Putnam Securitised Opportunities Fund

ARSN 119 308 771

Annual report
For the year ended 30 June 2026

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This annual report covers Putnam Securitised Opportunities Fund as an individual entity.

The Responsible Entity of Putnam Securitised Opportunities Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 22, 530 Collins Street,

Melbourne VIC 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of Putnam Securitised Opportunities Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2026.

Principal Activities

The Fund invests mainly in mortgage-related fixed income securities in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund invests in fixed income securities, which may include agency residential mortgages, non-agency residential mortgages, commercial mortgages, asset backed securities and structured securities which includes interest only, inverse interest only and principal only securities.

The Fund may also use derivative instruments, such as forward delivery contracts, swaps, futures and options (including swaptions).

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

The various service providers for the Fund are detailed below:

Service	**Provider**
Responsible Entity	Equity Trustees Limited
Investment Manager	Franklin Advisers, Inc.
Custodian and Administrator	JP Morgan Chase Bank, N.A.
Statutory Auditor	PricewaterhouseCoopers

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the year and up to the date of this report:

Michael J O'Brien	Chairman
Russell W Beasley	(appointed 1 July 2025)
Mary A O'Connor	(resigned 1 July 2025)
David B Warren	
Andrew P Godfrey	
Johanna E Platt	

Review and results of operations

During the year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement and the provisions of the Fund's Constitution.

The Fund's performance was 1.63% (net of fees) for Fund Class-F for the year ended 30 June 2026. The Fund's benchmark, which is ICE BofAML US Treasury Bill Index, returned 3.79% for the same period.

The return achieved by the Fund for the reporting period is calculated as the % movement in NAV divided by units on issue from 30 June 2025 to 30 June 2026 (with any distributions paid during the period reinvested). Returns are disclosed after fees and expenses but before taxes.

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2026	30 June 2025
Profit/(loss) before finance costs attributable to unit holders for the year ($'000)	**9,570**	23,665

There were no distributions declared for the years ended 30 June 2026 and 30 June 2025.

Significant changes in state of affairs

During the year ended 30 June 2026, the Fund's Class A unit class was terminated, effective 11 June 2026.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year.

Directors' report (continued)

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may have a significant effect on:

(i) the operations of the Fund in future financial years; or

(ii) the results of those operations in future financial years; or

(iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnity and insurance of officers

No insurance premiums are paid out of the assets of the Fund in regard to insurance cover provided to the officers of the Equity Trustees Limited. So long as the officers of the Equity Trustees Limited act in accordance with the Fund's Constitution and the law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

Fees paid to and interests held in the Fund by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the Fund's property during the financial year are disclosed in note 16 to the financial statements.

No fees were paid out of Fund's property to the directors of the Responsible Entity during the financial year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 16 to the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the financial year is disclosed in note 9 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 2 of the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

Amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2026/183* unless otherwise indicated.

Directors' report (continued)

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by the Equity Trustees Limited's Board.

Director _____

Andrew P Godfrey

Melbourne

24 September 2026

Auditor's Independence Declaration

As lead auditor of Putnam Securitised Opportunities Fund's financial report for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit of the financial report; and

b) no contraventions of any applicable code of professional conduct in relation to the audit of the financial report.

CJ Cummins
Partner
PricewaterhouseCoopers

Sydney
24 September 2026

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Liability limited by a scheme approved under Professional Standards Legislation.

Statement of comprehensive income

	Notes	Year ended **30 June 2026** **$'000**	Year ended 30 June 2025 $'000
Income			
Net gains/(losses) on financial instruments at fair value through profit or loss		**(5,887)**	17,045
Net foreign exchange gains/(losses)		**17,225**	8,148
Other income		**318**	84
Total income/(loss)		**11,656**	25,277
Expenses			
Management fees and costs	16 (g)	**2,017**	1,508
Transaction costs		**15**	100
Other expenses		**54**	4
Total expenses		**2,086**	1,612
Profit/(loss) before finance costs attributable to unit holders for the year		**9,570**	23,665
Finance costs attributable to unit holders			
Distributions to unit holders	10	**–**	–
(Increase)/decrease in net assets attributable to unit holders	9	**(9,570)**	(23,665)
Profit/(loss) for the year		**–**	–
Other comprehensive income		**–**	–
Total comprehensive income for the *year*		**–**	–

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

	Notes	As at 30 June 2026 $'000	30 June 2025 $'000
Assets			
Cash and cash equivalents	11	**41,970**	16,052
Margin accounts		**8,837**	10,907
Due from brokers - receivable for securities sold		**1,833**	24,594
Receivables	13	**3,231**	1,639
Financial assets at fair value through profit or loss	6	**730,599**	408,305
Total assets		**786,470**	461,497
Liabilities			
Margin accounts		**8,735**	265
Due to brokers - payable for securities purchased		**257,078**	179,088
Payables	14	**952**	320
Financial liabilities at fair value through profit or loss	7	**6,243**	10,166
Total liabilities (excluding net assets attributable to unit holders)		**273,008**	189,839
Net assets attributable to unit holders - liability	9	**513,462**	271,658

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Year ended	
	30 June 2026 $'000	30 June 2025 $'000
Total equity at the beginning of the financial year	**–**	–
Comprehensive income for the year		
Profit/(loss) for the year	**–**	–
Other comprehensive income	**–**	–
Total comprehensive income	**–**	–
Transactions with unit holders in their capacity as owners	**–**	–
Total equity at the end of the financial year*	**–**	–

*Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity.

As a result, there was no equity at the beginning or end of the financial year.

The above statement of changes in equity should be read in conjunction with the accompanying notes with reference to Notes 2(c) and 9.

Statement of cash flows

	Notes	Year ended 30 June 2026 $'000	30 June 2025 $'000
Cash flows from operating activities			
Proceeds from sale of financial instruments at fair value through profit or loss		**9,832,956**	6,392,190
Payments for purchases of financial instruments at fair value through profit or loss		**(10,048,188)**	(6,384,007)
Transaction costs paid		**(15)**	(100)
Net movement in margin accounts		**10,540**	(2,287)
Other income received		**289**	1,250
Management fees and costs paid		**(1,429)**	(2,755)
Other expenses paid		**(1)**	(21)
Net cash inflow/(outflow) from operating activities	12(a)	**(205,848)**	4,270
Cash flows from financing activities			
Proceeds from applications by unit holders		**303,136**	193
Payments for redemptions by unit holders		**(70,902)**	(10,000)
Net cash inflow/(outflow) from financing activities		**232,234**	(9,807)
Net increase/(decrease) in cash and cash equivalents		**26,386**	(5,537)
Cash and cash equivalents at the beginning of the year		**16,052**	21,617
Effects of foreign currency exchange rate changes on cash and cash equivalents		**(468)**	(28)
Cash and cash equivalents at the end of the year	11	**41,970**	16,052

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

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1 General information

These financial statements cover Putnam Securitised Opportunities Fund (the “Fund”) as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 13 April 2006 and will terminate in accordance with the provisions of the Fund's Constitution or by Law.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the “Responsible Entity”). The Responsible Entity’s registered office is Level 22, 530 Collins Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The investment activities of the Fund are managed by Franklin Advisers, Inc (the "Investment Manager"). The custody and administration services of the Fund are delegated to JP Morgan Chase Bank, N.A. (the "Custodian and Administrator").

The Fund invests in fixed income securities, which may include agency residential mortgages, non-agency residential mortgages, commercial mortgages, asset backed securities and structured securities which includes interest only, inverse interest only and principal only securities.

The Fund may also use derivative instruments, such as forward delivery contracts, swaps, futures and options (including swaptions).

During the year ended 30 June 2026, the Fund’s Class A unit class was terminated, effective 11 June 2026.

The financial statements were authorised for issue by the directors on the date the Directors’ declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All material balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unit holders.

The Fund manages financial assets at fair value through profit or loss based on economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within twelve months, however an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemable on demand at the unit holders’ option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) New accounting standards or amendments adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2025 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(iii) New standards and interpretations not yet adopted

AASB 18 *Presentation and Disclosure in Financial Statements*

AASB 18 was issued in June 2024 and replaces AASB 101 *Presentation of Financial Statements*. The new standard introduces new requirements for the statement of comprehensive income, including:

- new categories for the classification of income and expenses into operating, investing and financing categories, and
- presentation of subtotals for “operating profit and “profit before financing and income taxes”.

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows. The new standard is effective for annual periods beginning on or after 1 January 2027 and will be applied retrospectively by the Fund for the financial year ending 30 June 2028.

2 Summary of material accounting policy information (continued)

(a) Basis of preparation (continued)

(iii) New standards and interpretations not yet adopted (continued)

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the statement of comprehensive income and statement of financial position line items are presented as well as some additional disclosures in the notes to the financial statements. Management is in the process of assessing the impact of the new standard.

AASB 2024-2 *Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments* [AASB 7 & AASB 9] (effective for annual periods beginning on or after 1 January 2026).

In July 2024, the AASB issued amendments to AASB 7 *Financial Instruments: Disclosures* and AASB 9 *Financial Instruments*. This amendment amends requirements related to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance and similar features. It also amends disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and adds disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026.

Management is currently working to identify all the impact of the new standards and amendments on the primary financial statements and the related notes.

Certain amendments to accounting standards have been published that are not mandatory for the 30 June 2026 reporting year and have not been early adopted by the Fund. These amendments are not expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

(b) Financial instruments

(i) Classification

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and

- those to be measured at amortised cost.

The Fund classifies its financial assets based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Derivatives are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business objective. Consequently, the debt securities are measured at fair value through profit or loss.

For cash and cash equivalents, due from brokers - receivable for securities sold, margin accounts and receivables, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers - payable for securities purchased, distributions payable, margin accounts and other payables).

(ii) Recognition and derecognition

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

2 Summary of material accounting policy information (continued)

(b) Financial instruments (continued)

(ii) Recognition and derecognition (continued)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

(iii) Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset and a financial liability at its fair value. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For further details on how the fair value of financial instruments is determined please see Note 5 to the financial statements.

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses ("ECL").

Cash and cash equivalents, receivables, due from brokers, distributions payable, payables, due to brokers and margin accounts are carried at amortised cost.

(iv) Impairment

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, receivables, due from brokers and margin accounts) at an amount equal to the lifetime ECL if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month ECL. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The ECL approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Financial assets and liabilities that have been offset are disclosed in Note 4.

(vi) To be announced commitments (TBA)

The Fund may enter into TBA commitments to purchase securities for a fixed unit price at a future date beyond customary settlement time. Although the unit price and par amount have been established, the actual securities have not been specified. However, it is anticipated that the amount of the commitments will not materially differ from the principal amount. The Fund holds, and maintains until settlement date, cash or high-grade debt obligations in an amount sufficient to meet the purchase price, or the Fund may enter into offsetting contracts for the forward sale of other securities it owns. Income on the securities will not be earned until settlement date.

2 Summary of material accounting policy information (continued)

(b) Financial instruments (continued)

(vi) To be announced commitments (TBA) (continued)

The Fund may also enter into TBA sale commitments to hedge its portfolio positions, to sell mortgage-backed securities it owns under delayed delivery arrangements or to take a short position in mortgage-backed securities. Proceeds of TBA sale commitments are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, either equivalent deliverable securities or an offsetting TBA purchase commitment deliverable on or before the sale commitment date are held as "cover" for the transaction, or other liquid assets in an amount equal to the notional value of the TBA sale commitment are segregated. If the TBA sale commitment is closed through the acquisition of an offsetting TBA purchase commitment, the Fund realizes a gain or loss. If the Fund delivers securities under the commitment, the Fund realizes a gain or a loss from the sale of the securities based upon the unit price established at the date the commitment was entered into.

TBA commitments, which are accounted for as purchase and sale transactions, may be considered securities themselves, and involve a risk of loss due to changes in the value of the security prior to the settlement date as well as the risk that the counterparty to the transaction will not perform its obligations. Counterparty risk is mitigated by having a master agreement between the Fund and the counterparty.

Unsettled TBA commitments are valued at their fair value according to the procedures described under "Measurement" above. The contract is marked to market daily and the change in fair value is recorded by the Fund as an unrealized gain or loss. Based on market circumstances, the Manager will determine whether to take delivery of the underlying securities or to dispose of the TBA commitments prior to settlement.

(c) Net assets attributable to unit holders

Units are redeemable at the unit holders' option, however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders.

The Fund's units are classified as equity when they satisfy the following criteria under AASB 132 *Financial instruments: Presentation:*

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

The units are classified as financial liabilities as they do not meet the requirements of equity in accordance with AASB 132 *Financial Instruments: Presentation*.

The units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unit holders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the unit back to the Fund.

The Fund's units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments, with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

(e) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls. It is not included as a component of cash and cash equivalents.

2 Summary of material accounting policy information (continued)

(f) Income

(i) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities measured at fair value through the profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Interest income on financial assets at fair value through profit or loss is recorded together with the changes in the fair value of financial instruments at fair value through profit or loss, in accordance with the policies described in Note 2(b) to the financial statements.

(g) Expenses

All expenses, including management fees and costs, are recognised in the statement of comprehensive income on an accruals basis.

Management fees and costs covers certain ordinary expenses such as management fees, Responsible Entity fees, custodian fees, audit fees, cost of unit holder meetings, special valuation of assets and other operating expenses.

(h) Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders on present entitlement basis.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income as an expense.

(i) Distributions

The Fund distributes its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

(j) Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. As the Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

(k) Foreign currency translation

(i) Functional and presentation currency

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The Fund does not isolate that portion of unrealised gains or losses on financial instruments at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included in the net gains/(losses) on financial instruments at fair value through profit or loss.

2 Summary of material accounting policy information (continued)

(l) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

(m) Receivables

Receivables may include amounts for interest and other receivables. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

(n) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

(o) Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund is recorded gross of any exit fees payable after the cancellation of units redeemed.

(p) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable, have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows related to GST are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as an operating cash flow.

(q) Use of estimates and judgements

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations, require management to make estimates and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For more information on how fair value is calculated refer to Note 5 to the financial statements.

The Fund estimates that the resultant ECL derived from using the impairment model has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

(r) Rounding of amounts to the nearest thousand dollars

The Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2026/183,* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollar in accordance with that Instrument, unless otherwise indicated.

(s) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use derivative instruments in managing its financial risks.

All investments present a risk of loss of capital. The maximum loss of capital on long debt securities is limited to the fair value of those positions. The maximum loss of capital on long futures is limited to the notional contract values of those positions.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, Franklin Advisers, Inc under an Investment Management Agreement (the "IMA") approved by the Responsible Entity and containing the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

(a) Market risk

(i) Value-at-Risk ("VAR")

VaR is a statistical technique that attempts to summarise the exposure of a given portfolio to market risk by making assumptions about the expected probability distribution of future portfolio returns. VaR represents the maximum reasonable loss that an investor could expect during a time period, with a given probability.

In order to estimate this future market risk, VaR assumes a normal or "bell shaped" curve of future portfolio returns and uses the unique characteristics of the normal distribution-primarily symmetry of future returns both higher and lower than the average future return to estimate the amount of the possible future losses.

To calculate VaR, the Responsible Entity uses the historic price volatility and correlations of current portfolio holdings to calculate both the historic average return and the historic standard deviation of returns around the average. These statistics are then extrapolated into the future using the assumption of normal distribution to calculate an expected loss if the future portfolio return volatility behaves according to these assumptions.

The VaR calculation presented here for the Fund use a 99% confidence interval and assumes a 3-month holding period.

Assumptions and limitations of VaR

The calculation process involves gathering the historical price volatility and correlations of the current portfolio holdings to arrive at an estimate of predicted future volatility and expected risk of loss.

These limitations and the nature of the VaR measures mean that the Fund can neither guarantee that losses will not exceed the VaR amounts indicated nor that losses in excess of the VaR amounts will not occur more frequently than is stipulated by the model.

VaR represents the probable expected loss that could be experienced during a given period - not the maximum loss that an investor could experience.

It must be noted however that while the VaR model is an important and valuable risk management tool, it cannot and does not take account of all possible market conditions and extremities that may impact market price risk. For further information regarding market price risk and other risk factors please refer to the Fund's Product Disclosure Statement or speak to your financial advisor.

The following table summarises the estimated risk of the Fund as measured by VaR. The estimated impact has been calculated on the basis of a VaR model incorporating various factors: currency, interest rate, credit spread factors into an overall risk to portfolio value.

	VaR Factor	**Net assets attributable to unit holders**	**Estimated impact of net assets attributable to unit holders**
	%	**$'000**	**$'000**
30 June 2026	**2.18**	**513,462**	**11,193**
30 June 2025	2.90	271,658	7,878

(ii) Foreign exchange risk

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

Foreign exchange risk is managed as a part of price risk and measured using VaR analysis.

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

The table below summarises Fund's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

	US Dollars A$'000
As at 30 June 2026	
Cash and cash equivalents	**41,434**
Receivables	**3,188**
Due from brokers - receivable for securities sold	**1,833**
Financial assets at fair value through profit or loss	**730,599**
Margin accounts	**102**
Payables	**(7)**
Due to brokers - payable for securities purchased	**(257,078)**
Financial liabilities at fair value through profit or loss	**(6,243)**
Net exposure	**513,828**

	US Dollars A$'000
As at 30 June 2025	
Cash and cash equivalents	15,968
Receivables	1,644
Due from brokers - receivable for securities sold	24,594
Financial assets at fair value through profit or loss	408,305
Margin accounts	10,644
Payables	(310)
Due to brokers - payable for securities purchased	(179,088)
Financial liabilities at fair value through profit or loss	(10,166)
Net exposure	271,591

(iii) Cash flow and fair value interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial instruments expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The impact of interest rate risk on the profit and net assets attributable to unit holders is considered immaterial to the Fund.

The values of bonds and other debt investments usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the value of existing debt investments, and rising interest rates generally decrease the value of existing debt investments. Changes in a debt investment's value usually will not affect the amount of interest income paid to the Fund but will affect the Net Asset Value of the Fund. Interest rate risk is generally greater for investments with longer maturities.

Interest rate risk is managed as a part of price risk and measured using VaR analysis.

3 Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

The table below summarises Fund's exposure to interest rate risk at the end of the reporting period.

30 June 2026	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	**41,970**	**–**	**–**	**41,970**
Margin accounts	**8,837**	**–**	**–**	**8,837**
Due from brokers - receivable for securities sold	**–**	**–**	**1,833**	**1,833**
Receivables	**–**	**–**	**3,231**	**3,231**
Financial assets at fair value through profit or loss	**274,318**	**449,918**	**6,363**	**730,599**
Total assets	**325,125**	**449,918**	**11,427**	**786,470**
Financial liabilities				
Margin accounts	**8,735**	**–**	**–**	**8,735**
Due to brokers - payable for securities purchased	**–**	**–**	**257,078**	**257,078**
Payables	**–**	**–**	**952**	**952**
Financial liabilities at fair value through profit or loss	**–**	**5,612**	**631**	**6,243**
Total liabilities (excluding net assets attributable to unit holders)	**8,735**	**5,612**	**258,661**	**273,008**
Net increase/(decrease) in exposure from fixed interest rate swaps	**–**	**128,141**	**–**	**128,141**
Net exposure	**316,390**	**572,447**	**(247,234)**	**641,603**

30 June 2025	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	16,052	–	–	16,052
Margin accounts	10,907	–	–	10,907
Due from brokers - receivable for securities sold	–	–	24,594	24,594
Receivables	–	–	1,639	1,639
Financial assets at fair value through profit or loss	179,221	225,529	3,555	408,305
Total assets	206,180	225,529	29,788	461,497
Financial liabilities				
Margin accounts	265	–	–	265
Due to brokers - payable for securities purchased	–	–	179,088	179,088
Payables	–	–	320	320
Financial liabilities at fair value through profit or loss	–	8,568	1,598	10,166
Total liabilities (excluding net assets attributable to unit holders)	265	8,568	181,006	189,839
Net increase/(decrease) in exposure from International fixed interest futures	–	(214,302)	–	(214,302)
Net increase/(decrease) in exposure from fixed interest rate swaps	–	87,492	–	87,492
Net exposure	205,915	90,151	(151,218)	144,848

3 Financial risk management (continued)

(b) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities. The Fund is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, amounts due from brokers and other receivables.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2026 and 30 June 2025, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA/Aa or higher and are either callable on demand or due to be settled. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

The Fund minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties. The main concentration of credit risk, to which the Fund is exposed, arises from the Fund's investment in debt securities. While the Fund may be exposed to credit (issuer or counterparty) risk in relation to amounts treated as cash and cash equivalents, due from brokers and other receivables, the credit risk associated with these exposures is considered low and therefore has not been incorporated in the following table. Given existing collateral arrangements associated with open derivative contracts, the credit risk has been assessed as low and not incorporated in the following table.

(i) Debt securities

The Fund invests into debt securities subject to its limits as set out in the Product Disclosure Statement. The overall credit risk of the debt securities held is actively monitored by the Investment Manager. The credit rating used for debt securities is based on the following order, where available: Standard & Poor's Rating Services, Moody's Investors Service and Fitch Ratings. Where a credit rating is not provided by the credit rating agencies, the security issuer's own credit rating may be used, or otherwise the security is treated as unrated.

The table below summarises the credit rating composition for the Fund's interest bearing securities assets using Standard and Poor's or Moody's ratings.

Rating	**30 June 2026 $'000**	30 June 2025 $'000
AAA	**52,106**	19,069
AA	**133,652**	51,290
A	**30,063**	8,577
BBB	**28,977**	17,133
BB	**13,681**	12,642
B	**16,650**	11,462
CCC	**16,607**	13,424
CC	**2,366**	1,816
C	**2,339**	3,160
D	**1,074**	151
Not Rated	**421,270**	256,875
Total	**718,785**	395,599

(ii) Derivative financial instruments

The Fund also restricts its exposure to credit losses on the trading of derivative instruments it holds by entering into master netting arrangements with counterparties (approved brokers) with whom it undertakes a significant volume of transactions. Credit risk associated with favourable contracts is reduced by master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are closed and settled on a net basis. The Fund's overall exposure to credit risk on derivative instruments subject to a master netting arrangement can change substantially within a short period, as it is affected by each transaction subject to the arrangements. Refer to Note 4 to the financial statements for further analysis of the Fund's master netting arrangements.

3 Financial risk management (continued)

(b) Credit risk (continued)

(iii) Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities purchased have been received by the broker. The trade will fail if either party fails to meet its obligations.

(iv) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A-1+ (as determined by Standard and Poor's) or higher.

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests, margin calls on derivative transactions or to Fund foreign exchange related cashflow requirements.

Liquidity risk is managed by investing the majority of its assets in investments that are traded in an active market and can be readily disposed of or to fund foreign exchange related cashflow requirements.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemptions during 2026 and 2025.

(i) Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Fund in the current period have maturities of less than 2 months.

(ii) Maturities of net settled derivative financial instruments

The table below analyses the Fund's net settled derivative financial instruments based on their contractual maturity. The Fund may, at its discretion, settle financial instruments prior to their original contractual settlement date, in accordance with its investment strategy, where permitted by the terms and conditions of the relevant instruments.

As at 30 June 2026	**Less than 1 month $'000**	**1 - 6 months $'000**	**6 - 12 months $'000**	**Over 12 months $'000**	**Total $'000**
Net settled derivatives					
Swaps contracts	**–**	**–**	**–**	**5,612**	**5,612**
Option contracts	**–**	**631**	**–**	**–**	**631**
Total net settled derivatives	**–**	**631**	**–**	**5,612**	**6,243**

As at 30 June 2025	Less than 1 month $'000	1 - 6 months $'000	6 - 12 months $'000	Over 12 months $'000	Total $'000
Net settled derivatives					
Swaps contracts	–	–	–	6,779	6,779
Futures contracts	–	1,789	–	–	1,789
Option contracts	447	1,151	–	–	1,598
Total net settled derivatives	447	2,940	–	6,779	10,166

4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statements of financial positions when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Agreements with over-the-counter derivatives are based on the ISDA Master Agreement. The gross and net positions of financial assets and liabilities that have been offset in the statements of financial positions are disclosed in the first three columns of the table below:

	Effects of offsetting on the statement of financial position			**Related amounts not offset**		
30 June 2026	**Gross amounts of financial assets and liabilities $'000**	**Gross amounts set off in the statement of financial position $'000**	**Net amount of financial assets and liabilities presented in the statement of financial position $'000**	**Amount subject to master netting arrangements $'000**	**Cash collateral pledged $'000**	**Net amount $'000**
Financial assets						
Derivatives financial instruments	**11,814**	**–**	**11,814**	**(4,120)**	**(1,316)**	**6,378**
Total	**11,814**	**–**	**11,814**	**(4,120)**	**(1,316)**	**6,378**
Financial liabilities						
Derivatives financial instruments	**6,243**	**–**	**6,243**	**(4,120)**	**(980)**	**1,143**
Total	**6,243**	**–**	**6,243**	**(4,120)**	**(980)**	**1,143**

30 June 2025	Gross amounts of financial assets and liabilities $'000	Gross amounts set off in the statement of financial position $'000	Net amount of financial assets and liabilities presented in the statement of financial position $'000	Amount subject to master netting arrangements $'000	Cash collateral pledged $'000	Net amount $'000
Financial assets						
Derivatives financial instruments	12,706	–	12,706	(6,480)	–	6,226
Total	12,706	–	12,706	(6,480)	–	6,226
Financial liabilities						
Derivatives financial instruments	10,166	–	10,166	(6,480)	(3,126)	560
Total	10,166	–	10,166	(6,480)	(3,126)	560

(a) Master netting arrangement not currently enforceable

Agreements with derivative counterparties are based on the International Swaps and Derivatives Association (ISDA) Master Agreement. Under the terms of these arrangements, only when certain credit events occur (such as default), the net position owing/ receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Fund does not presently have a legally enforceable right of set-off, these amounts have not been offset in the statement of financial position but have been presented separately in the above table.

5 Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets/liabilities at fair value through profit or loss (see note 6 and 7); and
- Derivative financial instruments (see note 8).

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

5 Fair value measurement (continued)

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements.

(a) Quoted prices in active markets (Level 1)

The fair value of financial instruments traded in active markets such as publicly traded derivatives are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current last traded price. The quoted market price incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to risk. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this last traded or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(b) Significant observable inputs (Level 2)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all material inputs required to fair value an instrument are observable, the instrument is included in level 2.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Specific valuation techniques using observable inputs used to value financial instruments include:

- Option contracts are valued by applying the Black Scholes option valuation model.
- Interest rate swaps are valued at the present value of the estimated future cash flows based on observable yield curves.
- Investments, including mortgage backed securities and short-term investments with remaining maturities of 60 days or less, are valued on the basis of valuations provided by an independent pricing service approved by the Trustees or dealers selected by the Fund's Investment Manager. Such service providers use information with respect to transactions in bonds, quotations from bond dealers, market transactions in comparable securities and various relationships between securities in determining value. These securities will generally be categorized as Level 2. Certain securities may be valued on the basis of a price provided by a single source.

(c) Significant unobservable inputs (Level 3)

The fair value of financial instruments that are determined using valuation techniques that rely on material inputs that are not observable are included in level 3 and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Fixed interest securities are primarily valued using evaluated prices supplied by independent pricing vendors, typically derived from observable market inputs other than quoted prices in active markets. Where significant unobservable inputs are used due to limited market activity, the securities are classified as Level 3.

5 Fair value measurement (continued)

(d) Recognised fair value measurements

The following table presents the Fund's assets and liabilities measured and recognised at fair value as at 30 June 2026 and 30 June 2025

At 30 June 2026	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Swaps contracts	**–**	**5,451**	**–**	**5,451**
Option contracts	**–**	**6,363**	**–**	**6,363**
Fixed interest securities	**–**	**464,564**	**278**	**464,842**
TBA securities	**–**	**249,053**	**–**	**249,053**
Money market securities	**–**	**4,890**	**–**	**4,890**
Total financial assets	**–**	**730,321**	**278**	**730,599**
Financial liabilities				
Swaps contracts	**–**	**5,612**	**–**	**5,612**
Option contracts	**–**	**631**	**–**	**631**
Total financial liabilities	**–**	**6,243**	**–**	**6,243**

At 30 June 2025	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Swaps contracts	–	9,151	–	9,151
Option contracts	–	3,555	–	3,555
Fixed interest securities	–	238,115	–	238,115
TBA securities	–	150,313	–	150,313
Money market securities	–	7,171	–	7,171
Total financial assets	–	408,305	–	408,305
Financial liabilities				
Swaps contracts	–	6,779	–	6,779
Futures contracts	1,789	–	–	1,789
Option contracts	–	1,598	–	1,598
Total financial liabilities	1,789	8,377	–	10,166

(e) Transfers between levels

Management’s policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

5 Fair value measurement (continued)

(f) Movement in level 3 instruments

The following table presents the movement in level 3 instruments for the financial year ended 30 June 2026 and 30 June 2025 by class of financial instrument:

	Putnam Securitised Opportunities Fund	
	Debt securities	
	30 June 2026 $'000	30 June 2025 $'000
Opening balance	**–**	–
Purchases	**284**	–
Sales	**–**	–
Transfer into level 3	**–**	–
Transfer out of level 3	**–**	–
Gains and losses recognised in the statement of comprehensive income*	**(6)**	–
Closing balance	**278**	–
*Includes unrealised gains/(losses) recognised in profit or loss attributable to balances held at the end of reporting year.	**(6)**	–

(g) Financial instruments not carried at fair value

The financial instruments not measured at fair value through profit or loss include:

i. Cash and cash equivalents, balances due from/to brokers and receivables/payables under sale and repurchase agreements. These are short-term financial assets and financial liabilities whose carrying values approximate fair value, because of their short-term nature and the high credit quality of counterparties; and

ii. Net assets attributable to unit holders, as the Fund routinely redeems and issues units at an amount equal to the proportionate share of the Fund's net assets at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying value of net assets attributable to unit holders approximates their fair value. Any difference is not material in the current year or prior year.

6 Financial assets at fair value through profit or loss

	As at	
	30 June 2026 $'000	30 June 2025 $'000
Derivatives	**11,814**	12,706
Fixed interest securities	**464,842**	238,115
TBA securities	**249,053**	150,313
Money market securities	**4,890**	7,171
Total financial assets at fair value through profit or loss	**730,599**	408,305

As at 30 June 2026, $1,379,660 (2025: $4,669,864) of treasury bill securities was pledged as collateral for derivative purposes and Nil (2025: Nil) treasury bill securities was pledged as collateral for mortgage backed securities purposes.

An overview of the risk exposure relating to financial assets at fair value through profit or loss is included in Note 3 and Note 5 to the financial statements.

7 Financial liabilities at fair value through profit or loss

	As at	
	30 June 2026 $'000	30 June 2025 $'000
Derivatives	**6,243**	10,166
Total financial liabilities at fair value through profit or loss	**6,243**	10,166

An overview of the risk exposure and fair value measurements relating to financial liabilities at fair value through profit or loss is included in note 3 and note 5 to the financial statements.

8 Derivative financial instruments

In the normal course of business, the Fund entered into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forwards, futures, options and swaps. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Fund's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Fund against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities;
- adjusting asset exposures within the parameters set in the investment strategy, and/or adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

Certain transactions may give rise to a form of leverage. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed-delivery or forward commitment transactions. Leverage may be incurred when it is believed that is advantageous to increase the investment capacity of a Fund or to facilitate the clearance of transactions. Leverage creates opportunity for greater total returns for the Fund, but it also may magnify losses. The use of derivatives may also create leverage risk.

To mitigate leverage risk, the Fund will set aside cash or cash equivalents and treasury bills that the Investment Manager reasonably believes to be sufficient to cover net long exposures resulting from swap, bond futures and forward positions held in the Fund. Cash equivalents and treasury bills are defined as Investment Grade securities (minimum S&P/Moody’s rating of A3/P3, or equivalent) with a duration of 1 year or less. To the extent the Fund’s net long positions are ‘covered’ by cash or cash equivalents and treasury bills, the Fund will be deemed not to be leveraged.

The Fund holds the following derivatives:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts’ values are usually settled net daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market.

(b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price risk. Options held by the Fund are exchange-traded. Options are settled on a gross basis. The Fund is exposed to credit risk on purchased options to the extent of their carrying amount, which is their fair value. A swaption is an agreement that grants the owner of the derivative the right but not the obligation to enter into a swap.

8 Derivative financial instruments (continued)

(c) Swaps

An interest rate swap is an agreement between two parties to exchange their interest obligations (payments) or receipts at set intervals on a notional principal amount over an agreed time period.

A credit default swap is an agreement whereby one counterparty pays a regular fee, usually expressed as a percentage of the notional principal, to another counterparty in return for security against default by the underlying loan or asset.

The fair value of interest rate swaps is the estimated amount that the Fund would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counterparties.

The Fund's derivative financial instruments measured at fair value at year end are detailed below:

	Contract/ Notional $'000	Assets $'000	Contract/ Notional $'000	Liabilities $'000
As at 30 June 2026				
Swaps contracts	**99,345**	**5,451**	**1,219,411**	**5,612**
Option contracts	**433,187**	**6,363**	**(305,046)**	**631**
	532,532	**11,814**	**914,365**	**6,243**
As at 30 June 2025				
Futures contracts	–	–	(214,302)	1,789
Swaps contracts	355,341	9,151	755,331	6,779
Option contracts	310,734	3,555	(223,242)	1,598
	666,075	12,706	317,787	10,166

Information about the Fund's exposure to credit risk, foreign exchange risk, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 5 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

9 Net assets attributable to unit holders - liability

The Fund's units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	As at			
	30 June 2026		30 June 2025	
	No.'000	**$'000**	No.'000	$'000
Class A				
Opening balance	**72,341**	**74,333**	81,966	77,442
Applications	**111**	**115**	125	124
Redemptions	**(72,452)**	**(70,902)**	(9,750)	(10,000)
Increase/(decrease) in net assets attributable to unit holders	**–**	**(3,546)**	–	6,767
Closing balance	**–**	**–**	72,341	74,333
Class F				
Opening balance	**205,938**	**197,325**	205,938	180,427
Applications	**321,347**	**303,021**	–	–
Increase/(decrease) in net assets attributable to unit holders	**–**	**13,116**	–	16,898
Closing balance	**527,285**	**513,462**	205,938	197,325
Total		**513,462**		271,658

During the year ended 30 June 2026, the Fund's Class A unit class was terminated, effective 11 June 2026.

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There is a single class of unit as at 30 June 2026. Each unit within the same class has the same rights as all other units within that class.

Units are redeemed on demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

Capital risk management

The Fund considers its net assets attributable to unit holders as capital, notwithstanding that net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders.

10 Distributions to unit holders

There were no distributions declared for the years ended 30 June 2026 and 30 June 2025.

11 Cash and cash equivalents

	As at	
	30 June 2026 $'000	30 June 2025 $'000
Cash at bank	**23,305**	2,679
Money market instruments	**18,665**	13,373
Total cash and cash equivalents	**41,970**	16,052

12 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2026 $'000	30 June 2025 $'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	**–**	–
Increase/(decrease) in net assets attributable to unit holders	**9,570**	23,665
Proceeds from sale of financial instruments at fair value through profit or loss	**9,832,956**	6,392,190
Payments for purchases of financial instruments at fair value through profit or loss	**(10,048,188)**	(6,384,007)
Net (gains)/losses on financial instruments at fair value through profit or loss	**5,887**	(17,045)
Net foreign exchange (gain)/loss	**(17,225)**	(8,148)
Net movement in margin accounts	**10,540**	(2,287)
Net change in receivables	**(22)**	1,161
Net change in payables	**634**	(1,259)
Net cash inflow/(outflow) from operating activities	**(205,848)**	4,270

As described in Note 2(j), income not distributed is included in net assets attributable to unit holders. The change in this amount for the year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

13 Receivables

	As at	
	30 June 2026 $'000	30 June 2025 $'000
Interest receivable	**3,176**	1,614
GST receivable	**43**	7
Swap income receivable	**12**	4
Other receivables	**–**	14
Total receivables	**3,231**	1,639

14 Payables

	As at	
	30 June 2026 $'000	30 June 2025 $'000
Management fees and costs payable	**898**	310
Other payables	**47**	–
Swap interest payable	**7**	10
Total payables	**952**	320

15 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Fund:

	Year ended	
	30 June 2026 $	30 June 2025 $
PricewaterhouseCoopers		
Audit and other assurance services		
Audit of financial statements	**82,490**	88,930
Audit of compliance plan	**2,448**	2,448
Total auditor remuneration and other assurance services	**84,938**	91,378
Taxation services		
Tax compliance services	**22,949**	18,961
Total remuneration for taxation services	**22,949**	18,961
Total remuneration of PricewaterhouseCoopers	**107,887**	110,339

The auditors' remuneration is borne by the Fund. Fees are stated exclusive of GST.

16 Related party transactions

The Responsible Entity of Putnam Securitised Opportunities Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The only related parties to the Fund, as defined by AASB 124 *Related Party Disclosures* are the Responsible Entity, schemes managed by the Responsible Entity and key management personnel of the Responsible Entity.

(a) Key management personnel

(i) Directors

Key management personnel includes persons who were directors of Equity Trustees Limited at any time during or since the end of the financial year and up to the date of this report.

Michael J O'Brien	Chairman
Russell W Beasley	(appointed 1 July 2025)
Mary A O'Connor	(resigned 1 July 2025)
David B Warren	
Andrew P Godfrey	
Johanna E Platt	

(ii) Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

16 Related party transactions (continued)

(a) Key management personnel (continued)

(iii) Other Key Management Personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Fund, directly or indirectly during the financial year.

(b) Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

(c) Key management personnel unitholdings

Key management personnel did not hold units in the Fund as at 30 June 2026 (30 June 2025: Nil).

(d) Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

(e) Key management personnel loans

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

(f) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving management personnel's interests existing at year end.

(g) Responsible Entity fees and other transactions

The transactions during the year and amounts payable as at year end between the Fund, the Responsible Entity and its service providers as per Note 1:

	Year ended	
	30 June 2026 $	30 June 2025 $
Management fees and costs for the year	**2,016,643**	1,507,937
Management fees costs payable at year end	**898,098**	309,906

Equity Trustees Limited earned $91,063 (2025: $81,610) for Responsible Entity fees provided to the Fund paid from management fees and costs.

Under the terms of the Fund's Constitution and Product Disclosure Statement, management fees and costs include responsible entity fees paid to the Responsible Entity, management fees paid to the Investment Manager and other costs (such as custody fees, administration fees and audit fees) paid to other unrelated parties. Please refer to the Fund's Product Disclosure Statement for information on how management fees and costs are calculated.

(h) Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited) held no units in the Fund as at 30 June 2026 (30 June 2025: Nil).

(i) Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties for the year (30 June 2025: Nil).

17 Transactions with the Investment Manager

Management fees are paid by the Responsible Entity to the Investment Manager and are included in management fees and costs as disclosed in note 16(g).

During the reporting period the Fund did not hold investments in other Schemes managed by the Fund's Investment Manager (30 June 2025: Nil).

18 Events occurring after the financial year

No material events have occurred since the end of the financial year which would impact on the financial position of the Fund disclosed in the statement of financial position as at 30 June 2026 or on the results and cash flows of the Fund for the financial year ended on that date.

19 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2026 (30 June 2025: Nil).

Directors' declaration

In the opinion of the directors of the Responsible Entity:

(a) the financial statements and notes set out on pages 5 to 31 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Fund's financial positions as at 30 June 2026 and of its performance, for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and

(c) Note 2(a) confirms that the financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.

Director _____

Andrew P Godfrey

Melbourne

24 September 2026

Independent auditor's report

To the unit holders of Putnam Securitised Opportunities Fund

Our opinion

In our opinion, the accompanying financial report of Putnam Securitised Opportunities Fund (the Fund) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Fund's financial position as at 30 June 2026 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2026;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the notes to the financial statements, including material accounting policy information and other explanatory information; and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors of Equity Trustees Limited (the Responsible Entity) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the Responsible Entity for the financial report

The directors of the Responsible Entity are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the Responsible Entity are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless the directors of the Responsible Entity either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

CJ Cummins
Partner

Sydney
24 September 2026