

To invest in a Fund simply complete either an “Application Form” for new investors or an “Additional Application Form” for existing investors (Application Form(s)) and send it to the address shown on the form. Application Forms are available online at www.franklintempleton.com.au. If you are not already an investor with Franklin Templeton Australia, you will be required to provide certain supporting documents detailed in Section 1 of the Application Form.

Eligible Investors (Class X, Class B and Class M Units)

To be eligible to directly invest in Class X, Class B or Class M Units of a Scheme you must meet one of the eligibility criteria applicable below.

Australian Investors

Eligible Investors for a Fund are wholesale clients as defined in the Corporations Act - that is, a person that meets the requirements in any one or more of paragraphs (a) to (j) below. The applicant must confirm that they qualify as a wholesale client and are eligible to hold Units in the Fund on at least one of the grounds listed below.

- (a) is a trustee of a superannuation fund, approved deposit fund, pooled superannuation trust or public sector superannuation scheme (within the meaning of the Superannuation Industry (Supervision) Act 1993) that has net assets of at least \$10,000,000; or
- (b) is applying for at least \$500,000 worth of Units in the Fund; or
- (c) is applying for Units in the Fund where the Applicant holds the same class of Units in the Fund for which the Applicant has paid at least \$500,000; or
- (d) has or controls gross assets of at least \$10,000,000 (including any assets held by an associate of the Applicant or under a trust that the applicant manages); or
- (e) is a body regulated by the Australian Prudential Regulation Authority other than a trustee under paragraph (a); or
- (f) is not acquiring Units in the Fund in connection with a business and the Applicant has, according to a certificate given by a qualified accountant not more than 24 months before the date of the application (a copy of the certificate must accompany this application)
 - net assets of at least \$2.5 million; or
 - gross income for each of the last two financial years of at least \$250,000 a year; or
- (g) is an Australian financial services licensee; or
- (h) is:
 - a listed entity or related body corporate of a listed entity; or
 - an exempt public authority; or
 - a body corporate, or an unincorporated body, that:
 - carries on a business of investment in financial products, interests in land or other investments; and

- for those purposes, invests funds received (directly or indirectly) following an offer or invitation to the public (within the meaning of Section 82 of the Corporations Act), the terms of which are provided for in the funds subscribed to be invested for those purposes; or
- (i) is a foreign entity that, if established or incorporated in Australia, would be covered by one of the paragraphs (a), (d), (e), (g) or (h) above; or
- (j) is obtaining the financial product for use in connection with a business employing:
 - if the business is or includes the manufacture of goods - at least 100 people; or
 - otherwise - at least 20 people.

Non-resident Investors

The Funds may be available to investors who are citizens and/or residents of foreign countries. Ultimately whether any Fund is available to a particular non-resident investor will depend on the laws of their home or resident country. Any non-resident investor considering investing in a Fund should contact our Investor Services Team to confirm whether the Fund can be made available to them.

Signatory requirements

In the case of joint applications, all applicants must sign. Applications lodged by companies must be signed in accordance with their constitution. Applications by trustees must be made in the name of, and signed by, the trustees. If an applicant wishes to specify individuals who have authority to act on their behalf in relation to their investment, they may do so by providing appropriate documentation. The same person or persons who sign the Application Form should sign the documentation.

Reporting

Franklin Templeton Australia will confirm transactions to Unitholders in the Funds and provide monthly reporting that documents the Units issued and/or redeemed over the month and the balance of Units held. Monthly reporting that includes performance and market commentary will be made available on our website. Audited accounts for the Funds will also be made available on our website at www.franklintempleton.com.au. Unitholders may also request to receive copies of the accounts by mail. Unitholders will receive other information as required under the Corporations Act for each financial year.

Applicant Verification

Pursuant to the AML/CTF Act, Franklin Templeton Australia must establish and enforce suitable risk control procedures and identification and verification procedures. These procedures require applicants to provide certain supporting documents detailed in Section 1 of the Application Form for New Investors. These documents must be verified by Franklin Templeton Australia before any application for Units can be processed. These procedures may require us from time to time to re-verify that information or request additional information. Franklin Templeton Australia accepts no liability for any loss an applicant may incur, of whatsoever nature that may arise in the application of these identification and verification procedures.

By agreeing to our verification process you give consent for Franklin Templeton Australia to disclose your name, residential address and date of birth to a credit reporting agency and ask the credit reporting agency to provide an assessment of whether the personal information so provided matches (in whole or in part) personal information contained in a credit information file in the possession or control of the credit reporting agency to assist in verifying your identity for the purposes of the AML/CTF Act. The credit reporting agency may prepare and provide Franklin Templeton Australia with such an assessment and may use your personal information including the names, residential addresses and dates of birth contained in credit information files of you and other individuals for the purposes of preparing such an assessment. If

you disagree with having your identity verified by a credit reporting agency, please select another data source or contact Franklin Templeton Australia so that we can discuss other options with you.

Investing via a Master Fund or Wrap Service

Investors accessing the Funds indirectly through a Master Trust or Wrap Service do not acquire the rights of a Unitholder. Rather, the operator acquires the Units and the rights of a Unitholder, meaning that the right to receive distributions, confirmations, reports, attend meetings and make complaints. The rights of Master Trust or Wrap Service investors, including the taxation implications of investing, will be governed by the terms and conditions as set out in disclosure documents issued by the Master Trust or Wrap Service operator.

Indirect Investors should apply for Units by using the Master Trust or Wrap Guide and applicable application form provided by the Operator of the Master Trust or Wrap Service.

Withdrawal Form

Complete the “Withdrawal Form” and send it to:

Mail MUFG Corporate Markets (AU)

Locked Bag 5038

Parramatta NSW 2124

Fax + 612 9287 0367

The “Withdrawal Form” can be obtained by contacting Franklin Templeton Australia or found online at www.franklintempleton.com.au

In the case of joint withdrawals, all Unitholders must sign. Withdrawals lodged by companies must be signed in accordance with their constitution. Withdrawals by trustees must be made in the name of, and signed by, the trustees. If a Unitholder wishes to specify individuals who have authority to act on their behalf in relation to their investment, they may do so by providing appropriate documentation.

The same person or persons who sign the “Withdrawal Form” should sign the documentation.

Savings Plan

With a savings plan, you can make regular investments in the Funds automatically by direct debit from your nominated Australian bank, building society or credit union account.

The minimum savings plan investment amount is \$100 per Fund, which will occur on the 15th on a monthly basis. If the 15th of the month is not a business day, the next business day will apply.

Your savings plan request must be received at least five business days before the relevant commencement date. Otherwise, your first debit will occur on the relevant date in the following month.

Please also contact us if you wish to change the investment amount or cancel your savings plan.

We can terminate, suspend, or impose additional conditions on the operation of your savings plan at any time with notice to you.

Additional important information

Please note: This should be read in conjunction with Section 9 of each PDS.

Rights and the Constitution

The Constitution of each Fund, the Corporations Act and general legal principles govern Franklin Templeton Australia's responsibilities and rights as the Responsible Entity and the rights and liabilities of Unitholders.

Franklin Templeton Australia's duties include acting honestly and in the best interests of Unitholders; to exercise the degree of care, skill and diligence that a reasonable person would exercise if they were in Franklin Templeton Australia's position and, in relation to the Funds, to treat Unitholders of the same class equally and Unitholders of different classes fairly; and to exercise care and diligence. The terms and conditions of the Constitution of each Fund respectively are binding on Franklin Templeton Australia and on Fund Unitholders respectively. Some of the key terms and conditions of the Constitution of the Fund and the relevant law include:

- the nature and entitlements of Units in the Funds;
- amendments to the Constitution of each Fund and how meetings of Unitholders can be called and operated;
- termination of the Funds and the retirement of Franklin Templeton Australia as Responsible Entity;
- the powers of Franklin Templeton Australia to make investments on behalf of the Funds;
- the considerations and powers of Franklin Templeton Australia in accepting applications and paying Withdrawals;
- the processes and procedures when one or more of the Funds is not liquid;
- the indemnity which Franklin Templeton Australia is owed by the Funds; and
- details of the Compliance Committee and the Compliance Plan.

The Constitutions contain provisions designed to limit the liability of Unitholders so that they are not, by reason only of being Unitholders, under any personal obligation to indemnify Franklin Templeton Australia, or any creditor of Franklin Templeton Australia in the event of there being any deficiency of assets of a Fund. The law, however, in relation to liability of Unitholders is complex and, to date, limitations on the liability of Unitholders have not been tested by Australian courts. Therefore, it is not possible for Franklin Templeton Australia to give an absolute assurance that liability of Unitholders will be limited in all circumstances.

Franklin Templeton Australia will provide investors with a free copy of the Constitution for each Fund upon request.

Anti-Money Laundering (AML)

The AML/CTF Act in Australia may require Franklin Templeton Australia to obtain additional information to verify the identity of an investor, any underlying beneficial owner of Units in the Funds and the source of any payment. The processing of applications or Withdrawals may be delayed or suspended until the requested information is provided in a satisfactory form.

Conflicts of Interest and Related Party Transactions

Subject to the Corporations Act, we and our associates may hold Units in any Fund. We are also permitted by the Constitution (subject to the Corporations Act), to deal with ourself (as Responsible Entity of the Fund or in another capacity), an associate or any Unitholder; have an interest in any contract or transaction with ourself (as Responsible Entity of the Fund or in another capacity), an associate or any Unitholder and retain for our own benefit any profits or

benefits derived from such contract or transaction and act in the same or similar capacity in relation to any other managed investment schemes. Any such arrangement will be based on arm's length terms.

From time to time Franklin Templeton Australia may encounter conflicts in respect of its duties to Unitholders and to its own interests. Franklin Templeton Australia recognises it has an overriding duty to act in the best interests of Unitholders and will resolve any conflicts fair and reasonably in accordance with the law, and ASIC requirements and Franklin Templeton Australia's own policies.

Complaints

We have established procedures for dealing with complaints.

If you have invested via a Master Trust or Wrap Service and have a concern, you should first contact the Operator of the Master Trust or Wrap Service through which you invested in the Fund. The Operator will handle your complaint in accordance with its complaint handling procedures and may, in accordance with those procedures, refer the complaint to us.

If you have an inquiry or complaint, you can either phone us on 1800 673 776 during business hours or write to:

Attention: Complaints Officer

Franklin Templeton Australia

GPO Box 24011

Melbourne VIC 3001

Your written complaint will be acknowledged within five business days and we will make every effort to resolve your issues within 30 days of being notified.

If any complaint remains unresolved after 30 days or the issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority, (AFCA). AFCA provides a fair and independent financial complaint resolution service that is free to consumers.

Website: www.afca.org.au

Email: info@afca.org.au

Telephone: 1800 931 678 (free call)

In writing to: Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001

Your Privacy at Franklin Templeton Australia

We collect your personal information for the primary purpose of establishing and administering your investments, communicating with you and providing you with access to secure parts of our website.

We may also collect certain personal information from you and/or disclose your personal information to government or regulatory bodies where permitted or required to do so for example under the Corporations Act 2001 (Cth), the AML/CTF Act, the Foreign Account Tax Compliance Act and the Common Reporting Standard under which Franklin Templeton Australia is required to ask about your tax residency status due to taxation information sharing agreements between Australia and other countries.

Franklin Templeton Australia may disclose your personal information to any third-party service provider organisation we engage, in order to provide custody, administration, technology, auditing, mailing, printing or other services and our

professional advisers (including legal and accounting firms, auditors, consultants and other advisers). Such third parties may use and disclose your personal information for a purpose described in our Privacy Policy which is available upon request or from our website at www.franklintempleton.com.au. The Privacy Policy sets out in detail how we will collect, store, manage, use and disclose your personal information.

The Privacy Policy also contains information as to how you can access and seek correction of your personal information, how you can complain about a breach of the *Privacy Act* 1988 (Cth) and how we will respond to and deal with such a complaint.

You can request access to your personal information or a copy of the Privacy Policy by telephone or writing:

Phone 1800 673 776

Email auclientadmin@franklintempleton.com

Mail PO Box 24011, Melbourne VIC 3001

Please address all written requests: 'Attention: Privacy Officer'.

Consent to be named

The Custodian, Administrator, Registrar and each Investment Manager have consented to being named in the applicable PDS based on information the respective party has provided and in the form and context in which each party has been included, and each party has not withdrawn its consent before the date of the PDSs.

U.S. Persons

U.S. Persons are not eligible to invest in the Funds. In the absence of written notice to a Fund to the contrary, if a potential investor provides a non-U.S. address on the Application Form for investment in any Fund, this will be deemed, in addition to any other representation, warranty or declaration, the potential investor may give including in the Application Form, to be a representation and warranty from such investor that he/she/it is not a U.S. Person and that such investor will continue to be a non-U.S. Person for so long as such investor holds any Units in a Fund.

The term "U.S. Person" shall mean any person that is a United States person within the meaning of Regulation S under the United States Securities Act of 1933 or as defined by the U.S. Commodity Futures Trading Commission for this purpose, as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

Need more information?

Please contact Franklin Templeton Australia:

Free call 1800 673 776

Website www.franklintempleton.com.au

Email auclientadmin@franklintempleton.com

Glossary

In each PDS or IM and this Booklet, all fees and costs are expressed in Australian dollars inclusive of GST less any RITC actually received by or for the benefit of the Fund.

References to “you” or “your” refers to you as the reader of the PDS, IM or this Booklet.

“**Active ownership**” with respect to Funds managed by ClearBridge Australia, is the use of the rights and position of ownership to influence the activity or behaviour of investees. For listed equities it includes both engagement and (proxy) voting (including filing shareholder resolutions).

“**Application Price**” means the price at which Units are issued. The method for determining the Application Price is described in the “How the Fund works” section of the relevant PDS.

“**Business Day**” with respect to all Funds except the Franklin Government Cash Fund (USD) means a day, other than a Saturday or Sunday on which banks are open for business in Melbourne, Victoria.

“**Business Day**” with respect to the Franklin Government Cash Fund (USD) means a day, other than a Saturday or Sunday, on which banks are open for business in Melbourne, Victoria and on which the New York Stock Exchange (NYSE) is open to trading.

“**Constitution**” is a legally enforceable document between the Responsible Entity and Unitholders that sets out some or all of the rights, duties and liabilities of the Responsible Entity in its operation of the Fund.

“**Controversial weapons**” means cluster bombs, landmines, chemical and biological weapons and depleted uranium weapons.

“**Corporations Act**” means the Corporations Act 2001 (Cth).

“**Derivative**” means a financial instrument the value of which is determined by reference to the value of an underlying asset.

“**Effective Duration**”, with respect to the Western Asset Enhanced Income Fund, calculates the expected price decline of a bond when interest rates rise by 1%.

“**Franked dividends**” means payments made to shareholders out of income on which the company has already paid tax.

“**Inflation**” is defined as the All Groups Consumer Price Index as published by the Australian Bureau of Statistics.

“**Investment Grade**” with respect to Funds managed by Western Asset, means a rating that indicates a bond has a relatively low risk of default. S&P considers bonds designated with a rating of BBB or above to be investment grade or of adequate protection parameters.

“**OECD**” means the Organisation for Economic Cooperation and Development.

“**Modern Slavery**” means the investment manager’s assessment of situations in which coercion, threats or deception are used to exploit persons and undermine their freedom and includes:

- (a) conduct which would constitute an offence under an applicable criminal code, such as slavery, servitude, forced labour, deceptive recruiting, debt bondage, forced marriage and any form of human trafficking; and
- (b) any form of child labour prohibited by law.

“Net Asset Value” or “NAV” means the aggregate of the value of the assets of the Fund determined in accordance with the Constitution, less all liabilities of the Fund.

“Retail Client” or “Retail Investor” is an investor that does not satisfy one of the requirements to be classified as a wholesale client.

“RITCs” means reduced input tax credits.

“Significant Withdrawal” is a redemption of 5% or more of the net asset value of a Fund or other amount that the Responsible entity may from time to time determine to be a significant withdrawal in accordance with a Fund’s Constitution.

“Units” means units in the Fund.

“Wholesale Clients” is defined in the “How to apply” section of this Booklet.

“Withdrawal” means to redeem Units in the Fund.

“Withdrawal Price” means the price at which Units are redeemed. The method for determining the Withdrawal price is described in the “How the Fund works” section of the relevant PDS.