

31 March 2020

## Important Notice for Unitholders

### Further changes to Sell Spreads for Franklin Australian Absolute Return Bond Fund and Franklin Australian Core Plus Bond Fund

Further to the notice on 19 March 2020 introducing sell spreads on certain Franklin Australian Fixed Income Funds as a result of volatility in global and Australian fixed income markets following the emergence of the COVID-19 global pandemic and the subsequent notice on 26 March 2020 reducing those sell spreads, we are continuing to see market conditions improve.

Trading costs have reduced further and Franklin Templeton Investments Australia Limited has now determined that it is in the best interests of investors in the funds listed below (**Funds**) to further reduce the sell spread in order to reflect the estimated decreases in trading costs as set out below.

The sell spreads reflect our estimate of the transaction costs that are incurred in selling the underlying assets of the Funds as a result of withdrawals. These spreads were introduced to protect investors from the costs generated by other investors selling assets during these periods of heightened volatility. The sell spread is paid to the fund to meet these expenses and is not retained by Franklin Templeton.

This notice sets out the new sell spreads that will apply from the closing unit prices on 31 March 2020.

Franklin Templeton will continue to review the buy and sell spreads and will notify investors of any further changes on our website [www.franklintempleton.com.au](http://www.franklintempleton.com.au).

#### The new sell spreads in the table below apply from 31 March 2020:

Fund	Old		New	
	Buy	Sell	Buy	Sell
Franklin Australian Absolute Return Bond Fund (ARSN 601 662 631) (ARSN 617 966 042) (FRT0027AU [W Class] & FRT0028AU [I Class])	0.0%	0.85%	<b>0.0%</b>	<b>0.35%</b>
Franklin Australian Core Plus Bond Fund (ARSN 617 966 042) (FRT6143AU [W Class] & FRT6435AU [I Class])	0.0%	0.50%	<b>0.0%</b>	<b>0.20%</b>

#### What is driving trading costs?

Over the course of March, we saw a sharp downturn in bond and money market liquidity. Conditions evolved where government and state government securities, normally the most liquid in the market, became difficult to transact driving up trading costs. We are now seeing some of those market conditions improve as central banks have begun to take steps to stabilise markets, with a resulting decline in trading costs.

We are closely monitoring the liquidity of underlying assets in fixed income markets. As more information becomes available our assessments may change and we may make further necessary adjustments to spreads.

If you have any questions, please contact your Franklin Templeton Relationship Manager or contact us on 1800 673 776.

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