

17 April 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 and the notices on 26 March 2020 and 31 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 to remove the sell spread on certain funds in order to reflect the estimated decreases in trading costs.

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. Franklin Templeton now considers that these costs are no longer material.

This notice sets out the new sell spreads that will apply from the closing unit prices on 17 April 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.

The new sell spreads in the table below apply from 17 April 2020:

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

What is driving trading costs?

As events have progressed, we saw a sharp downturn in bond and money market liquidity over the course of March. Conditions evolved where government and state government securities, normally the most liquid in the market became difficult to transact in and transaction costs had risen. We are now seeing some of those market conditions improve as central banks have begun to take steps to stabilise markets.

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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