

UNAUDITED SEMI-ANNUAL REPORT

FRANKLIN TEMPLETON SERIES II FUNDS

société d'investissement à capital variable

April 30, 2020



FRANKLIN
TEMPLETON

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UNAUDITED SEMI-ANNUAL REPORT

For the six months ended April 30, 2020

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société d'investissement à capital variable

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(Registered with the registre de commerce et des sociétés, Luxembourg, under number B-127.818)

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Franklin Advisers, Inc.

Franklin Emerging Market Corporate Debt Fund:

Franklin Templeton Investment Management Limited and

Franklin Templeton Institutional, LLC

Franklin Emerging Market Debt Opportunities II Fund:

Franklin Templeton Investment Management Limited

Franklin Emerging Market Investment Grade Debt Fund:

Franklin Templeton Investment Management Limited

Franklin Upper Tier Floating Rate Fund:

Franklin Advisers, Inc.

Franklin Multi-Sector Credit Income Fund:

Franklin Advisers, Inc.

Report of the Investment Managers

Franklin Floating Rate II Fund

Syndicated Bank Loan Market Overview

Favourable investor sentiment at the beginning of the period led to solid returns, as many investors expected future rate cuts to be on hold. Outflows from retail loan vehicles decelerated and investors turned to discounted, lower-rated names in order to put cash to work. However, as fears of the impacts of the coronavirus on the global economy surfaced, the loan market entered a risk-off mode in March, which recorded some of the worst daily declines since the global financial crisis. While the market partially retraced the worst declines by the end of the period, the technical environment remained relatively weak and aggressive credit rating downgrades furthered price bifurcation across the market.

At the beginning of the period, outflows from retail investors moderated and the asset class reported modest weekly inflows. However, the increasing likelihood of a global recession and aggressive US Federal Reserve (Fed) interest rate cuts in response to the economic slowdown resulted in heavy outflows from loan retail vehicles. The accommodative action from the Fed led to declines in London Interbank Offered Rate (LIBOR), which lowered coupons throughout the loan market as most loans did not have LIBOR floors. Elevated redemption activity led managers to sell loans across the credit quality spectrum, leading to significant dislocation in prices and wide bid ask spreads. Although Collateralised Loan Obligation (CLO) issuance had supported loan demand earlier in the period, volume stalled in March as spreads widened. After the announcement of fiscal stimulus in the US, investor sentiment and technical conditions improved as severe outflows eventually subsided and modest CLO activity resumed. Loan prices rallied as a result and gains were led by higher rated loans and those in industries perceived to be less impacted by the crisis. However, technical conditions were still relatively weak as CLO spreads remained wide and lower income generation restrained demand from retail investors.

While a stronger technical environment and higher loan prices at the beginning of the period led to a significant repricing wave in January, new issuance was on hold for much of March. Primary activity eventually resumed, but new loan deals were sparse and included issuers that needed liquidity and offered meaningfully wider spreads. New issuance picked up slightly by the end of the period, but expectations for robust volume was subdued amidst weaker demand from traditional loan retail investors and CLOs. Amongst issuers that had bonds and loans, more looked to raise capital with high-yield bonds in light of stronger technical conditions in that market.

Default activity was muted for much of the period but increased sharply as more issuers experienced impacts from the slowdown in economic activity. At the end of the period, the default rate by par amount approached its historical average and the rate by issuer count was the highest since 2010. Despite the partial recovery in the market, a significant share of loans continued to trade at distressed levels. Furthermore, the pace of credit rating downgrades accelerated, particularly within cyclical industries that were more sensitive to the impacts of weaker consumer demand and mandated shutdowns. As a result, fundamental conditions and prices diverged between higher quality issuers and those with weaker liquidity.

Manager's Discussion

During the six-month period under review, the Fund returned -13.54% (A share), underperforming its benchmark, the CS Leveraged Loan Index (CSLLI), which returned -7.50%. The Fund maintained an overweight in the upper tier of the market within its loan portfolio and upper tier loans in the index returned -4.88%, middle tier returned -7.48%, and lower tier returned -20.36%, according to the CSLLI. Although upper tier loans in the portfolio outperformed during the period, performance was primarily driven by loan selection, especially loans that were more impacted by COVID-19 shutdowns, travel restrictions and declines in oil prices, including those in the energy, gaming/leisure, and retail industries.

The top contributors to performance included loans that investors perceived to be more insulated from the impact of COVID-19 or completed transactions that contributed to performance during the period. The equity and term loan position of Appvion (a manufacturer of carbonless paper) contributed to performance as the term loan provided attractive income generation despite difficult operating conditions. The company maintained good liquidity and the proceeds of an asset sale paid down a portion of the term loan position at par. The term loans of Doncasters Group (a manufacturer of components for the aerospace and industrial markets) contributed to performance as it completed its restructuring process and a new management team looked to implement its turnaround strategy. However, as oil prices declined to unprecedented levels amidst a falloff in demand, issuers exposed to energy prices were amongst the top detractors from performance. The term loan of Fieldwood Energy, a producer of oil and gas, declined as the sharp drop in oil prices was expected to negatively impact the company's cash flow and liquidity. The lower price of crude oil also led to declines for the term loans of UTEX Industries (a manufacturer and provider of sealing products), as demand for its products from customers in the energy sector was expected to weaken.

Throughout the period, we looked to reduce our exposures to large oversized volatile positions and execute on our long-term strategy of diversifying the portfolio in terms of the number of positions held. This included further reductions in our Fieldwood Energy position and exiting our last coal position (Bowie Resource). However, given elevated redemption activity for the Fund during the period, we increased our cash balance in order to meet potential future outflows. Our largest sells during the period included names with relatively higher weightings and issuers in industries that we believed would continue to see further weakness due to depressed demand and COVID-19 shutdowns.

The fund also held protection in HYCDX to protect against volatility in the credit markets and unwound the position during the period.

Report of the Investment Managers (continued)

Franklin Emerging Market Investment Grade Debt Fund

Market Overview

The Federal Reserve (Fed) cut its key interest rate three times in the run-up to the six months under review, and projected that it would keep rates on hold till 2021. In January 2020, a “first-phase” trade agreement was signed between the United States (US) and China, which also boosted many financial markets.

But from mid-February, the coronavirus crisis outbreak interrupted economic activity and triggered falls in asset prices around the world. Governments and central banks provided historic levels of support, including rate cuts totalling 150 basis points (bps) in two weeks by the Fed.

Oil prices fell after negotiations between Russia and Saudi Arabia broke down at the end of February, and the coronavirus-induced slowdown compounded this decline. Prices for Brent Crude oil, for example, slumped to less than US\$20 per barrel.

During the six months under review, localised crises continued in several countries, including Venezuela, Argentina, Lebanon and Ecuador.

- Prices for emerging market (EM) investment-grade (IG) hard-currency government debt fell by 2.42% in the six months under review, as per the JP Morgan EM Bond Index Global Diversified—Investment Grade, in US dollars. Benchmark 10-year US Treasury yields fell from 1.69% at the beginning of the review period to 0.64% by the end of April 2020. Over that same timeframe, EM IG risk spreads widened by 150 bps, on a yield-to-worst basis, as EM IG bonds were left behind by the rally in US Treasuries.
- EM local-currency IG sovereign debt lost 6.98% of their value over the review period, as per the JP Morgan GBI-EM Global Diversified—Investment Grade, in US dollars. Local-currency EM IG yields fell 33 bps during the six months under review, but EM currencies sold off, relative to the US dollar.
- EM hard-currency IG corporate bonds fell 2.23% during the period under review, as per the ICE BofAML Emerging Markets High Grade Corporate Plus Index, hedged into US dollars. Despite their shorter duration, EM IG corporate bonds’ risk spreads over US Treasuries widened almost as much as those on government bonds.

Investment Strategy

The Fund’s objective is to achieve income yield and long-term capital appreciation. It seeks to achieve this objective by investing primarily in fixed- and floating-rate debt securities and debt obligations of government and government-related issuers, supranational entities organised or supported by several national governments, and corporate issuers located in an EM country and/or deriving a significant proportion of their economic activity from EM countries. All investments will, at the time of purchase, be rated as investment grade by one or more credit ratings agencies or, if unrated, be declared to be of comparable quality by the Investment Manager.

Manager’s Discussion

The Fund registered a loss of 5.25% (1 [acc] shares in US dollars) net of fees, for the six-month period ending 30 April 2020.

Main contributors

1. Mexican local-currency bonds, before currency effects

Mexican local-currency bonds gained in value as the country’s central bank cut interest rates to tackle the coronavirus crisis. This positive effect in local-currency terms, however, was outweighed in US-dollar terms by the steep fall in the value of the Mexican peso (see below).

2. US-dollar bonds issued by China’s State Grid Overseas Investment

State Grid Overseas Investment is the overseas investment arm of China’s state-owned electric utility monopoly. Chinese bonds benefited from the “first-phase” trade agreement between China and the US, and from the Chinese government’s apparently successful approach to tackling the coronavirus outbreak.

Main detractors

1. Exposure to weaker EM currencies, in particular the Mexican peso

Mexico’s domestic inflation rate rose during the six months under review, but the country’s central bank cut its key interest rate to tackle the fallout from the coronavirus crisis. Lower oil prices also weighed on the currency. In addition, the Mexican peso is one of the most liquid proxies for EM investors to express their views on the EM universe as a whole.

2. US-dollar bonds issued by African supra-national issuers

Spreads on African US-dollar bonds, already among the highest in the EM universe, nearly doubled during the six months under review. The direct impact of the coronavirus was limited during that period, but African issues suffered more than other bonds from the sell-off in commodity prices.

Report of the Investment Managers (continued)

Franklin Emerging Market Corporate Debt Fund

Market Overview

In the run-up to the six months under review, the Federal Reserve (Fed) cut its key interest rate three times and projected that it would keep rates on hold until 2021. In January 2020, a “first-phase” trade agreement was signed between the United States (US) and China, which also boosted many financial markets.

But from mid-February, the coronavirus crisis outbreak interrupted economic activity and triggered falls in asset prices around the world. Governments and central banks provided historic levels of support, including rate cuts by the Fed totalling 150 basis points (bps) in two weeks. However, emerging market (EM) corporate bonds lacked “buyers of last resort” such as the Fed and the European Central Bank, and therefore lagged their developed market counterparts somewhat.

Oil prices fell after negotiations between Russia and Saudi Arabia broke down at the end of February, and the coronavirus-induced slowdown compounded this decline. Prices for Brent Crude oil, for example, slumped to less than US\$20 per barrel. On the one hand, many EM oil producers can withstand price falls better than producers elsewhere, such as the US shale industry. On the other hand, lower oil prices had a severe impact on EM asset prices, given these countries’ export profiles and their need for government revenue at a time when welfare and stimulus costs are going up.

In the corporate segment, prices for EM corporate bonds fell by 3.97% in the six months to 30 April 2020, as per the ICE BofAML Emerging Market Corporate Plus Index. Benchmark 10-year US Treasury yields fell from 1.69% at the beginning of the review period to 0.64% at the end of April 2020, but spreads on EM corporate bonds widened significantly.

Investment Strategy

The Fund’s objective is to achieve income yield and long-term capital appreciation by investing primarily in fixed and floating rate debt securities and debt obligations of corporate and government-related issuers located in an EM country and/or deriving a significant proportion of their economic activity from developing or emerging countries. There are no restrictions on credit quality or maturity with respect to the securities in which the fund may invest and as such the Fund may invest to an unlimited extent in below investment grade and unrated securities.

Manager’s Discussion

For the six-month period ended 30 April 2020, the fund registered a loss of 7.14% net (I [acc] shares in US dollars), compared with the 3.97% (hedged, in US dollars) fall in the ICE BofAML EM Corporate Plus Index.

Main contributors

1. US-dollar bonds issued by Turkish conglomerate Yaşar

Yaşar had run into problems following the sharp depreciation of the Turkish lira in 2018, in part because it left its US-dollar liabilities unhedged. Since then, however, the company has sourced additional financing in the form of bank lines. Yaşar’s bonds performed well as the six months under review wore on, because it became increasingly likely that the company would repay them in full at maturity, in May 2020. In March, the company called its bond early, at par, ahead of that maturity.

2. US-dollar bonds issued by Turkey’s Akbank

Akbank’s callable subordinated debt had traded below par following Turkey’s currency crisis in 2018. But prices for Turkish banks’ bonds, including Akbank, rose in 2020 after state-owned Vakıfbank called some of its bonds early. We sold this position in January and reinvested the proceeds in another Turkish bank’s subordinated bonds.

Main detractors

1. US-dollar bonds issued by Tullow Oil

Operational problems led Ghana-focused oil multinational Tullow Oil to announce a sharp downward revision of its expected future production in December. The company’s Chief Executive Officer and its exploration director resigned at the time of the announcement. These events caused the company’s senior unsecured credit rating to be lowered to CCC. Later, oil prices fell below the company’s breakeven level of around US\$45 per barrel. The weakness exhibited by Tullow Oil’s bonds is typical of many credits that had started 2020 already under pressure.

In April, Tullow Oil announced the sale of its interest in a Ugandan oil project to France’s Total. This announcement was a positive surprise to investors, given the state of the oil sector. The proposed transaction is expected to close in the second half of 2020 and may generate around US\$575 million in cash for the company.

2. US-dollar bonds issued by South Africa’s Petra Diamonds

During the six months under review, Petra Diamonds faced operational challenges, in the form of mine closures, and a continued decline in demand. This put pressure on operating cash flow and caused the company to breach its bank covenants. Petra started to streamline its operations, but the price of its 2022 bond continued to fall, ahead of its next scheduled coupon on 1 May. The company stated that it would use its option to delay the 1 May payment by 30 days, and it may be looking to negotiate a restructuring with creditors.

Report of the Investment Managers (continued)

Franklin Emerging Market Debt Opportunities II Fund

Market Overview

The Federal Reserve (Fed) cut its key interest rate three times in the run-up to the six months under review, and projected that it would keep rates on hold till 2021. In January 2020, a “first-phase” trade agreement was signed between the United States (US) and China, which also boosted many financial markets.

But from mid-February, the coronavirus crisis outbreak interrupted economic activity and triggered falls in asset prices around the world. Governments and central banks provided historic levels of support, including rate cuts totalling 150 basis points (bps) in two weeks by the Fed.

Oil prices fell after negotiations between Russia and Saudi Arabia broke down at the end of February, and the coronavirus-induced slowdown compounded this decline. Prices for Brent Crude oil, for example, slumped to less than US\$20 per barrel.

During the six months under review, localised crises continued in several countries, including Venezuela, Argentina, Lebanon and Ecuador.

- Prices for emerging market (EM) hard-currency sovereign bonds fell by 9.87% in the six months to 30 April 2020, as per the JPMorgan EM Bond Index Global Diversified B-/B3 and higher, hedged into euros. Benchmark 10-year US Treasury yields fell from 1.69% at the beginning of the review period to 0.64% by the end of April 2020. Over that same timeframe, spreads on EM government bonds widened substantially.
- The value of EM local-currency sovereign debt fell by 6.00% over that same timeframe, as per the JP Morgan GBI-EM Broad Diversified index, in euros. EM local-currency bond yields declined somewhat but EM currencies mostly depreciated, relative to the euro.
- EM hard-currency corporate bonds fell by 5.06% over the review period, as per the ICE BofAML Emerging Market Corporate Plus Index, hedged into euros.

Investment Strategy

The Fund’s objective is to achieve income yield and long-term capital appreciation. It seeks to achieve this objective by investing primarily in fixed- and floating-rate debt securities and debt obligations of government and government-related issuers, supranational entities organised or supported by several national governments, and corporate issuers located in an EM country and/or deriving a significant proportion of their economic activity from EM countries.

Manager’s Discussion

For the six-month period ending 30 April 2020, the fund registered a loss of 11.66% (I [Ydis] shares in euros), compared with a loss of 9.87% for the JPMorgan EM Bond Index Global Diversified B-/B3 and higher, hedged into euros, and a decline of 6.00% for the JP Morgan GBI-EM Broad Diversified Index, also in euros.

Main contributors

1. Argentine government bonds, both in hard currency and in local currency

Newly elected president Alberto Fernández started restructuring the Argentine government’s debt during the six months under review. The fund’s stake in provincial bonds secured on oil and gas royalties boosted returns because these bonds are expected to suffer less than other Argentine bonds in the ongoing restructuring. A position in short-dated local-currency treasury bills (“Lecaps”) performed well because of its high carry. Short-dated dual-currency bonds held by the fund also performed well despite their restructuring in February, as these bonds have a minimum return linked to the US dollar.

2. Mexican local-currency bonds

Mexican local-currency bonds gained in value as the country’s central bank cut interest rates to tackle the coronavirus crisis, despite rising inflation.

Main detractors

1. US dollar-denominated Angolan government bonds

Angola is Africa’s second-largest oil exporter, and oil revenues makes up around 80% of its government’s revenue. The Angolan government’s December 2019 budget for 2020 assumed an average oil price of US\$55 per barrel, but oil prices fell to less than US\$20 per barrel during April. Credit rating agency Standard & Poor’s lowered Angola’s credit rating to CCC+ during March.

2. Iraqi US-dollar bonds

Falling oil prices also weighed on prices for Iraqi government bonds and those of other Iraqi bonds backed by oil revenues. In addition, protests against the government of Prime Minister Adil Abdul-Mahdi continued during the entire six months under review.

Report of the Investment Managers (continued)

Franklin Multi-Sector Credit Income Fund

Market Overview

As the fourth quarter of 2019 (Q4) came to a close, fixed income markets posted strong returns as spreads generally tightened with improving market sentiment amidst the backdrop of “phase-one” trade agreement with China. The positive economic picture underwent a rapid reversal during the first quarter of 2020 (Q1), however, as the COVID-19 pandemic worsened worldwide. During March, financial market volatility reached new heights that saw bouts of intense panic selling before settling down. Fixed income spreads widened significantly during Q1. In April, however, fixed income markets staged a broad recovery; spread levels saw tightening amidst unprecedented fiscal and monetary measures designed to offset the economic fallout from the COVID-19 outbreak.

Prior to the pandemic, the US Federal Reserve (Fed) lowered the fed funds rate by 25 basis points (bps) at its October 2019 meeting—the third in a series of rate reductions for 2019. The minutes for the meeting showed that most members felt monetary policy was “well calibrated” for maintaining moderate economic growth, while acknowledging that global uncertainties existed specifically with trade tensions between the US and China and the reduced probability of a no-deal Brexit. At its December meeting, the Fed maintained its policy rate and renewed its projections for moderate US economic growth—the Fed seemed to be content with their monetary policy stance and expected the moderate expansion of the US economy to continue. As Q1 set in, the Fed’s economic outlook was rapidly altered amidst the government mandated shutdowns in economic activities to contain the COVID-19 pandemic. On 3 March 2020, the Fed announced a 50 bp cut to the fed funds rate; the first inter-meeting action since the global financial crisis. On 15 March 2020, with markets continuing to exhibit severe dysfunction, the Fed further reduced the policy rate to 0% (a 100 bp) cut. The Fed also announced that it would begin purchasing US\$600 billion in US Treasury securities and US\$200 billion of agency mortgage-backed securities (MBS) to boost liquidity and market stability. Furthermore, the Fed moved to provide the US banking system with ample liquidity by reducing their reserve requirements and encouraging borrowing from the discount window. Financial markets continued to show substantial strain regardless as sellers outnumbered buyers. Prime money market funds experienced huge outflows as investors had little appetite for anything but strong government guarantees. The Fed responded by reactivating programmes that were first used during the global financial crisis—the Primary Dealer Credit Facility (which allows banks to use a wide variety of collateral to secure short-term funding) and the Commercial Paper Funding Facility (which directly purchases short-term debt from companies and asset-back entities).

On 23 March 2020, the Fed introduced a number of additional major programmes to initiate its involvement in a number of fixed income sectors, such as investment-grade (IG) corporate bonds, longer-term asset backed securities, and municipal bonds. Through these programmes, the Fed can directly provide four-year financing to IG companies as well as purchase corporate bonds in the secondary market. Asset backed securities, including credit card, student, and auto loans, can also be purchased by the Fed. The bank also announced that they had removed the upper limits of their US Treasury and MBS purchases. In cooperation with the US Treasury, the Fed will bypass the financial system and support direct lending to small and medium businesses through its “Main Street Business Lending Program”. Such unprecedented actions point to the Fed’s role as “lender of last resort” during this period of extreme economic dislocation. At its April meeting, the Fed renewed its commitment to exercise all options to continue maintaining the flow of credit to individuals and businesses. In Chair Powell’s assessment, the path to recovery will be difficult and “we are not going back to where we were” before the crisis referring to a period of historically-low unemployment and over a decade of steady but unspectacular growth.

With recent data showing a coronavirus-driven recession in the United States setting in, the question becomes whether policymakers can engineer a recovery. This recession is unique in that it has not been triggered by an economic or a financial shock; it is, in essence, a recession by fiat—created by government decree much like a fiat currency. The US government has decided to shut down large parts of the economy overnight, instructing workers and consumers to stay home. While the shutdown was the most prudent emergency move to halt the COVID-19 contagion, the massive economic and human costs are quickly becoming clear. Against this backdrop, the portfolio manager’s outlook for the US economy has darkened considerably for the first half of 2020 as economic activity is abruptly curtailed.

We are tackling a crisis like no other, which implies that we face a whole new set of challenges; we should not assume it will be a replay of the worst past recessions—though that risk exists. Any shape of economic recovery remains possible, in our view. The initial swift and massive policy response puts a robust economic recovery still within grasp. To achieve it, we believe policymakers need to reopen the economy in a timely manner and with the right health precautions. A thoughtful and speedy restart of economic activities can protect those most vulnerable to the virus and safeguard against the catastrophic health and economic consequences of a deep prolonged recession, in our view.

Investment Strategy

Bank Loans

During April, the loan market staged a broad recovery. Amidst the Fed’s liquidity injection into money markets, the 3-month LIBOR (London Interbank Offered Rate) rate has decreased on a year-to-date basis with additional downward pressure anticipated. We expect potential technical headwinds to the move as loans without LIBOR floors could see lower coupon payouts. As the market rallied, investors initially crowded into the higher-quality portion of the index. However, even lower-rated issuers were eventually bid up. We view the recovery of loan prices with a bit of caution as it remains unclear whether investors have given adequate consideration to fundamentals (such as underlying issuer credit quality and liquidity), especially in the most vulnerable sectors such as retail, gaming and leisure in the current COVID-19 environment. While the CARES Act provisions so far contain limited support for the loan market, it remains to be seen whether there might be more direct future Fed support which could change our views on loan fundamentals. Given the speed at which we have seen business fundamentals deteriorate, we remain cautious especially on sectors with negative

Report of the Investment Managers (continued)

Investment Strategy (continued)

COVID-19 exposures. We are focused on prudent selection of higher-quality issuers and are not looking to take on additional undue credit risks. We are targeting single B tranches (the largest constituent of the index) as the BB credit tier has been generally bid up; we are looking to add fundamentally sound assets that have not yet seen large-scale investor demand.

We believe the change in loan fundamentals from the pre-COVID 19 credit cycle (such as covenant-lite, weaker documentation and higher leverage) could lead to elevated stress and defaults amongst the most vulnerable issuers in the near-to-intermediate term; recoveries are likely to be lower as well relative to long-term averages. The intensity and timing of the default cycle will likely depend on a combination of factors, such as the pace of return to normalised business operations and the amount of liquidity issuers have on hand. As the ultimate path and length of the economic downturn to recovery remain uncertain, we believe the evolution of government stimulus, virus progression as states begin to re-open and progress on COVID-19 vaccine development are influential determinants. As the impact of a slow return to normalcy becomes more evident, we could see periods of material spread widening in the lower part of the loan market and increasing preference for higher-quality loan issuers, which will intensify the bifurcation. In such an environment, we believe periods of volatility could offer attractive investment opportunities even for the higher-quality loans that we prefer. Until then, we remain highly selective and biased toward higher-quality loan issuers and COVID-19 resilient industries.

High Yield

During April, robust primary issuance was met with strong investor demand (even for select issuers in industries with direct negative exposure to COVID-19), especially after the 9 April 2020, Fed announcement of additional support measures that included potential purchases of HY securities for the first time. In our view, the re-opening of the primary markets is encouraging, as it should help companies access liquidity needed to withstand the current period of uncertainty. However, overall HY spreads have tightened to levels that, in our view, are not reflective of the current recessionary environment. We believe that the Fed's support for the HY market is likely to remain limited barring significant deterioration in market conditions. While we believe the HY market has been bid up indiscriminately during the month, we are finding pockets of value in both select new issues and in the secondary market.

Many prior episodes of spread widening were reflective of recessionary fears amidst a long-but-uneven expansion. This time, HY investors face an actual global recession for which there continues to be a significant degree of uncertainty with respect to duration and severity. Moreover, as rating agencies have been quicker to issue downgrades during this downturn than in past cycles, we believe there is a risk that fallen angels could cause some pressure on bond prices, depending on the pace of future downgrades. Consequently, we believe that an abundance of caution is warranted with respect to due diligence. Prudent credit selection remains central to our risk management efforts and we are focused on identifying issuers that can sustain themselves while continuing to service their debt. Although the BB credit tier has performed better than the broad market on a year-to-date basis, we continue to hold an higher-quality bias in issuers we believe have the financial liquidity and business viability to best survive the unprecedented economic trauma brought on by COVID-19.

Manager's Discussion

During the six-month period ended 30 April 2020, the fund returned -6.34% (1 [acc]) on a net basis. Over the period, our corporate credit exposure was a primary contributor to relative performance; our allocation to bank loans, exposure to HY corporate bonds and collateralised loan obligations (CLOs) and security selection in investment-grade (IG) corporate bonds benefitted results. Conversely, our allocation to IG corporate bonds and security selection in bank loans detracted from performance. Our allocations to sovereign emerging-market and developed-market debt hindered results, while security selection in both sectors contributed. Our allocation to residential mortgage-backed securities (RMBS) detracted from performance while our allocation to non-US dollar denominated developed-market debt benefitted results. Our US yield-curve positioning was a major contributor to performance, while our non-US yield curve positioning hindered results (albeit marginally). Our foreign currency exposure benefitted performance, led primarily by our underweight euro positioning.

The information stated in this report represents historical data and is not an indication of future results.

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Fund Performance

Percentage Change to April 30, 2020

Share classes	Launch date	6 Months %	1 Year %	3 Years %	Since Launch %
Franklin Floating Rate II Fund A (acc)	29 May 07	(13.613)	(15.419)	(11.197)	17.392
Franklin Floating Rate II Fund A (acc) Euro Hedged	29 May 07	(14.795)	(17.812)	(18.249)	2.957
Franklin Floating Rate II Fund A (Mdis)	29 May 07	(13.541)	(15.424)	(11.226)	17.581
Franklin Floating Rate II Fund I (acc)	29 May 07	(13.474)	(15.159)	(10.296)	22.003
Franklin Floating Rate II Fund I (acc) Euro Hedged	29 May 07	(14.456)	(17.397)	(17.398)	6.578
Franklin Floating Rate II Fund I (acc) GBP Hedged	28 Apr 17	(14.559)	(16.895)	(14.899)	(14.899)
Franklin Floating Rate II Fund I (Mdis)	15 Nov 07	(13.455)	(15.097)	(10.302)	23.064
Franklin Floating Rate II Fund I (Qdis) Euro Hedged	15 Jul 13	(14.881)	(17.804)	(17.622)	(8.271)
Franklin Floating Rate II Fund I (Ydis)	28 Apr 17	(13.501)	(15.174)	(10.235)	(10.235)
Franklin Floating Rate II Fund I (Ydis) CHF Hedged	16 Dec 16	(14.840)	(17.924)	(18.267)	(18.021)
Franklin Floating Rate II Fund I (Ydis) Euro Hedged	28 Apr 17	(14.612)	(17.549)	(17.214)	(17.214)
Franklin Floating Rate II Fund W (acc)	31 Jan 13	(13.456)	(15.239)	(10.519)	19.360
Franklin Floating Rate II Fund W (acc) Euro Hedged	23 May 14	(14.655)	(17.575)	(17.269)	4.552
Franklin Floating Rate II Fund W (Qdis)	08 Mar 17	(13.492)	(15.242)	(10.533)	(10.443)
Franklin Floating Rate II Fund Y (Mdis)	26 Jan 18	(13.164)	(14.656)	-	(11.202)
Franklin Emerging Market Investment Grade Debt Fund I (acc)	24 Feb 12	(5.253)	(0.819)	6.623	20.807
Franklin Emerging Market Investment Grade Debt Fund I (acc) Euro	24 Feb 12	(3.638)	1.508	6.003	48.307
Franklin Emerging Market Investment Grade Debt Fund I (acc) Euro Hedged	24 Feb 12	(6.741)	(3.830)	(2.084)	7.902
Franklin Emerging Market Investment Grade Debt Fund Y (Mdis)	12 Jan 18	(4.911)	(0.080)	-	2.126
Franklin Emerging Market Corporate Debt Fund I (acc)	24 Feb 12	(7.137)	(2.660)	5.301	35.315
Franklin Emerging Market Corporate Debt Fund I (acc) Euro Hedged	24 Feb 12	(8.538)	(5.638)	(3.244)	22.112
Franklin Emerging Market Corporate Debt Fund Y (acc)	26 Sep 19	(6.832)	-	-	(5.901)
Franklin Emerging Market Corporate Debt Fund Y (Mdis) Euro	26 Jun 15	(5.134)	0.345	7.328	24.091
Franklin Emerging Market Debt Opportunities II Fund I (Ydis)	30 Nov 12	(11.658)	(10.425)	(6.307)	11.789
Franklin Emerging Market Debt Opportunities II Fund X (Ydis)	13 Nov 15	(11.325)	(9.881)	(4.390)	9.318
Franklin Emerging Market Debt Opportunities II Fund Y (acc) AUD Hedged	17 May 19	(11.502)	-	-	(9.200)
Franklin Emerging Market Debt Opportunities II Fund Y (acc) USD Hedged	17 May 19	(10.358)	-	-	(7.399)
Franklin Multi-Sector Credit Income Fund I (acc)	02 Oct 15	(6.343)	(5.250)	1.427	13.700
Franklin Multi-Sector Credit Income Fund I (acc) AUD Hedged	02 Oct 15	(7.711)	(7.102)	(0.794)	12.500
Franklin Multi-Sector Credit Income Fund I (acc) CHF Hedged	02 Oct 15	(7.699)	(8.288)	(7.615)	0.700
Franklin Multi-Sector Credit Income Fund I (acc) Euro Hedged	02 Oct 15	(7.547)	(7.796)	(6.540)	2.900
Franklin Multi-Sector Credit Income Fund I (acc) GBP Hedged	02 Oct 15	(7.845)	(7.606)	(4.383)	6.900
Franklin Multi-Sector Credit Income Fund I (Qdis) Euro Hedged	02 Oct 15	(7.556)	(7.781)	(6.578)	2.804
Franklin Multi-Sector Credit Income Fund I (Ydis)	02 Oct 15	(6.459)	(5.356)	1.232	13.243
Franklin Multi-Sector Credit Income Fund I (Ydis) Euro	02 Oct 15	(4.756)	(3.071)	0.653	15.943
Franklin Multi-Sector Credit Income Fund I (Ydis) Euro Hedged	02 Oct 15	(7.561)	(7.756)	(6.412)	2.940
Franklin Multi-Sector Credit Income Fund I (Ydis) GBP Hedged	02 Oct 15	(7.900)	(7.522)	(4.330)	7.062

This report shall not constitute an offer or a solicitation of an offer to buy shares. Subscriptions are to be made on the basis of the current issuing document, and a copy of the latest available audited annual report and, if published thereafter, the latest unaudited semi-annual report. The price of shares and income from them can go down as well as up and you may not get back the full amount that you invested. Past performance is no guarantee of future performance. Currency fluctuations may affect the value of investments.

Data source: Performance – Franklin Templeton

Statement of Net Assets

at April 30, 2020

	Total (USD)	Franklin Floating Rate II Fund (USD)	Franklin Emerging Market Investment Grade Debt Fund (USD)	Franklin Emerging Market Corporate Debt Fund (USD)
ASSETS				
Investment in securities at market value (note 2(b))	1,078,333,392	63,853,811	23,704,555	19,570,592
Cash	81,970,805	1,852,776	621,037	400,459
Amounts receivable on sale of investments	54,160,535	19,385,029	515,000	335,000
Interest and dividends receivable, net	25,327,834	933,682	409,574	316,691
Other receivables	222,570	29,719	3,245	2,693
Unrealised profit on forwards foreign exchange contracts (note 4)	2,869,092	61,066	679	510
Unrealised profit on cross currency swap contracts (note 8)	13,380	-	-	-
TOTAL ASSETS	1,242,897,608	86,116,083	25,254,090	20,625,945
LIABILITIES				
Amounts payable on purchases of investments	5,145,776	947,867	-	-
Amounts payable on redemptions	1,606,662	1,606,662	-	-
Investment management fees payable (note 3)	665,109	35,781	59	6,320
Taxes and expenses payable	1,269,394	166,586	44,695	46,755
Credit default swap contracts at market value (note 7)	263,675	-	-	-
Unrealised loss on total return swap contracts (note 9)	32,065	-	-	-
TOTAL LIABILITIES	8,982,681	2,756,896	44,754	53,075
TOTAL NET ASSETS	1,233,914,927	83,359,187	25,209,336	20,572,870
THREE YEAR NET ASSET SUMMARY				
October 31, 2019	1,293,686,591	212,186,294	39,092,495	24,455,460
October 31, 2018	2,934,982,646	730,357,536	36,682,976	17,830,112
October 31, 2017	3,423,491,459	728,788,836	36,634,222	34,021,343

¹This Fund was put into liquidation effective January 17, 2019

The accompanying notes form an integral part of these financial statements

Statement of Net Assets (continued)

at April 30, 2020

Franklin Emerging Market Debt Opportunities II Fund (EUR)	Franklin Upper Tier Floating Rate Fund ¹ (USD)	Franklin Multi- Sector Credit Income Fund (USD)
860,437,753	14,045,014	14,377,800
70,664,407	1,439,914	229,630
30,781,587	-	198,122
21,477,588	-	134,894
165,951	-	5,082
2,506,791	12,202	47,944
-	-	13,380
986,034,077	15,497,130	15,006,852
3,635,028	-	215,009
-	-	-
562,108	-	7,047
755,370	141,166	42,533
-	-	263,675
-	-	32,065
4,952,506	141,166	560,329
981,081,571	15,355,964	14,446,523
881,086,941	19,412,435	15,863,595
788,614,963	1,231,068,539	26,134,218
771,205,013	1,698,335,823	26,080,329

The accompanying notes form an integral part of these financial statements

Statement of Operations and Changes in Net Assets

For the period ended April 30, 2020

	Total (USD)	Franklin Floating Rate II Fund (USD)	Franklin Emerging Market Investment Grade Debt Fund (USD)	Franklin Emerging Market Corporate Debt Fund (USD)
NET ASSETS AT THE BEGINNING OF THE PERIOD	1,293,686,591	212,186,294	39,092,495	24,455,460
Currency translation adjustment	(17,269,378)	-	-	-
	1,276,417,213	212,186,294	39,092,495	24,455,460
INCOME				
Dividends (net of withholding taxes)	1,012,485	-	-	-
Interest on bonds and loans (net of withholding taxes)	46,160,271	4,752,685	749,910	717,012
Bank interest	166,891	12,745	2,088	1,857
Net interest income on swaps	10,435	-	-	-
Sundry income	41,480	24,806	-	93
TOTAL INCOME	47,391,562	4,790,236	751,998	718,962
EXPENSES				
Investment management fees (note 3)	4,273,136	371,569	8,988	43,379
Administration and transfer agency fees	1,099,830	167,138	3,010	9,775
Subscription tax (note 13)	84,105	24,706	1,275	1,186
Depository fees	351,312	53,974	17,341	16,129
Audit, printing and publishing expenses	45,010	8,658	6,272	6,208
Bank charges	134,506	332	-	42
Net interest expense on swaps	29,493	29,493	-	-
Class A (dis) and Class A (acc) shares' maintenance charges (note 16)	82,732	82,732	-	-
Other charges	192,253	46,521	12,720	14,447
TOTAL EXPENSES	6,292,377	785,123	49,606	91,166
Expense reimbursement (note 18)	(422,309)	(134,599)	(10,302)	(10,793)
NET EXPENSES	5,870,068	650,524	39,304	80,373
NET PROFIT/(LOSS) FROM INVESTMENTS	41,521,494	4,139,712	712,694	638,589
Realised profit on sale of investments	55,715,469	22,374,974	835,447	182,215
Realised loss on sale of investments	(80,819,855)	(35,896,608)	(665,063)	(107,055)
Net realised profit/(loss) on forward foreign exchange contracts	(21,171,294)	(416,674)	27,957	4,112
Net realised profit/(loss) on financial future contracts	15,143	-	-	-
Net realised profit/(loss) on credit default swap contracts	308,810	277,533	-	-
Net realised profit/(loss) on total return swap contracts	(24,437)	-	-	-
Net realised profit/(loss) on foreign exchange transactions	422,781	(3,046)	(10,137)	27,899
NET REALISED PROFIT/(LOSS) FOR THE PERIOD	(4,031,889)	(9,524,109)	900,898	745,760
Change in net unrealised appreciation/(depreciation) on:				
Unrealised appreciation on investments	194,531,634	19,290,146	3,350,893	2,373,349
Unrealised depreciation on investments	(342,514,716)	(27,685,805)	(5,551,579)	(4,916,212)
Forward foreign exchange contracts	(2,180,958)	(350,519)	(162,792)	(592)
Financial future contracts	2,130	-	-	-
Cross currency swap contracts	4,368	-	-	-
Credit default swap contracts	(438,286)	(250,882)	-	-
Total return swap contracts	(50,989)	-	-	-
Foreign exchange transactions	(1,028,096)	(158)	(26,714)	(3,551)
Capital gains tax	(117,700)	-	(443)	(1,083)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	(155,824,502)	(18,521,327)	(1,489,737)	(1,802,329)
MOVEMENT OF CAPITAL				
Issue of shares	339,711,469	16,094,702	1,281,989	4,882,819
Redemption of shares	(144,752,205)	(113,238,460)	(12,437,242)	(6,157,959)
Equalisation (note 15)	1,230,977	(1,878,151)	(54,966)	(46,844)
Dividends paid/accumulated (note 20)	196,190,241	(99,021,909)	(11,210,219)	(1,321,984)
	(82,868,025)	(11,283,871)	(1,183,203)	(758,277)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	113,322,216	(110,305,780)	(12,393,422)	(2,080,261)
NET ASSETS AT THE END OF THE PERIOD	1,233,914,927	83,359,187	25,209,336	20,572,870
Portfolio Turnover Ratio (note 22)		9.65%	25.80%	8.32%

¹This Fund was put into liquidation effective January 17, 2019

The accompanying notes form an integral part of these financial statements

Statement of Operations and Changes in Net Assets (continued)

For the period ended April 30, 2020

Franklin Emerging Market Debt Opportunities II Fund (EUR)	Franklin Upper Tier Floating Rate Fund ¹ (USD)	Franklin Multi- Sector Credit Income Fund (USD)
881,086,941	19,412,435	15,863,595
-	-	-
881,086,941	19,412,435	15,863,595
924,053	-	-
36,103,812	61,035	320,683
118,044	15,501	5,359
-	-	10,435
12,251	2,353	804
37,158,160	78,889	337,281
3,470,696	-	46,358
817,999	13,415	10,211
50,810	587	678
226,315	-	15,895
15,309	-	7,098
122,417	-	-
-	-	-
-	-	-
96,270	-	13,082
4,799,816	14,002	93,322
(214,581)	-	(31,499)
4,585,235	14,002	61,823
32,572,925	64,887	275,458
25,849,631	3,921,164	78,229
(35,323,692)	(5,233,555)	(213,406)
(18,909,017)	18,661	(86,741)
-	-	15,143
-	-	31,277
-	-	(24,437)
371,319	1,171	40
4,561,166	(1,227,672)	75,563
141,502,418	11,670,768	2,802,283
(268,444,278)	(6,498,366)	(3,728,367)
(1,474,699)	(19,577)	(31,650)
-	-	2,130
-	-	4,368
-	-	(187,404)
-	-	(50,989)
(910,675)	-	154
(106,027)	-	-
(124,872,095)	3,925,153	(1,113,912)
288,960,021	-	838,473
(4,522,473)	(7,730,543)	(232,727)
3,160,778	(251,081)	(1,245)
287,598,326	(7,981,624)	604,501
(62,731,601)	-	(907,661)
224,866,725	(7,981,624)	(303,160)
981,081,571	15,355,964	14,446,523
46.17%	N/A	116.06%

The accompanying notes form an integral part of these financial statements

Statistical Information

For the period ended April 30, 2020

	Annualised Total Expense Ratio April 30, 2020 (See Note 19)	Net Asset Value per Share			
		Shares Outstanding April 30, 2020	April 30,	October 31,	October 31,
			2020	2019	2018
FRANKLIN FLOATING RATE II FUND USD					
Franklin Floating Rate II Fund A (acc)	1.00%	2,137,071.533	11.74	13.59	13.77
Franklin Floating Rate II Fund A (acc) Euro Hedged	1.00%	168,105.488	7.66	8.99	9.40
Franklin Floating Rate II Fund A (Mdis)	1.00%	1,472,140.466	6.47	7.80	8.78
Franklin Floating Rate II Fund I (acc)	0.65%	1,289,086.146	12.20	14.10	14.25
Franklin Floating Rate II Fund I (acc) Euro Hedged	0.65%	206,431.846	7.93	9.27	9.67
Franklin Floating Rate II Fund I (acc) GBP Hedged	0.65%	11,000.000	8.51	9.96	10.26
Franklin Floating Rate II Fund I (Mdis)	0.65%	1,347,990.925	6.71	8.02	8.62
Franklin Floating Rate II Fund I (Qdis) Euro Hedged	0.65%	140,717.677	6.62	8.04	8.91
Franklin Floating Rate II Fund I (Ydis)	0.65%	500.000	7.80	9.64	10.25
Franklin Floating Rate II Fund I (Ydis) CHF Hedged	0.65%	10,984.170	6.99	8.78	9.70
Franklin Floating Rate II Fund I (Ydis) Euro Hedged	0.65%	9,246.491	7.16	8.98	9.88
Franklin Floating Rate II Fund W (acc)	0.70%	967,157.108	10.29	11.89	12.03
Franklin Floating Rate II Fund W (acc) Euro Hedged	0.70%	409,588.039	8.91	10.44	10.87
Franklin Floating Rate II Fund W (Qdis)	0.70%	721,009.435	7.64	9.13	9.81
Franklin Floating Rate II Fund Y (Mdis)	0.08%	628.142	7.79	9.28	9.93
FRANKLIN EMERGING MARKET INVESTMENT GRADE DEBT FUND USD					
Franklin Emerging Market Investment Grade Debt Fund I (acc)	0.95%	500.029	12.08	12.75	11.45
Franklin Emerging Market Investment Grade Debt Fund I (acc) Euro	0.95%	743.080	14.83	15.39	13.61
Franklin Emerging Market Investment Grade Debt Fund I (acc) Euro Hedged	0.95%	7,865.896	10.79	11.57	10.70
Franklin Emerging Market Investment Grade Debt Fund Y (Mdis)	0.20%	2,751,217.404	9.12	9.83	9.22
FRANKLIN EMERGING MARKET CORPORATE DEBT FUND USD					
Franklin Emerging Market Corporate Debt Fund I (acc)	1.10%	621,501.493	13.53	14.57	12.96
Franklin Emerging Market Corporate Debt Fund I (acc) Euro Hedged	1.10%	17,884.118	12.21	13.35	12.24
Franklin Emerging Market Corporate Debt Fund Y (acc)	0.30%	152,535.809	9.41	10.10	-
Franklin Emerging Market Corporate Debt Fund Y (Mdis) Euro	0.29%	996,103.267	9.61	10.41	9.58
FRANKLIN EMERGING MARKET DEBT OPPORTUNITIES II FUND EUR					
Franklin Emerging Market Debt Opportunities II Fund I (Ydis)	0.90%	137,106,317.431	7.15	8.71	8.71
Franklin Emerging Market Debt Opportunities II Fund X (Ydis)	0.20%	429.142	8.18	9.99	10.01
Franklin Emerging Market Debt Opportunities II Fund Y (acc) AUD Hedged	0.07%	14,492.682	9.08	10.26	-
Franklin Emerging Market Debt Opportunities II Fund Y (acc) USD Hedged	0.07%	9,951.399	9.26	10.33	-
FRANKLIN UPPER TIER FLOATING RATE FUND USD¹					
Franklin Upper Tier Floating Rate Fund I (acc) SP	0.19%	925.023	14.19	10.59	-
Franklin Upper Tier Floating Rate Fund I (Qdis) SP	0.19%	952,001.888	12.64	9.43	-
Franklin Upper Tier Floating Rate Fund I (Qdis) CHF Hedged SP	0.19%	256,127.944	11.07	8.40	-
Franklin Upper Tier Floating Rate Fund I (Qdis) Euro Hedged SP	0.19%	25,557.941	11.47	8.66	-
Franklin Upper Tier Floating Rate Fund Y (Qdis) SP	0.01%	3,554.593	13.44	10.02	-
FRANKLIN MULTI-SECTOR CREDIT INCOME FUND USD					
Franklin Multi-Sector Credit Income Fund I (acc)	0.80%	995,224.524	11.37	12.14	11.59
Franklin Multi-Sector Credit Income Fund I (acc) AUD Hedged	0.80%	70,997.515	11.25	12.19	11.75
Franklin Multi-Sector Credit Income Fund I (acc) CHF Hedged	0.80%	48,617.500	10.07	10.91	10.79
Franklin Multi-Sector Credit Income Fund I (acc) Euro Hedged	0.80%	44,593.090	10.29	11.13	10.95
Franklin Multi-Sector Credit Income Fund I (acc) GBP Hedged	0.80%	32,931.570	10.69	11.60	11.31
Franklin Multi-Sector Credit Income Fund I (Qdis) Euro Hedged	0.80%	44,593.092	8.13	9.00	9.43
Franklin Multi-Sector Credit Income Fund I (Ydis)	0.80%	500.000	9.07	10.30	10.39
Franklin Multi-Sector Credit Income Fund I (Ydis) Euro	0.80%	445.931	9.28	10.35	10.29
Franklin Multi-Sector Credit Income Fund I (Ydis) Euro Hedged	0.80%	44,593.090	8.21	9.45	9.85
Franklin Multi-Sector Credit Income Fund I (Ydis) GBP Hedged	0.80%	32,931.570	8.50	9.80	10.10

¹This Fund was put into liquidation effective January 17, 2019

The accompanying notes form an integral part of these financial statements

Notes to Financial Statements

At April 30, 2020

Note 1 — The Company

Franklin Templeton Series II Funds (“FTSIF” or the “Company”) is an Undertaking for Collective Investment pursuant to Part II of the Luxembourg law of December 17, 2010 relating to Undertakings for Collective Investment, as amended, and qualifies as a *société d'investissement à capital variable*. The Company qualifies as an Alternative Investment Fund within the meaning of article 1(39) of the law of July 12, 2013. The Company was incorporated in Luxembourg on May 14, 2007, for an undetermined period of time. At the date of this report, it offers shares in 5 sub-funds of the Company (the “Fund(s)”). The Board of Directors of the Company may authorise the creation of additional Funds in the future with different investment objectives.

The exclusive objective of the Company is to invest the assets of the Funds in transferable securities and other permitted assets of any kind, including units or shares of Investment Funds, with the purpose of spreading investment risks and affording its shareholders the results of the management of its assets.

Funds changes

The following changes to the investment policy of the following sub-funds occurred in May 2020:

- The investment policy of the Franklin Multi-Sector Credit Income Fund is amended to clarify that the sub-fund may invest up to 5% of its net assets in Mainland China through the Bond Connect or directly (also referred to as CIBM direct).
- The investment policy of the Franklin Emerging Market Investment Grade Debt Fund is amended to remove the 12 months' selling constraint affecting downgraded securities (representing less than 3% of the total assets) and to enable the Investment Manager to decide to keep holding some or all of the downgraded securities if it is in the best interest of the investors.

Note 2 — Significant accounting policies

(a) General

The financial statements are prepared in accordance with the regulations of the Grand Duchy of Luxembourg relating to investment funds.

(b) Investment in securities

Corporate debt securities generally trade in the over-the-counter market rather than on a securities exchange. The Company may utilise independent pricing services, quotations from bond dealers, and information with respect to bond and note transactions, to assist in determining a current market value for each security. These pricing services may use valuation models or matrix pricing which considers information with respect to comparable bond and note transactions, quotations from bond dealers, or by reference to other securities that are considered comparable in such characteristics as rating, interest rate and maturity date, option adjusted spread models, prepayment projections, interest rate spreads and yield curves, to determine current value.

Senior secured corporate loans with floating or variable interest rates generally trade in the over-the-counter market rather than on a securities exchange. The Company may utilise independent pricing services, quotations from loan dealers and other financial institutions, and information with respect to bond and note transactions, to assist in determining a current market value for each security. These pricing services use independent market quotations from loan dealers or financial institutions and may incorporate valuation methodologies that consider multiple bond characteristics such as dealer quotes, issuer type, coupon, maturity, weighted average maturity, interest rate spreads and yield curves, cash flow and credit risk/quality analysis to determine current value.

Securities which are listed on a stock exchange or traded on any other organised market are valued at the last available price on such exchange or market which is normally the principal market for each security, and those securities dealt in on an over-the-counter market are valued in a manner as near as possible to that for quoted securities.

Securities not listed on any stock exchange nor traded on any organised market are valued at the last available price, or if such price is not representative of their fair value, they are valued prudently and in good faith on the basis of their reasonably foreseeable sales prices.

For mortgage-backed and other similar holdings with scheduled debt paydowns, the Company records estimates, based on its historical experience, for anticipated paydowns. Such estimates are recorded as a reduction or increase to the related holdings as disclosed on the Schedule of Investments and are included in the related unrealised appreciation/(depreciation) on investments shown on the “Statement of Operations and Changes in Net Assets”.

Stocks, shares or units in open-ended investment funds are valued based on the last available net asset value determined according to the provisions of the particular investment fund's prospectus as provided by the administration agent of such investment fund.

The Management Company has procedures to determine the fair value of individual securities and other assets for which market prices are not readily available or which may not be reliably priced. In such circumstances, the price of such investment shall be adjusted in accordance with the procedures adopted, as determined by or under the direction of the Board of Directors.

During the accounting period under review, discounts and premiums were amortised to income over the period to maturity, or date sold, if earlier and gains and losses on investment securities sold were computed on the average cost basis for all Funds.

(c) Forward foreign exchange contracts

Forward foreign exchange contracts are valued at the forward rate applicable at the “Statement of Net Assets” date for the remaining period, until maturity. Gains or losses resulting from forward foreign exchange contracts are recognised in the “Statement of Operations and Changes in Net Assets”.

(d) Income

Interest income is accrued on a daily basis.

Where applicable, dividends are credited to income on their ex-dividend date.

(e) Charges and expenses

All expenses are estimated and accrued daily in the calculation of the Net Asset Value of each Fund.

(f) Formation expenses

Formation expenses associated with the launch of new Funds are expensed as incurred.

Notes to Financial Statements (continued)

At April 30, 2020

Note 2 — Significant accounting policies (continued)

(g) Senior Floating Rate Interest

Senior secured corporate loans pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. These base lending rates are generally the prime rate offered by a designated U.S. bank or the London InterBank Offered Rate (LIBOR). Senior secured corporate loans often require prepayment of principal from excess cash flows or at the discretion of the borrower. As a result, actual maturity may be substantially less than the stated maturity.

Senior secured corporate loans in which Franklin Floating Rate II Fund or Franklin Multi-Sector Credit Income Fund invest are generally readily marketable, but may be subject to some restrictions on resale.

(h) Foreign exchange transactions

Transactions expressed in currencies other than each Fund's currency are translated into each Fund's currency at the exchange rates applicable on the transaction dates.

Assets and liabilities denominated in currencies other than each Fund's currency are translated into each Fund's currency at the appropriate exchange rates ruling at the period-end. Gains and losses on foreign exchange transactions are recognised in the "Statement of Operations and Changes in Net Assets" in determining the results for the accounting period.

The reference currency of the Company as reflected in the financial statements is U.S. dollar. The principal exchange rates applied as at April 30, 2020 are as follows:

Australian Dollar	1.5345661	Japanese Yen	107.3350000
British Pound Sterling	0.7939974	Swiss Franc	0.9654000
Euro	0.9126586		

(i) Interest Rate Swap contracts

Interest rate swap contracts are used to hedge the risk of changes in interest rates and are agreements between two parties to exchange cash flows based on a notional principal amount. The net interest received or paid on interest rate swap contract agreements is accrued daily as interest income/expense.

Interest rate swap contracts are marked to market daily based upon quotations from the market makers and the change, if any, is recorded as an unrealised gain or loss in the "Statements of Operations and Changes in Net Assets". When the swap is terminated early, the Fund records a realised gain or loss equal to the difference between the current net present value and the executed net present value. Any outstanding interest accrual is recorded as either a net receivable or net payable.

The risks of interest rate swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

(j) Credit Default Swap contracts

A Credit Default Swap contract is a credit derivative transaction in which two parties enter into an agreement, whereby one party pays the other a fixed periodic payment for the specified life of the agreement. The other party makes no payments unless a credit event, relating to a predetermined reference asset, occurs. If such an event occurs, the party will then make a payment to the first party, and the swap will terminate. The value of the underlying securities shall be taken into account for the calculation of the investment and borrowing powers applicable to individual users.

Credit default swap contracts are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded as an unrealised gain or loss in the "Statement of Operations and Changes in Net Assets". Any payment received or paid to initiate a contract is recorded as a liability or asset in the "Statement of Net Assets". When the swap contract is terminated early, the Fund records a realised gain or loss for any payments received or paid.

The risks of credit default swap contracts include unfavorable changes in interest rates, an illiquid secondary market and the possible inability of the counterparty to fulfill its obligations under the agreement, which may be in excess of the amount reflected in the "Statement of Net Assets".

(k) Financial Future contracts

The Company may enter into financial future contracts to gain exposure to market changes. A financial future contract is an agreement between two parties to buy or sell a security for a set price on a future date. Required initial margin deposits of cash or securities are maintained by a broker in a segregated account. Subsequent payments, known as variation margin, are made or received by the Company depending on the fluctuations in the value of the underlying securities. Such variation margin is accounted for as unrealised gains or losses until the contract is closed, at which time the gains or losses are reclassified to realised gains or losses. Realised and unrealised gains and losses are included in the "Statement of Operations and Changes in Net Assets".

(l) Cross Currency swap contracts

A cross currency swap is an agreement between two parties to exchange interest payments and principals denominated in two different currencies. Cross currency swap contracts are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded as an unrealised gain or loss in the "Statement of Operations and Changes in Net Assets".

When the swap contract is terminated early, the Fund records a realised gain or loss equal to the difference between the current net present value and the executed net present value. Any outstanding interest accrual is recorded as either a net receivable or net payable.

The risks of cross currency swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

(m) Total Return Swap contracts

A total return swap is an agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains.

Notes to Financial Statements (continued)

At April 30, 2020

Note 2 — Significant accounting policies (continued)

(m) Total Return Swap contracts (continued)

Total return swap contracts are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded as an unrealised gain or loss in the "Statement of Operations and Changes in Net Assets".

When the swap contract is terminated early, the Fund records a realised gain or loss equal to the difference between the current net present value and the executed net present value. Any outstanding interest accrual is recorded as either a net receivable or net payable.

The risks of total return swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

(n) Cross fund investments

As at April 30, 2020, the following Fund held shares issued by another Fund of the Company.

	Currency	Investment in securities at market value as per Statement of Net Assets	Market value of Cross Funds investments	Investment in securities at market value after deduction of Cross Funds investments
Franklin Multi-Sector Credit Income Fund	USD	14,377,800	1,430,657	12,947,143

The total combined net assets of the Company at period-end without Cross Funds investments would amount to USD 1,232,484,270.

(o) Combined financial statements

The accounts of the Company are expressed in U.S. dollars and the accounts of the Funds are kept in the currency of each Fund. The combined "Statement of Net Assets" and the combined "Statement of Operations and Changes in Net Assets" are the sum of the "Statement of Net Assets" and the "Statement of Operations and Changes in Net Assets" of each Fund converted into the currency of the Company using exchange rates prevailing at period-end. Currency translation adjustment presented on the "Statement of Operations and Changes in Net Assets" are the sum of exchange differences arising on translation of each Fund "Net assets at the beginning of the year" into the currency of the Company using exchange rates prevailed at previous year and current accounting period-end reporting.

(p) Swing pricing

A Fund may suffer reduction of the Net Asset Value per Share due to Investors purchasing, selling and/or switching in and out of the Fund at a price that does not reflect the dealing costs associated with this Fund's portfolio trades undertaken by the Investment Manager to accommodate cash inflows or outflows.

To counter this dilution impact and to protect Shareholders' interests, a swing pricing mechanism may be adopted by the Company as part of its valuation policy.

The Fund operates a partial swing pricing mechanism which is applied when the total capital activity (aggregate of inflows and outflows) exceeds a pre-determined threshold (which may be close to, or at zero), as determined as a percentage of the net assets of that Fund for the Valuation Day. The net inflows and net outflows will be determined by the Company based on the latest available information at the time of calculation of the Net Asset Value.

Typically, such adjustment will increase the Net Asset Value per Share when there are net inflows into the Fund and decrease the Net Asset Value per Share when there are net outflows. The Net Asset Value per Share of each Share Class in a Fund will be calculated separately but any adjustment will, in percentage terms, affect the Net Asset Value per Share of each Share Class in a Fund identically.

The adjustments will seek to reflect the anticipated prices at which the Fund will be buying and selling assets, as well as estimated transaction costs.

Investors are advised that the volatility of any Fund's Net Asset Value might not reflect the true portfolio performance as a consequence of the application of swing pricing.

The swing pricing mechanism may be applied across all Funds of the Company. The extent of the price adjustment will be reset by the Company on a periodic basis to reflect an approximation of current dealing and other costs. Such adjustment may vary from Fund to Fund and will not exceed 2% of the original Net Asset Value per Share. The Board of Directors can approve an increase of this limit in case of exceptional circumstances, unusually large Shareholders trading activities, and if it is deemed to be in the best interest of Shareholders.

The price adjustment is available on request from the Management Company at its registered office.

A Swing Pricing Oversight Committee, which reviews on a periodic basis the operational and governance aspects associated with swing pricing is responsible, among other things, for the determination of swing factors, which the Management Company approves and which form the basis of pre-determined standing instructions.

In the case of a swing pricing event on the last day of the annual/semi-annual period, the net assets as disclosed in the "Statement of Net Assets", exclude the swing pricing adjustment, however, the net asset value per share as at annual/semi-annual period end, as disclosed in the Statistical Information, would include the swing pricing adjustment.

During the period ended April 30, 2020, swing pricing adjustments affected the net asset value per share of the following Funds:

- Franklin Floating Rate II Fund
- Franklin Emerging Market Investment Grade Debt Fund
- Franklin Emerging Market Corporate Debt Fund
- Franklin Emerging Market Debt Opportunities II Fund

Notes to Financial Statements (continued)

At April 30, 2020

Note 3 — Investment management fees

The Management Company receives from the Company a monthly investment management fee equivalent to a certain percentage per annum (as detailed below) of each Fund's adjusted daily net assets during the accounting period. The Investment Managers will be remunerated by the Management Company out of the investment management fee received from the Company. The following percentages apply in respect of the following Funds as at April 30, 2020.

No management fee is payable by an investor on the acquisition of Class X and Class Y shares, instead a fee is paid to the Investment Manager or affiliates under a separate agreement.

	Class A	Class I	Class W
Franklin Floating Rate II Fund	0.60%	0.40%	0.40%
Franklin Emerging Market Investment Grade Debt Fund	-	0.65%	0.65%
Franklin Emerging Market Corporate Debt Fund	-	0.80%	0.80%
Franklin Emerging Market Debt Opportunities II Fund	-	0.70%	0.70%
Franklin Upper Tier Floating Rate Fund*	-	0.40%	-
Franklin Multi-Sector Credit Income Fund	0.80%	0.60%	0.60%

*Effective August 1, 2019, this sub-fund's investment management fee discontinued

Note 4 — Forward foreign exchange contracts

As at April 30, 2020, the Company had entered into the following outstanding contracts:

Franklin Floating Rate II Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
CHF	77,050	USD	79,428	11-May-20	407
EUR	9,859,049	USD	10,731,743	11-May-20	73,167
GBP	93,086	USD	114,986	11-May-20	2,253
USD	1,998	CHF	1,948	11-May-20	(20)
USD	2,668,700	EUR	2,448,532	11-May-20	(14,741)
					<u>61,066</u>

The above contracts were open with the following counterparties:

Bank of America	12,959
Barclays	5,277
BNP Paribas	4,933
Citigroup	6,484
Credit Suisse	887
Goldman Sachs	2,149
HSBC	5,946
JPMorgan	8,536
Morgan Stanley	5,367
UBS	8,528
	<u>61,066</u>

Franklin Emerging Market Investment Grade Debt Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	81,808	USD	88,977	11-May-20	679
					<u>679</u>

The above contracts were open with the following counterparties:

Barclays	28
HSBC	651
	<u>679</u>

Notes to Financial Statements (continued)

At April 30, 2020

Note 4 — Forward foreign exchange contracts (continued)

Franklin Emerging Market Corporate Debt Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	208,566	USD	226,927	11-May-20	1,648
Forward foreign exchange contracts used for efficient portfolio management:					
USD	338,861	EUR	310,000	16-Jun-20	(1,138)
					510

The above contracts were open with the following counterparties:

Bank of America	57
Barclays	(1,036)
BNP Paribas	83
Citigroup	34
Credit Suisse	210
JPMorgan	312
Morgan Stanley	299
The Bank of New York Mellon	154
UBS	397
	510

Franklin Emerging Market Debt Opportunities II Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:					
AUD	128,857	EUR	73,000	15-May-20	3,620
USD	90,247	EUR	82,985	15-May-20	(647)
					2,973
Forward foreign exchange contracts used for efficient portfolio management:					
EUR	13,630,043	JPY	1,640,000,000	16-Jun-20	(311,108)
EUR	706,494,047	USD	772,300,000	16-Jun-20	2,336,241
JPY	450,000,000	EUR	3,882,649	16-Jun-20	(57,333)
USD	102,000,000	EUR	92,464,236	16-Jun-20	536,018
					2,503,818
					2,506,791

The above contracts were open with the following counterparties:

Bank of America	71
Barclays	378,328
BNP Paribas	94
Citigroup	1,381,431
Deutsche Bank	566,268
Goldman Sachs	182
JPMorgan	(12)
Morgan Stanley	(212,201)
RBC Capital Markets	390,039
UBS	2,591
	2,506,791

Notes to Financial Statements (continued)

At April 30, 2020

Franklin Upper Tier Floating Rate Fund*

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
CHF	2,669,341	USD	2,755,996	15-May-20	10,174
EUR	281,310	USD	306,294	15-May-20	2,028
					12,202

The above contracts were open with the following counterparties:

Bank of America	1,626
Barclays	3,669
BNP Paribas	818
Citigroup	1,018
Goldman Sachs	537
HSBC	690
JPMorgan	1,326
Morgan Stanley	1,632
Toronto-Dominion Bank	886
	12,202

*This Fund was put into liquidation effective January 17, 2019

Franklin Multi-Sector Credit Income Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
AUD	770,499	USD	478,037	15-May-20	24,086
CHF	471,427	USD	486,956	15-May-20	1,570
EUR	1,144,081	USD	1,246,204	15-May-20	7,739
GBP	609,968	USD	755,819	15-May-20	12,405
					45,800
Forward foreign exchange contracts used for efficient portfolio management:					
USD	90,560	CHF	85,000	15-Sep-20	2,144
					47,944

The above contracts were open with the following counterparties:

Bank of America	2,865
Barclays	1,716
BNP Paribas	1,474
Citigroup	2,745
Deutsche Bank	270
Goldman Sachs	2,141
HSBC	1,830
JPMorgan	29,936
Morgan Stanley	2,770
Toronto-Dominion Bank	1,320
UBS	877
	47,944

Note 5 — Open positions on financial future contracts

As at April 30, 2020, the Company had no open financial future contracts.

Note 6 — Open positions on interest rate swap contracts

As at April 30, 2020, the Company had no open interest rate swap contracts.

Notes to Financial Statements (continued)

At April 30, 2020

Note 7 — Open positions on credit default swap contracts

As at April 30, 2020, the Company had entered into the following outstanding contracts:

Franklin Multi-Sector Credit Income Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
10,000	Chesapeake Energy Corp., senior note, 8.00%, 01/15/25, Jun. 2020	5.00	Citigroup	Buy	USD	6,671	4,771
26,500	Chesapeake Energy Corp., senior note, 8.00%, 01/15/25, Jun. 2020	5.00	JPMorgan	Buy	USD	17,679	12,114
30,000	BNP Paribas Bespoke Bordeaux 7-10% Tranche, Jun. 2020	2.10	BNP Paribas	Sell	USD	(778)	(778)
20,000	BNP Paribas Bespoke Rodez2 5-7% Mezz Tranche, Dec. 2020	3.20	BNP Paribas	Sell	USD	(3,832)	(3,832)
333,200	CDX.NA.HY.33, Dec. 2024	5.00	Citigroup	Sell	USD	(18,740)	(33,781)
39,946	Citibank Bespoke 0-3% Tranche CDX, Jun. 2020	-	Citigroup	Sell	USD	(17,718)	(7,572)
500,000	Citibank Bespoke Bogota 7-10% Tranche, Jun. 2020	1.35	Citigroup	Sell	USD	(11,450)	(11,450)
50,000	Citibank Bespoke Phoenix 5-7% Tranche, Dec. 2021	2.90	Citigroup	Sell	USD	(13,775)	(13,775)
50,000	Citibank Bespoke Singapore 0-3% Tranche CDX, Jun. 2020	-	Citigroup	Sell	USD	(15,791)	(6,081)
210,000	Government of Argentina, senior note, 7.50%, 04/22/26, Dec. 2021	5.00	Citigroup	Sell	USD	(156,327)	(35,602)
50,000	Morgan Stanley Bespoke Pecan 5-10% Mezz Tranche CDX, Dec. 2021	4.10	Morgan Stanley	Sell	USD	(23,460)	(23,460)
50,000	Morgan Stanley Bespoke Pecan 5-10% Mezz Tranche CDX, Dec. 2021	3.98	Morgan Stanley	Sell	USD	(26,154)	(26,154)
						<u>(263,675)</u>	<u>(145,600)</u>

Note 8 — Open positions on cross currency swap contracts

As at April 30, 2020, the Company had entered into the following outstanding contracts:

Franklin Multi-Sector Credit Income Fund

Description	Notional amount	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
Receiving floating rate 3-month USD BBA LIBOR +2.87%	232,400			USD	
Paying fixed rate 2.50%	200,000	Citigroup	04-May-21	EUR	<u>13,380</u>

Note 9 — Open positions on total return swap contracts

As at April 30, 2020, the Company had entered into the following outstanding contracts:

Franklin Multi-Sector Credit Income Fund

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	900,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Barclays	20-Jun-20	(21,888)
USD	100,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Goldman Sachs	20-Sep-20	(10,177)
						<u>(32,065)</u>

Note 10 — Time deposits

As at April 30, 2020, the Company held no time deposits.

Notes to Financial Statements (continued)

At April 30, 2020

Note 11 — Unfunded loan commitments

Franklin Floating Rate II Fund and Franklin Multi-Sector Credit Income Fund may enter into certain credit agreements, all or a portion of which may be unfunded. It is obliged to fund these loan commitments at the borrowers' discretion. Funded portions of credit agreements are presented on the Schedule of Investments.

As at April 30, 2020, the Funds did not have any unfunded commitments.

Note 12 — Securities lending

As at April 30, 2020, the Company was not involved in any securities lending programs.

Note 13 — Taxation

Under current laws and practice, the Company is not liable in the Grand Duchy of Luxembourg to any tax on its profits or income and is not subject to the Grand Duchy of Luxembourg's net wealth tax. In addition, no capital gains tax is payable in the Grand Duchy of Luxembourg on the realised or unrealised capital appreciation of the assets of the Company.

The Company is liable in the Grand Duchy of Luxembourg to a tax of 0.05% per annum, such tax being paid quarterly, and calculated on the net asset value of each Fund at the end of each relevant quarter. This tax is not applicable for the portion of the assets of a Fund invested in other Undertakings for Collective Investment that have already been subject to such tax. Class I, X and Y shares may benefit from a reduced rate of 0.01% per annum if all shareholders of these share classes are institutional investors.

Investment income received or capital gains realised by the Company may be subject to tax in the countries of origin. All liabilities in respect of taxes payable on unrealised capital gains on investments are provided for as soon as there is a reasonable certainty that a liability will crystallise.

No stamp duty or other tax is payable in the Grand Duchy of Luxembourg on the issue of shares in the Company. A EUR 75 registration duty is to be paid upon incorporation and each time the Articles of the Company are amended.

The Company is registered for Value Added Tax in the Grand Duchy of Luxembourg and subject to account for Value Added Tax in accordance with current laws.

Note 14 — Statement of changes in the investment portfolio

A list, specifying for each Fund total purchases and sales transacted during the period under review, may be obtained free of charge, upon request, at the registered office of the Company.

Note 15 — Equalisation

The Funds use an accounting practice known as equalisation, by which a portion of the proceeds from issues and the costs of sale of shares, equivalent on a per share basis to the amount of undistributed net investment income on the date of the transaction, is credited or charged to undistributed income. As a result, undistributed net investment income per share is unaffected by issues or redemptions of shares. However, in respect of any Fund offering only accumulation shares, the Board of Directors reserves the right not to apply equalisation.

Note 16 — Classes of shares: A(acc), A(dis), I(acc), I(dis), W(acc), W(dis), X(dis), Y(acc), Y(dis) and alternative currency hedged class of shares

Class A(acc) Shares: Shares offered at the applicable net asset value, plus an entry charge of up to 6.50% of the total amount invested. In addition, a maintenance charge of up to 0.40% per annum of the applicable average net asset value per share of the relevant Fund is deducted and paid to the Principal Distributor. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor. In relation to qualified investments of USD 1 million or more, the entry charge may be waived and a contingent deferred sales charge of up to 1.00% may apply if an investor sells shares within 18 months after each investment. No distribution of dividends will be made but the net income attributable will be reflected in the increased value of the shares.

Class A(dis) Shares: Distribution of dividend will be made monthly, quarterly or annually (depending on the frequency of the share class). All other terms and conditions are the same as those which apply for Class A(acc) shares.

Class I(acc) Shares: Shares offered to institutional investors as more fully described in the current Prospectus of the Company. No distribution of dividends will be made but the net income attributable will be reflected in the increased value of the shares. Class I(acc) shares are not subject to an entry charge, contingent deferred sales charge nor any maintenance charge. Class I shares benefit from a reduced Investment Management fee (note 3).

Class I(dis) Shares: Shares offered to institutional investors as more fully described in the current prospectus of the Company. Purchases of Class I (dis) shares are not subject to an entry charge, contingent deferred sales charge nor any maintenance charge. Class I shares benefit from a reduced Investment Management fee (note 3). Distribution of dividend will be made monthly, quarterly or annually (depending on the frequency of the share class).

Class W(acc) Shares: No distribution of dividends will be made but the net income attributable will be reflected in the increased value of the shares. Class W shares are not subject to an entry charge, contingent deferred sales charge nor any maintenance charge. Class W(acc) shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company.

Class W(dis) Shares: are not subject to an entry charge, contingent deferred sales charge nor any maintenance charge. Class W(dis) shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company.

Class X(dis) Shares: are not subject to an entry charge, contingent deferred sales charge nor any maintenance charge. Class X Shares are designed to accommodate an alternative charging structure whereby a fee covering the investment management fees is levied and collected by the Management Company directly from the Investors who are clients of Franklin Templeton Investments and who enter into a specific

Notes to Financial Statements (continued)

At April 30, 2020

Note 16 — Classes of shares: A(acc), A(dis), I(acc), I(dis), W(acc), W(dis), X(dis), Y(acc), Y(dis) and alternative currency hedged class of shares (continued)

agreement with the Management Company. These fees will therefore not be payable out of the net assets of the relevant Fund attributable to Class X Shares. Class X Shares may only be offered to Institutional Investors in certain limited circumstances, at the discretion of the Management Company or the Investment Manager and its affiliates, as more fully described in the current prospectus of the Company.

Class Y(acc) and Y(dis) Shares: are not subject to an entry charge, contingent deferred sales charge nor any maintenance charge. Class Y shares are designed to accommodate an alternative charging structure whereby a fee covering the investment management and the registrar, transfer, corporate, domiciliary and administration fees is levied and collected by the Management Company directly from the Investors who are clients of Franklin Templeton Investments and who enter into a specific agreement with the Management Company. These fees will therefore not be payable out of the net assets of the relevant Fund attributable to Class Y Shares. Class Y Shares may only be offered to Institutional Investors in certain limited circumstances, at the discretion of the Management Company and/or its affiliates, as more fully described in the current prospectus of the Company.

Alternative currency hedged share classes: Shareholders of the hedged share class may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the costs of the relevant financial instruments. The gains/losses and the costs of the relevant financial instruments will accrue solely to the relevant hedged share class.

The above mentioned distributing share classes may have different frequencies: (Mdis) share classes distribute monthly, (Qdis) share classes distribute quarterly and (Ydis) share classes distribute annually.

Note 17 — Connected party transactions

Certain directors of the Company are or may also be officers and/or directors of the Management Company, i.e. Franklin Templeton International Services S.à r.l. or of the Investment Managers, among others, Franklin Advisers Inc., Franklin Templeton Institutional, LLC or Franklin Templeton Investment Management Limited. All transactions with connected parties were entered into in the ordinary course of business and under normal commercial terms.

The investment managers will be remunerated by the Management Company out of the investment management fee received from the Company, as more fully detailed in note 3 to the financial statements.

There are no connected brokers in Franklin Templeton, and no transactions were entered into with connected brokers during the period ended April 30, 2020.

The Company accrued fees in respect of Franklin Templeton International Services S.à r.l. as the Management Company and as the Principal Distributor of the Funds from November 1, 2019 to April 30, 2020.

Note 18 — Expense reimbursement

For the period ended April 30, 2020, the following expenses have been either reimbursed in the first instance by the Administrative Agent, Franklin Templeton International Services S.à r.l., or in the event that the expense exceeded the Administration fee, by the Funds' individual Investment Manager as detailed on page 3.

In the event that the expenses exceeded the Administration and Investment Management fees, they have been reimbursed by Franklin Templeton International Services S.à r.l.

Franklin Floating Rate II Fund	USD	134,599
Franklin Emerging Market Investment Grade Debt Fund	USD	10,302
Franklin Emerging Market Corporate Debt Fund	USD	10,793
Franklin Emerging Market Debt Opportunities II Fund	EUR	214,581
Franklin Multi-Sector Credit Income Fund	USD	31,499

Note 19 — Total Expense Ratio

The Total Expense Ratio ("TER"), expressed as a percentage, represents how the total expenses of the Funds relate to the average net assets of the Funds for the period ended April 30, 2020. The total expenses comprise the investment management fees, the administration and transfer agency fees, the depositary fees and other charges as summarised in the "Statement of Operations and Changes in Net Assets".

Notes to Financial Statements (continued)

At April 30, 2020

Note 20 — Annual and Interim dividends distributed per share for the period ended April 30, 2020

	Annual Distribution						
	Nov- 2019	Nov- 2019	Dec- 2019	Jan- 2020	Feb- 2020	Mar- 2020	Apr- 2020
Franklin Floating Rate II Fund							
A (Mdis) USD		0.104	0.043	0.042	0.042	0.037	0.044
I (Mdis) USD		0.047	0.044	0.044	0.043	0.039	0.045
I (Qdis) EUR-H1		0.133			0.132		
I (Ydis) USD	0.622						
I (Ydis) CHF-H1	0.572						
I (Ydis) EUR-H1	0.595						
W (Qdis) USD		0.154			0.148		
Y (Mdis) USD		0.054	0.051	0.051	0.051	0.044	0.053
Franklin Emerging Market Investment Grade Debt Fund							
Y (Mdis) USD		0.037	0.040	0.041	0.038	0.044	0.038
Franklin Emerging Market Corporate Debt Fund							
Y (Mdis) EUR		0.045	0.047	0.045	0.047	0.049	0.046
Franklin Emerging Market Debt Opportunities II Fund							
I (Ydis) EUR	0.620						
X (Ydis) EUR	0.770						
Franklin Multi-Sector Credit Income Fund							
I (Qdis) EUR-H1		0.103			0.105		
I (Ydis) USD	0.604						
I (Ydis) EUR	0.607						
I (Ydis) EUR-H1	0.569						
I (Ydis) GBP-H1	0.571						

Note 21 — Audited annual reports and unaudited semi-annual reports

The audited annual reports and unaudited semi-annual reports will be available on the local Franklin Templeton Investments website, www.franklintempleton.lu or may be obtained, free of charge, on request at the registered office of the Company; they are only distributed to registered shareholders in those countries where local regulation so requires. The complete audited annual reports and unaudited semi-annual reports are available at the registered office of the Company.

Note 22 — Portfolio Turnover Ratio

The portfolio turnover ratio, expressed as a percentage, is equal to the total of purchases and sales of securities netted against the total of subscriptions and redemptions over average net assets of the Fund for the year. It is effectively a measure of how frequently a fund buys or sells securities other than required to support subscriptions and redemptions.

Note 23 — Credit Facilities

Effective February 7, 2020, the Company together with other European and U.S. registered investment funds managed by Franklin Templeton Investments (individually, Borrower; collectively, Borrowers), entered into a joint syndicated revolving senior unsecured credit facility totalling USD 2,000 million (Global Credit Facility) with a group of banks to provide a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, a Borrower shall, in addition to interest charged on any borrowings and other costs incurred by the Borrower, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee based upon the unused portion of the Global Credit Facility.

The "Global Line of Credit Committee" met and authorized a drawdown of USD 7 million and USD 2 million on March 18, 2020 and April 3, 2020 respectively to cover the expected overdraft on the Franklin Floating Rate II Fund as trades were settling to meet Fund redemptions. This USD 9 million drawdown was repaid in 2 instalments with the final payment being made on April 15, 2020. The interest paid by the Franklin Floating Rate II Fund on that drawdown was USD 10,914.88.

Note 24 — Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities. They include fees and commissions paid to agents, brokers and dealers. For debt securities and derivative, transaction costs are not separately identifiable from the purchase price of the security and therefore cannot be disclosed separately.

Note 25 — Subsequent events

On May 29, 2020, the Franklin Emerging Market Corporate Debt Fund has been merged into FTIF-Franklin Emerging Market Corporate Debt Fund.

Schedule of Investments

As of April 30, 2020

Franklin Floating Rate II Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	SHARES				
	Diversified Support Services				
294,867	Remington Outdoor Co. Inc.	USA	USD	147,434	0.18
	Oil & Gas Exploration & Production				
53,083	Samson Resources II LLC	USA	USD	875,869	1.05
	TOTAL SHARES			1,023,303	1.23
	ASSET-BACKED SECURITIES				
	Other Diversified Financial Services				
2,000,000	Race Point IX CLO Ltd., 2015-9A, A1AR, 144A, FRN, 2.429%, 10/15/30	USA	USD	1,940,000	2.33
	TOTAL ASSET-BACKED SECURITIES			1,940,000	2.33
	TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET			2,963,303	3.56
	TRANSFERABLE SECURITIES LISTED ON A STOCK EXCHANGE OR OTHER ORGANISED MARKETS				
	SENIOR FLOATING RATE INTEREST				
	Aerospace & Defense				
1,973,767	Doncasters U.S. Finance LLC, Term Loan B, 8.50%, 03/06/24	USA	USD	1,692,506	2.03
2,650,656	Alloy Finco Ltd., Term Loan B (PIK), 14.00%, 03/06/25	USA	USD	1,292,195	1.55
341,000	AI Convoy US Borrower LLC, Facility B Loan (USD), 5.75%, 01/15/27	USA	USD	324,376	0.39
112,347	Dynasty Acquisition Co. Inc., Initial Term B-1 Loan, 4.95%, 04/04/26	USA	USD	99,380	0.12
60,402	Dynasty Acquisition Co. Inc., Initial Term B-2 Loan (CAD), 4.95%, 04/04/26	USA	USD	53,430	0.06
				3,461,887	4.15
	Air Freight & Logistics				
935,000	XPO Logistics Inc., Refinanced Term Loan, 3.613%, 02/24/25	USA	USD	909,288	1.09
	Airlines				
694,944	Westjet Airlines Ltd., Initial Term Loan, 4.00%, 12/11/26	CAN	USD	570,549	0.68
	Alternative Carriers				
199,491	Lineage Logistics LLC, Term Loans, 4.00%, 02/27/25	USA	USD	193,350	0.23
185,000	Zayo Group Holdings Inc. (Front Range BidCo), Initial Dollar Term Loan, 3.404%, 03/09/27	USA	USD	174,305	0.21
				367,655	0.44
	Aluminium				
195,000	Arconic Corp., Initial Term Loans, 3.24%, 02/04/27	USA	USD	194,025	0.23
	Apparel Retail				
1,290,843	Ascena Retail Group Inc., Tranche B Term Loan, 5.25% - 6.00%, 08/21/22	USA	USD	305,768	0.37
	Apparel, Accessories & Luxury Goods				
298,092	Champ Acquisition Corp., Initial Term Loan, 6.572%, 12/21/25	USA	USD	267,537	0.32
	Application Software				
199,494	Ceridian HCM Holding Inc., Initial Term Loans, 2.637%, 04/30/25	USA	USD	189,270	0.23
	Auto Parts & Equipment				
635,519	Adient U.S. LLC, Initial Term Loans, 5.45% - 5.742%, 05/06/24	USA	USD	576,932	0.69
455,576	Clarios Global LP (Power Solutions), Initial Dollar Term Loan, 3.904%, 04/30/26	USA	USD	414,005	0.50
				990,937	1.19
	Automobile Manufacturers				
221,874	Thor Industries Inc., Initial USD Term Loans, 4.625% - 4.75%, 02/01/26	USA	USD	204,217	0.24
	Broadcasting				
792,218	Nexstar Broadcasting Inc., Term B-3 Loan, 2.654%, 10/26/25	USA	USD	749,042	0.90
700,344	Sinclair Television Group Inc., Tranche B Term Loans, 2.66%, 01/03/24	USA	USD	657,010	0.79
652,946	Gray Television Inc., Term B-2 Loan, 3.243%, 02/07/24	USA	USD	625,400	0.75
502,246	Diamond Sports Group LLC, Term Loan, 3.82%, 08/24/26	USA	USD	412,155	0.49
203,805	Mission Broadcasting Inc., Term B-3 Loan, 3.235%, 01/17/24	USA	USD	192,698	0.23
				2,636,305	3.16

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Floating Rate II Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Building Products					
1,442,308	Resideo Funding Inc., Tranche A Term Loan, 3.71%, 10/25/23	USA	USD	1,435,096	1.72
Cable & Satellite					
653,598	CSC Holdings LLC, March 2017 Incremental Term Loans, 3.064%, 07/17/25	USA	USD	627,780	0.75
145,013	WideOpenWest Finance LLC, Term B Loan, 4.25%, 08/19/23	USA	USD	136,131	0.17
				763,911	0.92
Casinos & Gaming					
943,748	Eldorado Resorts Inc., Initial Term Loan, 3.25%, 04/17/24	USA	USD	903,443	1.08
559,209	Boyd Gaming Corp., Term A Loan, 2.137%, 09/15/21	USA	USD	545,228	0.65
499,150	Caesars Resort Collection LLC, Term B Loans, 3.154%, 12/22/24	USA	USD	421,990	0.51
398,797	Stars Group Holdings BV, Stars Group (US), USD Term Loan, 4.95%, 07/10/25	USA	USD	395,183	0.47
366,877	Station Casinos LLC, Term B-1 Facility Loans, 2.66%, 02/07/27	USA	USD	327,030	0.39
242,918	Boyd Gaming Corp., Refinancing Term B Loans, 2.387%, 09/15/23	USA	USD	228,495	0.28
				2,821,369	3.38
Commodity Chemicals					
647,839	Univar USA Inc., Term B-3 Loans, 3.70%, 07/01/24	USA	USD	628,404	0.75
133,989	Univar Solutions USA Inc., first lien, Term B-5 Loans, 3.45%, 07/01/26	USA	USD	128,741	0.16
				757,145	0.91
Communications Equipment					
788,710	CommScope Inc., Initial Term Loans, 3.654%, 04/04/26	USA	USD	749,077	0.90
Construction & Engineering					
1,863,207	Strike LLC, Term Loan, 9.072% - 9.45%, 11/30/22	USA	USD	1,583,726	1.90
Consumer Finance					
78,961	Realogy Group LLC, Initial Term A Loan, 3.243%, 02/08/23	USA	USD	70,539	0.08
Data Processing & Outsourced Services					
483,962	West Corp., Term B Loans, 5.45%, 10/10/24	USA	USD	381,573	0.46
375,929	Neustar Inc., TLB5, 5.572% - 5.95%, 08/08/24	USA	USD	308,732	0.37
161,724	WEX Inc., Term B-3 Loan, 2.654%, 05/17/26	USA	USD	153,284	0.18
				843,589	1.01
Diversified Support Services					
558,757	Ventia Pty. Ltd., Term B Loans, 4.95%, 05/21/26	AUS	USD	514,056	0.62
Electric Utilities					
59,338	Vistra Operations Company LLC, 2018 Incremental Term Loans, 2.154% - 2.501%, 12/31/25	USA	USD	57,688	0.07
Forest Products					
3,092,128	Appvion Operations Inc., Term Loan, 7.00% - 8.25%, 06/15/26	USA	USD	3,030,286	3.64
Health Care Distributors					
192,111	Mallinckrodt International Finance SA & Mallinckrodt CB LLC, 2017 Term B Loans, 4.20%, 09/24/24	LUX	USD	137,085	0.16
Health Care Facilities					
99,744	US Anesthesia Partners Inc., First Lien Term Loan, 4.00%, 06/23/24	USA	USD	85,779	0.10
Health Care Services					
762,335	DaVita Inc., Tranche B-1 Term Loan, 2.154%, 08/12/26	USA	USD	744,588	0.89
563,410	Catalent Pharma Solutions Inc., Dollar Term B-2 Loan, 3.25%, 05/17/26	USA	USD	556,367	0.67
				1,300,955	1.56
Health Care Technology					
619,018	IQVIA Inc., Term B-1 Dollar Loans, 2.50%, 03/07/24	USA	USD	598,281	0.72
Industrial Machinery					
782,130	Navistar Inc., Tranche B Term Loan, 4.22%, 11/06/24	USA	USD	714,346	0.86
472,523	Altra Industrial Motion Corp., Term Loan, 2.404%, 10/01/25	USA	USD	449,487	0.54
				1,163,833	1.40
Insurance Brokers					
628,401	Alliant Holdings Intermediate LLC, Initial Term Loan, 3.154%, 05/10/25	USA	USD	590,501	0.71

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Floating Rate II Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Integrated Telecommunication Services					
1,124,015	Global Tel*Link Corp., Second Lien Term Loan, 9.70%, 11/29/26	USA	USD	908,578	1.09
519,571	Global Tel*Link Corp., First Lien Term Loan, 5.70%, 11/29/25	USA	USD	455,527	0.55
				1,364,105	1.64
Internet Services & Infrastructure					
988,906	LegalZoom.com Inc., 2018 Term Loans, 4.904%, 11/21/24	USA	USD	922,155	1.11
120,000	Informatica LLC, Dollar 2020 Term Loan, 3.654%, 02/25/27	USA	USD	113,250	0.13
				1,035,405	1.24
Leisure Facilities					
2,385,856	24 Hour Fitness Worldwide Inc., Term Loan, 4.95%, 05/30/25	USA	USD	651,265	0.78
201,370	Equinox Holdings Inc., Term B-1 Loans, 4.072%, 03/08/24	USA	USD	160,907	0.19
				812,172	0.97
Leisure Products					
556,950	Playtika Holding Corp., Term B Loans, 7.072%, 12/10/24	USA	USD	553,469	0.66
Managed Health Care					
283,162	Phoenix Guarantor Inc., Tranche B-1 Term Loan, 4.079%, 03/05/26	USA	USD	266,172	0.32
Movies & Entertainment					
117,000	Banijay Group U.S. Holding Inc., Facility B (USD) Loan, 6.50%, 02/03/25	FRA	USD	108,518	0.13
Office Services & Supplies					
669,787	Pitney Bowes Inc., Incremental Tranche Term B Loans, 5.91%, 01/07/25	USA	USD	580,483	0.70
Oil & Gas Exploration & Production					
6,782,511	Fieldwood Energy LLC, Closing Date Loans, 6.25%, 04/11/22 *	USA	USD	1,729,540	2.08
5,153,764	Utex Industries Inc., Initial Term Loan (First Lien), 5.311%, 05/21/21	USA	USD	1,425,877	1.71
				3,155,417	3.79
Other Diversified Financial Services					
624,355	Asurion LLC, Replacement B-6 Term Loans, 3.404%, 11/03/23	USA	USD	599,120	0.72
300,000	Maverick Purchaser Sub LLC, Initial Term Loans, 4.404%, 01/31/27	USA	USD	289,313	0.35
				888,433	1.07
Packaged Foods & Meats					
1,760,301	CSM Bakery Supplies LLC, Term Loans, 5.35%, 07/03/20	USA	USD	1,531,462	1.84
934,775	JBS USA Lux SA, New Term Loans, 3.072%, 05/01/26	USA	USD	907,170	1.09
191,011	B&G Foods Inc., Tranche B-4 Term Loan, 2.904%, 10/10/26	USA	USD	186,276	0.22
				2,624,908	3.15
Paper Packaging					
940,966	Berry Global Inc., Term W Loans, 2.829%, 10/01/22	USA	USD	921,166	1.10
Personal Products					
558,600	Sunshine Luxembourg VII S.A.R.L. (Nestle Skin Health), Facility B1 Commitments, 5.322%, 09/25/26	LUX	USD	514,145	0.62
275,922	Knowlton Development Corp., Initial Term Loan, 4.154%, 12/21/25	USA	USD	249,020	0.30
				763,165	0.92
Pharmaceuticals					
841,563	Valeant Pharmaceuticals International, Initial Term Loans, 3.718%, 06/02/25	USA	USD	815,965	0.98
817,853	Grifols Worldwide Operations USA Inc., Dollar Tranche B Term Loan, 2.137%, 11/15/27	USA	USD	808,068	0.97
783,420	Horizon Pharma Inc., Seventh Amendment Refinancing Term Loans, 3.25%, 05/22/26	USA	USD	768,404	0.92
				2,392,437	2.87
Railroads					
179,836	Genesee & Wyoming Inc., Initial Term Loan, 3.45%, 12/30/26	USA	USD	175,846	0.21
Restaurants					
1,485,288	NPC International Inc., Second Lien Initial Term Loan, 9.75%, 04/20/25 *	USA	USD	38,989	0.05
Specialty Chemicals					
535,405	Axalta Coating Systems U.S. Holdings Inc. (DuPont Performance Coatings), Term B-3 Dollar Loan, 3.20%, 06/01/24	USA	USD	522,823	0.63

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Floating Rate II Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Specialty Stores					
3,503,819	General Nutrition Centers Inc., Tranche B-2 Term Loans, 9.50% - 10.37%, 03/04/21	USA	USD	2,472,382	2.97
613,187	Jo-Ann Stores Inc., Initial Loans, 6.00%, 10/23/23	USA	USD	195,607	0.23
200,000	PetSmart Inc., Amended Loan, 5.00%, 03/11/22	USA	USD	194,600	0.23
				<u>2,862,589</u>	<u>3.43</u>
Systems Software					
630,259	Dcert Buyer Inc., Initial Term Loans, 4.404%, 10/16/26	USA	USD	598,221	0.72
483,788	Perforce Software Inc., New Term Loan, 4.154%, 07/08/26	USA	USD	449,922	0.54
448,843	Infor (U.S.) Inc. (Lawson), Tranche B-6 Term Loan, 3.75%, 02/01/22	USA	USD	442,484	0.53
356,553	Surf Holdings LLC (Sophos), Dollar Tranche Term Loan, 4.814%, 03/05/27	USA	USD	328,921	0.39
259,344	Vertafore Inc., Initial Term Loans, 3.654%, 07/02/25	USA	USD	239,690	0.29
199,494	Hyland Software Inc., Term Loans, 4.00%, 07/01/24	USA	USD	192,237	0.23
173,305	Idera Inc., Initial Term Loans, 5.08%, 06/29/24	USA	USD	156,841	0.19
169,141	Quest Software US Holdings Inc., Term Loan B, 5.01%, 05/18/25	USA	USD	156,033	0.19
				<u>2,564,349</u>	<u>3.08</u>
Trucking					
201,444	Kenan Advantage Group Inc., Initial U.S. Term Loans, 4.00%, 07/31/22	USA	USD	169,045	0.20
47,904	The Kenan Advantage Group Inc., Initial Canadian Term Loan, 4.00%, 07/29/22	USA	USD	40,199	0.05
				<u>209,244</u>	<u>0.25</u>
TOTAL SENIOR FLOATING RATE INTEREST				<u>48,440,044</u>	<u>58.11</u>
TOTAL TRANSFERABLE SECURITIES LISTED ON A STOCK EXCHANGE OR OTHER ORGANISED MARKETS				<u>48,440,044</u>	<u>58.11</u>
TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET					
SHARES					
Diversified Support Services					
27,760	Remington Outdoor Co. Inc., Litigation Units**	USA	USD	0	0.00
Forest Products					
151,177	Appvion Operations Inc.**	USA	USD	2,803,750	3.37
TOTAL SHARES				<u>2,803,750</u>	<u>3.37</u>
BONDS					
Health Care Services					
1,912,103	Millennium Corporate Claim Trust, Escrow Account **	USA	USD	0	0.00
1,912,103	Millennium Lender Claim Trust, Escrow Account **	USA	USD	0	0.00
				<u>0</u>	<u>0.00</u>
TOTAL BONDS				<u>0</u>	<u>0.00</u>
SENIOR FLOATING RATE INTEREST					
Personal Products					
9,675,371	FGI Operating Co. LLC (Freedom Group), Term Loan, PIK, 12.00%, 05/15/22 †**	USA	USD	8,452,090	10.14
1,200,000	FGI Operating Co. LLC (Freedom Group), Term Loan FILO, 9.50%, 05/15/21 **	USA	USD	1,194,624	1.43
				<u>9,646,714</u>	<u>11.57</u>
TOTAL SENIOR FLOATING RATE INTEREST				<u>9,646,714</u>	<u>11.57</u>
TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET				<u>12,450,464</u>	<u>14.94</u>
TOTAL INVESTMENTS				<u>63,853,811</u>	<u>76.61</u>

†These Loans are currently in default

** These securities are submitted to a Fair Valuation

‡Income may be received in additional securities and/or cash

The accompanying notes form an integral part of these financial statements

Schedule of Investments

As of April 30, 2020

Franklin Emerging Market Investment Grade Debt Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	BONDS				
	Airport Services				
236,000	Mexico City Airport Trust, senior secured bond, Reg S, 5.50%, 07/31/47	MEX	USD	197,910	0.79
200,000	Mexico City Airport Trust, first lien, Reg S, 4.25%, 10/31/26	MEX	USD	181,520	0.72
				379,430	1.51
	Commodity Chemicals				
250,000	Alpek SAB de CV, senior note, Reg S, 4.25%, 09/18/29	MEX	USD	218,088	0.87
	Department Stores				
500,000	Falabella SA, senior note, Reg S, 3.75%, 10/30/27	CHL	USD	468,237	1.86
	Diversified Banks				
40,000,000	HDFC Bank Ltd., senior note, Reg S, 8.10%, 03/22/25	IND	INR	541,044	2.15
600,000	Yes Bank Ifsc Banking Unit Branch, senior note, Reg S, 3.75%, 02/06/23	IND	USD	513,287	2.03
500,000	China Construction Bank Corp., sub. note, Reg S, 3.875% to 05/13/20, FRN thereafter, 05/13/25	CHN	USD	500,024	1.98
200,000	Bangkok Bank PCL, senior note, Reg S, 4.05%, 03/19/24	THA	USD	210,982	0.84
				1,765,337	7.00
	Diversified Chemicals				
200,000	Braskem Netherlands Finance BV, senior bond, Reg S, 4.50%, 01/31/30	BRA	USD	162,500	0.64
	Diversified Metals & Mining				
700,000	Southern Copper Corp., senior bond, 5.25%, 11/08/42	MEX	USD	739,380	2.93
	Electric Utilities				
650,000	TNB Global Ventures Capital Bhd., senior note, Reg S, 3.244%, 10/19/26	MYS	USD	663,023	2.63
600,000	State Grid Overseas Investment 2016 Ltd., senior note, Reg S, 3.50%, 05/04/27	CHN	USD	655,417	2.60
550,000	Three Gorges Finance I Cayman Islands Ltd., senior note, Reg S, 2.30%, 10/16/24	CHN	USD	551,160	2.19
				1,869,600	7.42
	Fertilizers & Agricultural Chemicals				
550,000	Sociedad Quimica y Minera de Chile SA, senior bond, Reg S, 4.375%, 01/28/25	CHL	USD	565,570	2.24
	Hypermarkets & Super Centers				
550,000	Cencosud SA, senior note, Reg S, 4.375%, 07/17/27	CHL	USD	517,326	2.05
	Independent Power Producers & Energy Traders				
300,000	Colbun SA, senior note, Reg S, 3.95%, 10/11/27	CHL	USD	317,730	1.26
200,000	Colbun SA, senior note, Reg S, 3.15%, 03/06/30	CHL	USD	191,750	0.76
				509,480	2.02
	Integrated Oil & Gas				
525,000	Ecopetrol SA, senior bond, 4.125%, 01/16/25	COL	USD	503,475	2.00
200,000	Petronas Capital Ltd., senior note, Reg S, 3.50%, 04/21/30	MYS	USD	209,707	0.83
				713,182	2.83
	Railroads				
650,000	RZD Capital PLC, (Russian Railways), loan participation, senior bond, Reg S, 5.70%, 04/05/22	RUS	USD	684,515	2.72
425,000	Kazakhstan Temir Zholy Finance BV, senior bond, Reg S, 6.95%, 07/10/42	KAZ	USD	490,354	1.94
459,738	Sparc EM SPC Panama Metro Line 2 SP, secured note, Reg S, zero cpn., 12/05/22	PAN	USD	421,607	1.67
				1,596,476	6.33
	Real Estate Operating Companies				
575,000	China Overseas Finance Cayman VI Ltd., senior note, Reg S, 5.95%, 05/08/24	CHN	USD	647,910	2.57
	Regional Banks				
500,000	Banco Inbursa SA Institucion De Banca Multiple, senior note, Reg S, 4.375%, 04/11/27	MEX	USD	470,825	1.87
	Specialty Chemicals				
600,000	CNAC HK Finbridge Co. Ltd., senior note, Reg S, 4.875%, 03/14/25	CHN	USD	642,828	2.55
	TOTAL BONDS			11,266,169	44.69

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Emerging Market Investment Grade Debt Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
SUPRANATIONAL					
600,000	The African Export-Import Bank, senior note, Reg S, 3.994%, 09/21/29	SP	USD	545,076	2.16
425,000	Banque Ouest Africaine de Developpement, senior note, Reg S, 5.00%, 07/27/27	SP	USD	396,878	1.58
2,700,000,000	Inter-American Development Bank, senior note, Reg S, 8.01%, 12/11/21	SP	IDR	181,425	0.72
2,000,000,000	European Bank for Reconstruction and Development, senior note, 6.85%, 06/21/21	SP	IDR	132,078	0.52
TOTAL SUPRANATIONAL				1,255,457	4.98
GOVERNMENT AND MUNICIPAL BONDS					
251,000	Government of Mexico, senior bond, M 20, 8.50%, 05/31/29	MEX	MXN	1,176,540	4.67
1,000,000	Government of Indonesia, senior bond, Reg S, 4.35%, 01/08/27	IDN	USD	1,062,472	4.21
45,766,591	Government of Uruguay, senior bond, Index Linked, 3.70%, 06/26/37	URY	UYU	996,171	3.95
800,000	Government of Romania, senior bond, Reg S, 4.375%, 08/22/23	ROU	USD	833,476	3.31
500,000	Government of Kazakhstan, senior bond, Reg S, 4.875%, 10/14/44	KAZ	USD	569,746	2.26
500,000	Government of Uruguay, senior bond, 4.50%, 08/14/24	URY	USD	538,030	2.13
1,500,000	Government of Peru, senior bond, Reg S, 6.35%, 08/12/28	PER	PEN	516,578	2.05
475,000	Colombia Government International Bond, senior note, 3.00%, 01/30/30	COL	USD	435,219	1.73
1,600,000,000	Bogota Distrito Capital, senior bond, Reg S, 9.75%, 07/26/28	COL	COP	415,490	1.65
350,000	Panama Notas del Tesoro, senior note, 144A, 3.75%, 04/17/26	PAN	USD	356,458	1.41
1,000,000,000	Government of Colombia, senior bond, 9.85%, 06/28/27	COL	COP	289,447	1.15
294,829	Peru Enhanced Pass-Through Finance Ltd., senior secured bond, A-2, Reg S, zero cpn., 06/02/25	PER	USD	269,769	1.07
19,000,000	Government of Russia, 7.00%, 08/16/23	RUS	RUB	268,559	1.07
TOTAL GOVERNMENT AND MUNICIPAL BONDS				7,727,955	30.66
QUASI-SOVEREIGN AND CORPORATE BONDS					
Diversified Support Services					
3,880,000	Red de Carreteras de Occidente Sapib de CV, senior secured bond, Reg S, 9.00%, 06/10/28	MEX	MXN	159,720	0.64
Highways & Railtracks					
1,027,082,442	Fideicomiso PA Costera, senior secured bond, B, Reg S, Index Linked, 6.25%, 01/15/34	COL	COP	272,107	1.08
Marine Ports & Services					
300,000	Autoridad del Canal de Panama, senior bond, Reg S, 4.95%, 07/29/35	PAN	USD	332,583	1.32
Other Diversified Financial Services					
200,000	Fideicomiso PA Costera, senior bond, Reg S, 6.75%, 01/15/34	COL	USD	214,500	0.85
Trucking					
417,193	Lima Metro Line 2 Finance Ltd., senior secured bond, first lien, Reg S, 5.875%, 07/05/34	PER	USD	469,701	1.86
TOTAL QUASI-SOVEREIGN AND CORPORATE BONDS				1,448,611	5.75
SECURITIES MATURING WITHIN ONE YEAR					
6,600,000,000	European Bank for Reconstruction and Development, senior note, 8.30%, 10/02/20	SP	IDR	439,571	1.74
350,000,000	Government of Chile, 5.50%, 08/05/20	CHL	CLP	424,689	1.69
400,000	Government of Lithuania, Reg S, 6.125%, 03/09/21	LTU	USD	416,433	1.65
2,700,000	European Bank for Reconstruction & Development, senior note, 27.50%, 09/18/20	SP	TRY	406,644	1.61
80,000,000	Development Bank of Kazakhstan JSC, senior note, Reg S, 9.50%, 12/14/20	KAZ	KZT	179,030	0.71
60,000,000	International Bank for Reconstruction & Development, senior note, Reg S, 9.00%, 02/26/21	SP	KZT	139,996	0.56
TOTAL SECURITIES MATURING WITHIN ONE YEAR				2,006,363	7.96
TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				23,704,555	94.04
TOTAL INVESTMENTS				23,704,555	94.04

The accompanying notes form an integral part of these financial statements

Schedule of Investments

As of April 30, 2020

Franklin Emerging Market Corporate Debt Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	ASSET-BACKED SECURITIES				
	Construction & Engineering				
400,000	Rutas 2 and 7 Finance Ltd., senior secured bond, first lien, Reg S, zero cpn., 09/30/36	PRY	USD	248,440	1.21
	Electric Utilities				
200,000	Empresa Electrica Cochrane SpA, senior secured note, Reg S, 5.50%, 05/14/27	CHL	USD	193,880	0.94
	Food Distributors				
300,000	Frigorifico Concepcion SA, senior note, Reg S, 10.25%, 01/29/25	PRY	USD	293,820	1.43
	Integrated Telecommunication Services				
250,000	Telecommunications Services of Trinidad & Tobago Ltd., senior bond, Reg S, 8.875%, 10/18/29	TTO	USD	222,188	1.08
	Regional Banks				
200,000	State Savings Bank Of Ukraine Via SSB #1 PLC, Reg S, 9.625%, 03/20/25	UKR	USD	188,000	0.91
	TOTAL ASSET-BACKED SECURITIES			1,146,328	5.57
	BONDS				
	Agricultural Products				
300,000	MHP Lux SA, senior note, Reg S, 6.95%, 04/03/26	UKR	USD	279,852	1.36
	Airport Services				
200,000	Mexico City Airport Trust, first lien, Reg S, 3.875%, 04/30/28	MEX	USD	167,420	0.81
	Apparel Retail				
198,328	K2016470219 South Africa Ltd., senior secured note, Reg S, PIK, 3.00%, 12/31/22 †	ZAF	USD	248	0.00
	Building Products				
200,000	St. Marys Cement Inc., senior bond, Reg S, 5.75%, 01/28/27	BRA	USD	203,172	0.99
	Commodity Chemicals				
400,000	Alpek SAB de CV, senior note, Reg S, 4.25%, 09/18/29	MEX	USD	348,940	1.70
	Construction & Engineering				
200,000	IHS Netherlands Holdco BV, senior note, Reg S, 8.00%, 09/18/27	NGA	USD	185,000	0.90
	Construction Materials				
400,000	Cemex SAB de CV, senior secured bond, first lien, Reg S, 5.70%, 01/11/25	MEX	USD	360,360	1.75
	Consumer Finance				
400,000	Muthoot Finance Ltd., senior secured note, Reg S, 6.125%, 10/31/22	IND	USD	363,820	1.77
	Department Stores				
300,000	Falabella SA, senior note, Reg S, 3.75%, 10/30/27	CHL	USD	280,942	1.37
52,228	K2016470260 South Africa Ltd., senior secured note, Reg S, PIK, 25.00%, 12/31/22 †	ZAF	USD	261	0.00
				281,203	1.37
	Diversified Banks				
400,000	Banco de Bogota SA, sub. note, Reg S, 6.25%, 05/12/26	COL	USD	401,844	1.95
400,000	Turkiye Is Bankasi AS, sub. bond, Reg S, FRN, 7.75%, 01/22/30	TUR	USD	362,796	1.76
400,000	Ardshinbank CJSC Via Dilijan Finance BV, senior note, Reg S, 6.50%, 01/28/25	ARM	USD	344,697	1.68
400,000	Yes Bank Ifsc Banking Unit Branch, senior note, Reg S, 3.75%, 02/06/23	IND	USD	342,191	1.66
300,000	China Construction Bank Corp., sub. note, Reg S, 4.25% to 02/26/24, FRN thereafter, 02/27/29	CHN	USD	314,859	1.53
300,000	BDO Unibank Inc., senior note, Reg S, 2.95%, 03/06/23	PHL	USD	298,468	1.45
300,000	Absa Group Ltd., sub. note, Reg S, FRN, 6.25%, 04/25/28	ZAF	USD	283,869	1.38
200,000	HDFC Bank Ltd., senior note, Reg S, 8.10%, 03/22/25	IND	INR	270,522	1.32
200,000	Fidelity Bank PLC, senior note, Reg S, 10.50%, 10/16/22	NGA	USD	196,431	0.95
200,000	Alfa Bank AO Via Alfa Bond Issuance PLC, sub. bond, Reg S, 5.95% to 04/15/25, FRN thereafter, 04/15/30	RUS	USD	192,758	0.94
200,000	United Bank for Africa PLC, senior note, Reg S, 7.75%, 06/08/22	NGA	USD	179,000	0.87
				3,187,435	15.49
	Diversified Chemicals				
300,000	Braskem Netherlands Finance BV, senior bond, Reg S, 4.50%, 01/31/30	BRA	USD	243,750	1.19

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Emerging Market Corporate Debt Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Diversified Metals & Mining					
175,000	Southern Copper Corp., senior bond, 5.25%, 11/08/42	MEX	USD	184,845	0.90
Electric Utilities					
500,000	Three Gorges Finance I Cayman Islands Ltd., senior note, Reg S, 2.30%, 10/16/24	CHN	USD	501,055	2.43
400,000	CGNPC International Ltd., senior note, Reg S, 3.75%, 12/11/27	CHN	USD	433,346	2.11
300,000	State Grid Overseas Investment 2016 Ltd., senior note, Reg S, 3.50%, 05/04/27	CHN	USD	327,709	1.59
300,000	Energo-Pro AS, senior note, Reg S, 4.00%, 12/07/22	CZE	EUR	315,157	1.53
300,000	TNB Global Ventures Capital Bhd., senior note, Reg S, 3.244%, 10/19/26	MYS	USD	306,011	1.49
				1,883,278	9.15
Fertilizers & Agricultural Chemicals					
200,000	Sociedad Quimica y Minera de Chile SA, senior note, 144A, 3.625%, 04/03/23	CHL	USD	198,640	0.97
Hypermarkets & Super Centers					
400,000	Cencosud SA, senior note, 144A, 4.375%, 07/17/27	CHL	USD	376,237	1.83
Independent Power Producers & Energy Traders					
200,000	Colbun SA, senior note, Reg S, 3.15%, 03/06/30	CHL	USD	191,750	0.93
Industrial Conglomerates					
300,000	SD International Sukuk II Ltd., senior note, Reg S, 6.997%, 03/12/25	MYS	USD	276,008	1.34
Integrated Oil & Gas					
400,000	Ecopetrol SA, senior bond, 4.125%, 01/16/25	COL	USD	383,600	1.86
255,000	Trinidad Petroleum Holdings Ltd., senior secured note, first lien, Reg S, 9.75%, 06/15/26	TTO	USD	228,403	1.11
200,000	Petronas Capital Ltd., senior note, Reg S, 3.50%, 04/21/30	MYS	USD	209,707	1.02
				821,710	3.99
Integrated Telecommunication Services					
200,000	Silknet JSC, senior note, Reg S, 11.00%, 04/02/24	GEO	USD	193,000	0.94
200,000	MTN (Mauritius) Investments Ltd., senior bond, Reg S, 4.755%, 11/11/24	ZAF	USD	186,000	0.90
				379,000	1.84
Internet & Direct Marketing Retail					
400,000	Alibaba Group Holding Ltd., senior note, 3.40%, 12/06/27	CHN	USD	434,819	2.11
Investment Banking & Brokerage					
50,000,000	Development Bank of Kazakhstan JSC, senior note, Reg S, 8.95%, 05/04/23	KAZ	KZT	105,391	0.51
Marine Ports & Services					
400,000	ICTSI Treasury BV, senior note, Reg S, 4.625%, 01/16/23	PHL	USD	407,820	1.98
Multi-Sector Holdings					
300,000	China Merchants Finance Co. Ltd., senior note, Reg S, 5.00%, 05/04/22	CHN	USD	319,866	1.56
Oil & Gas Exploration & Production					
400,000	Medco Oak Tree Pte. Ltd., senior note, Reg S, 7.375%, 05/14/26	IDN	USD	254,880	1.24
450,000	Tullow Oil PLC, senior note, Reg S, 7.00%, 03/01/25	GHA	USD	236,812	1.15
				491,692	2.39
Oil & Gas Refining & Marketing					
150,000	Citgo Holding Inc., senior secured note, Reg S, 9.25%, 08/01/24	VEN	USD	135,937	0.66
Other Diversified Financial Services					
200,000	Georgia Capital JSC, senior note, Reg S, 6.125%, 03/09/24	GEO	USD	178,000	0.87
Precious Metals & Minerals					
400,000	Petra Diamonds U.S. Treasury PLC, secured note, second lien, Reg S, 7.25%, 05/01/22 ^	ZAF	USD	136,000	0.66
Railroads					
317,060	Sparc EM SPC Panama Metro Line 2 SP, secured note, Reg S, zero cpn., 12/05/22	PAN	USD	290,764	1.42
200,000	Kazakhstan Temir Zholy Finance BV, senior bond, Reg S, 6.95%, 07/10/42	KAZ	USD	230,755	1.12
				521,519	2.54

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Emerging Market Corporate Debt Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Real Estate Development					
300,000	Country Garden Holdings Co. Ltd., senior secured note, first lien, Reg S, 8.00%, 01/27/24	CHN	USD	318,019	1.55
300,000	O1 Properties Finance PLC, senior note, Reg S, 8.25%, 09/27/21 ^	RUS	USD	103,806	0.50
				421,825	2.05
Real Estate Operating Companies					
200,000	Theta Capital Pte Ltd., senior note, Reg S, 6.75%, 10/31/26	IDN	USD	140,030	0.68
Regional Banks					
300,000	Itau Unibanco Holding SA, sub. note, Reg S, 5.50%, 08/06/22	BRA	USD	308,250	1.50
200,000	Banco Inbursa SA Institucion De Banca Multiple, senior note, Reg S, 4.375%, 04/11/27	MEX	USD	188,330	0.91
				496,580	2.41
Specialty Chemicals					
300,000	Braskem Idesa SAPI, senior secured note, Reg S, 7.45%, 11/15/29	MEX	USD	227,055	1.10
Textiles					
200,000	Sri Rejeki Isman Tbk PT, senior note, Reg S, 7.25%, 01/16/25	IDN	USD	151,538	0.74
Wireless Telecommunication Services					
300,000	Bharti Airtel Ltd., senior note, Reg S, 4.375%, 06/10/25	IND	USD	300,544	1.46
6,000,000	America Movil SAB de CV, senior note, 6.45%, 12/05/22	MEX	MXN	246,131	1.20
				546,675	2.66
				14,647,415	71.20
TOTAL BONDS					
GOVERNMENT AND MUNICIPAL BONDS					
300,000	Türkiye İhracat Kredi Bankası AS, senior note, Reg S, 8.25%, 01/24/24	TUR	USD	308,251	1.50
500,000	Provincia del Chubut Argentina, first lien, Reg S, 7.75%, 07/26/26	ARG	USD	218,500	1.06
255,000	Kyiv Finance PLC, (City of Kiev), loan participation, Reg S, 7.50%, 12/15/22	UKR	USD	189,867	0.92
200,000	Belarus Development Bank JSC, senior note, Reg S, 6.75%, 05/02/24	BLR	USD	185,000	0.90
338,000	Province de Neuquen, senior secured bond, Reg S, 8.625%, 05/12/28	ARG	USD	181,675	0.88
400,000	Belarus Development Bank JSC, senior note, Reg S, 12.00%, 05/15/22	BLR	BYN	170,560	0.83
184,268	Peru Enhanced Pass-Through Finance Ltd., senior secured bond, A-2, Reg S, zero cpn., 06/02/25	PER	USD	168,605	0.82
144,375	Provincia de Tierra Del Fuego Argentina, secured note, Reg S, 8.95%, 04/17/27	ARG	USD	82,900	0.40
70,680	Province of Salta Argentina, senior secured note, Reg S, 9.50%, 03/16/22	ARG	USD	62,584	0.31
				1,567,942	7.62
QUASI-SOVEREIGN AND CORPORATE BONDS					
Highways & Railtracks					
571,967,214	Fideicomiso PA Costera, senior secured bond, B, Reg S, Index Linked, 6.25%, 01/15/34	COL	COP	151,532	0.74
Marine Ports & Services					
200,000	Autoridad del Canal de Panama, senior bond, Reg S, 4.95%, 07/29/35	PAN	USD	221,722	1.08
Other Diversified Financial Services					
350,000	Oilflow SPV 1 DAC (KRG), secured note, Reg S, 12.00%, 01/13/22	IRQ	USD	260,737	1.26
250,000	Rio Oil Finance Trust Series 2018-1, senior secured note, Reg S, 8.20%, 04/06/28	BRA	USD	230,002	1.12
				490,739	2.38
Trucking					
215,326	Lima Metro Line 2 Finance Ltd., senior secured bond, first lien, Reg S, 5.875%, 07/05/34	PER	USD	242,427	1.18
				1,106,420	5.38
SECURITIES MATURING WITHIN ONE YEAR					
300,000	JD.com Inc., senior note, 3.125%, 04/29/21	CHN	USD	302,087	1.47
700,000	Bank of Georgia JSC, senior note, Reg S, 11.00%, 06/01/20	GEO	GEL	218,650	1.06
75,000,000	Development Bank of Kazakhstan JSC, senior note, Reg S, 9.50%, 12/14/20	KAZ	KZT	167,841	0.82
				688,578	3.35
TOTAL SECURITIES MATURING WITHIN ONE YEAR					
TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET					
				19,156,683	93.12

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Emerging Market Corporate Debt Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET				
	SHARES				
	Apparel Retail				
2,465,385	K2016470219 South Africa Ltd., A **	ZAF	ZAR	0	0.00
245,340	K2016470219 South Africa Ltd., B **	ZAF	ZAR	0	0.00
	TOTAL SHARES			0	0.00
	BONDS				
	Regional Banks				
500,000	International Bank of Azerbaijan OJSC, senior note, Reg S, 5.625%, 06/11/19 ^,**	AZE	USD	413,909	2.02
	TOTAL BONDS			413,909	2.02
	TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET			413,909	2.02
	TOTAL INVESTMENTS			19,570,592	95.14

‡ Income may be received in additional securities and/or cash

^ These Bonds are currently in default

** These securities are submitted to a Fair Valuation

The accompanying notes form an integral part of these financial statements

Schedule of Investments

As of April 30, 2020

Franklin Emerging Market Debt Opportunities II Fund

(Currency — EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	WARRANTS				
	Government And Municipal Bonds				
67,000	Central Bank of Nigeria, Reg S, wts., 11/15/20	NGA	USD	703,203	0.08
	TOTAL WARRANTS			703,203	0.08
	ASSET-BACKED SECURITIES				
	Construction & Engineering				
16,300,000	Rutas 2 and 7 Finance Ltd., senior secured bond, first lien, Reg S, zero cpn., 09/30/36	PRY	USD	9,239,692	0.94
	Electric Utilities				
2,800,000	Empresa Electrica Cochrane SpA, senior secured note, Reg S, 5.50%, 05/14/27	CHL	USD	2,477,248	0.25
	Food Distributors				
10,000,000	Frigorifico Concepcion SA, senior note, Reg S, 10.25%, 01/29/25	PRY	USD	8,938,578	0.91
	Integrated Telecommunication Services				
11,300,000	Telecommunications Services of Trinidad & Tobago Ltd., senior bond, Reg S, 8.875%, 10/18/29	TTO	USD	9,165,716	0.94
	TOTAL ASSET-BACKED SECURITIES			54,245,883	5.53
	BONDS				
	Agricultural Products				
12,300,000	MHP Lux SA, senior note, Reg S, 6.95%, 04/03/26	UKR	USD	10,471,782	1.07
	Airport Services				
8,211,000	Mexico City Airport Trust, senior secured bond, Reg S, 5.50%, 07/31/47	MEX	USD	6,284,334	0.64
646,000	Mexico City Airport Trust, first lien, Reg S, 4.25%, 10/31/26	MEX	USD	535,100	0.05
				6,819,434	0.69
	Building Products				
8,950,000	St. Marys Cement Inc., senior bond, Reg S, 5.75%, 01/28/27	BRA	USD	8,297,843	0.84
	Construction & Engineering				
5,650,000	IHS Netherlands Holdco BV, senior note, Reg S, 8.00%, 09/18/27	NGA	USD	4,769,782	0.49
	Diversified Banks				
11,000,000	Fidelity Bank PLC, senior note, Reg S, 10.50%, 10/16/22	NGA	USD	9,860,088	1.01
10,200,000	Alfa Bank AO Via Alfa Bond Issuance PLC, sub. bond, Reg S, 5.95% to 04/15/25, FRN thereafter, 04/15/30	RUS	USD	8,972,034	0.91
				18,832,122	1.92
	Electric Utilities				
8,350,000	Energo-Pro AS, senior note, Reg S, 4.00%, 12/07/22	CZE	EUR	8,005,730	0.82
	Gas Utilities				
15,250,000	Southern Gas Corridor CJSC, senior note, Reg S, 6.875%, 03/24/26	AZE	USD	14,579,874	1.49
	Integrated Oil & Gas				
14,191,000	Trinidad Petroleum Holdings Ltd., senior secured note, first lien, Reg S, 9.75%, 06/15/26	TTO	USD	11,600,692	1.18
	Integrated Telecommunication Services				
37,346,000,000	Empresa de Telecomunicaciones de Bogota SA, senior note, Reg S, 7.00%, 01/17/23	COL	COP	8,267,068	0.84
2,750,000	MTN (Mauritius) Investments Ltd., senior bond, Reg S, 4.755%, 11/11/24	ZAF	USD	2,334,124	0.24
				10,601,192	1.08
	Investment Banking & Brokerage				
2,390,000,000	Development Bank of Kazakhstan JSC, senior note, Reg S, 8.95%, 05/04/23	KAZ	KZT	4,597,702	0.47
	Oil & Gas Exploration & Production				
11,750,000	Medco Oak Tree Pte. Ltd., senior note, Reg S, 7.375%, 05/14/26	IDN	USD	6,833,157	0.70
6,750,000	Medco Platinum Road Pte. Ltd., first lien, Reg S, 6.75%, 01/30/25	IDN	USD	3,850,279	0.39
				10,683,436	1.09
	Oil & Gas Refining & Marketing				
2,400,000	Citgo Holding Inc., senior secured note, Reg S, 9.25%, 08/01/24	VEN	USD	1,985,032	0.20

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Emerging Market Debt Opportunities II Fund

(Currency — EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Other Diversified Financial Services					
9,300,000	Georgia Capital JSC, senior note, Reg S, 6.125%, 03/09/24	GEO	USD	7,554,075	0.77
Precious Metals & Minerals					
12,800,000	Petra Diamonds U.S. Treasury PLC, secured note, second lien, Reg S, 7.25%, 05/01/22 ^	ZAF	USD	3,971,890	0.40
Railroads					
11,400,000	RZD Capital PLC, (Russian Railways), loan participation, senior bond, Reg S, 5.70%, 04/05/22	RUS	USD	10,956,777	1.12
8,100,000	Kazakhstan Temir Zholy Finance BV, senior bond, Reg S, 6.95%, 07/10/42	KAZ	USD	8,529,321	0.87
1,900,000	Georgian Railway LLC, senior bond, Reg S, 7.75%, 07/11/22	GEO	USD	1,708,041	0.17
				21,194,139	2.16
Real Estate Development					
9,200,000	O1 Properties Finance PLC, senior note, Reg S, 8.25%, 09/27/21 ^	RUS	USD	2,905,343	0.30
Specialty Chemicals					
10,600,000	Braskem Idesa SAPI, senior secured note, Reg S, 7.45%, 11/15/29	MEX	USD	7,321,904	0.75
Textiles					
6,750,000	Sri Rejeki Isman Tbk PT, senior note, Reg S, 7.25%, 01/16/25	IDN	USD	4,667,704	0.47
				158,859,676	16.19
TOTAL BONDS					
SUPRANATIONAL					
185,000,000,000	Inter-American Development Bank, senior note, Reg S, 8.01%, 12/11/21	SP	IDR	11,345,255	1.16
153,500,000,000	European Bank for Reconstruction and Development, senior note, 6.85%, 06/21/21	SP	IDR	9,251,614	0.94
6,750,000	Banque Ouest Africaine de Developpement, senior bond, Reg S, 4.70%, 10/22/31	SP	USD	5,581,117	0.57
5,200,000	Banque Ouest Africaine de Developpement, senior note, Reg S, 5.00%, 07/27/27	SP	USD	4,431,793	0.45
				30,609,779	3.12
TOTAL SUPRANATIONAL					
GOVERNMENT AND MUNICIPAL BONDS					
772,500,000	Government of South Africa, senior bond, 7.00%, 02/28/31	ZAF	ZAR	29,463,917	3.00
6,294,000	Government of Mexico, senior bond, M 20, 8.50%, 05/31/29	MEX	MXN	26,925,759	2.74
1,157,625,545	Government of Uruguay, senior bond, Index Linked, 3.70%, 06/26/37	URY	UYU	22,996,507	2.34
33,000,000	Government of Iraq, Reg S, 5.80%, 01/15/28	IRQ	USD	22,136,534	2.26
22,000,000	Government of Russia, senior bond, Reg S, 4.875%, 09/16/23	RUS	USD	21,934,544	2.24
23,700,000	Government of Colombia, senior bond, 2.625%, 03/15/23	COL	USD	21,251,699	2.17
21,619,000	Government of Indonesia, 1.75%, 04/24/25	IDN	EUR	20,863,611	2.13
28,500,000	Government of El Salvador, senior bond, Reg S, 7.65%, 06/15/35	SLV	USD	20,772,200	2.12
84,000,000	Government of Poland, senior bond, 2.50%, 07/25/26	POL	PLN	19,972,732	2.04
22,000,000	Government of Brazil, senior bond, 4.50%, 05/30/29	BRA	USD	19,750,808	2.01
21,000,000	Government of Belarus International Bond, senior note, Reg S, 6.875%, 02/28/23	BLR	USD	18,815,785	1.92
21,000,000	Government of Ethiopia, senior note, Reg S, 6.625%, 12/11/24	ETH	USD	16,729,470	1.71
19,000,000	Government of Turkey, 3.25%, 03/23/23	TUR	USD	16,036,333	1.64
14,000,000	Government of Paraguay, senior note, Reg S, 4.625%, 01/25/23	PRY	USD	13,064,835	1.33
14,284,470	Peru Enhanced Pass-Through Finance Ltd., senior secured bond, A-2, Reg S, zero cpn., 06/02/25	PER	USD	11,928,712	1.22
28,300,000	Angolan Government International Bond, senior note, Reg S, 8.00%, 11/26/29	AGO	USD	11,493,566	1.17
11,500,000	Government of Armenia, senior note, Reg S, 7.15%, 03/26/25	ARM	USD	11,227,566	1.14
11,800,000	Government of Jordan, senior bond, Reg S, 6.125%, 01/29/26	JOR	USD	10,639,633	1.08
13,100,000	Government of Ghana, senior bond, Reg S, 8.125%, 01/18/26	GHA	USD	9,947,547	1.01
10,200,000	Government of Jamaica, senior bond, 7.875%, 07/28/45	JAM	USD	9,867,665	1.01
31,125,000	Government of Peru, senior bond, Reg S, 6.35%, 08/12/28	PER	PEN	9,782,786	1.00
1,161,250,000	Kenya Infrastructure Bond, senior bond, 11.00%, 09/15/25	KEN	KES	9,631,027	0.98
634,150,000	Government of the Dominican Republic, senior note, Reg S, 8.90%, 02/15/23	DOM	DOP	9,455,293	0.96
60,965,000	Government of Ghana, senior note, 18.25%, 07/25/22	GHA	GHS	9,444,578	0.96
11,950,000	Government of Cameroon, senior note, Reg S, 9.50%, 11/19/25	CMR	USD	9,433,924	0.96
9,800,000	Government of Mexico, senior note, 3.75%, 01/11/28	MEX	USD	8,669,919	0.88
10,500,000	Government of Costa Rica, senior bond, Reg S, 4.25%, 01/26/23	CRI	USD	8,574,792	0.87
21,400,000	Belarus Development Bank JSC, senior note, Reg S, 12.00%, 05/15/22	BLR	BYN	8,327,979	0.85
1,480,000,000	Banque Centrale de Tunisie International Bond, senior bond, 4.20%, 03/17/31	TUN	JPY	7,418,942	0.76
524,000,000	Government of the Dominican Republic, Reg S, 9.75%, 06/05/26	DOM	DOP	7,196,401	0.73
8,000,000	Banque Centrale de Tunisie International Bond, senior note, Reg S, 6.375%, 07/15/26	TUN	EUR	6,571,520	0.67
7,400,000	Government of Honduras, senior bond, Reg S, 7.50%, 03/15/24	HND	USD	6,549,713	0.67
23,250,000,000	Bogota Distrito Capital, senior bond, Reg S, 9.75%, 07/26/28	COL	COP	5,510,255	0.56
9,800,000	Province de Neuquen, senior secured bond, Reg S, 8.625%, 05/12/28	ARG	USD	4,807,429	0.49

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Emerging Market Debt Opportunities II Fund

(Currency — EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
GOVERNMENT AND MUNICIPAL BONDS (continued)					
5,600,000	Government of Kazakhstan, senior bond, Reg S, 1.50%, 09/30/34	KAZ	EUR	4,735,461	0.48
12,300,000	Government of Suriname, senior note, Reg S, 9.25%, 10/26/26	SUR	USD	4,293,830	0.44
486,000,000	Kenya Infrastructure Bond, 12.50%, 01/10/33	KEN	KES	4,201,367	0.43
457,400,000	Kenya Infrastructure Bond, senior note, 12.50%, 05/12/25	KEN	KES	3,920,424	0.40
9,500,000	Government of Angola, senior note, Reg S, 8.25%, 05/09/28	AGO	USD	3,858,429	0.39
22,040,000	Government of Ghana, 24.75%, 07/19/21	GHA	GHS	3,772,620	0.39
624,434	Mexican Udibonos, Index Linked, 4.50%, 12/04/25	MEX	MXN	2,547,211	0.26
103,175,260	Government of Uruguay, senior bond, Index Linked, 4.375%, 12/15/28	URY	UYU	2,231,275	0.23
390,000,000	Banque Centrale de Tunisie International Bond, senior bond, 4.30%, 08/02/30	TUN	JPY	2,001,218	0.20
4,400,000	Government of Angola, senior note, Reg S, 9.50%, 11/12/25	AGO	USD	1,918,953	0.20
3,636,000	Government of Bosnia & Herzegovina, senior bond, B, Reg S, FRN, 0.438%, 12/20/21	BIH	DEM	1,779,546	0.18
2,350,000	Government of Ukraine, senior bond, Reg S, VRI, GDP Linked Security, zero cpn. to 05/30/21, FRN thereafter, 05/31/40	UKR	USD	1,595,729	0.16
5,000,000	Government of Argentina, Reg S, 5.00%, 01/15/27	ARG	EUR	1,173,600	0.12
100,000,000	Banque Centrale de Tunisie International Bond, senior bond, 3.28%, 08/09/27	TUN	JPY	610,270	0.06
35,000,000	Dominican Republic, senior note, 144A, 8.90%, 02/15/23	DOM	DOP	521,856	0.05
35,000,000	Government of the Dominican Republic, 144A, 9.75%, 06/05/26	DOM	DOP	480,676	0.05
259,160	Province of Salta Argentina, senior secured note, Reg S, 9.50%, 03/16/22	ARG	USD	209,431	0.02
TOTAL GOVERNMENT AND MUNICIPAL BONDS				507,045,877	51.68
QUASI-SOVEREIGN AND CORPORATE BONDS					
Construction & Engineering					
3,489,896	Saderea DAC, senior secured bond, Reg S, 12.50%, 11/30/26	GHA	USD	2,930,277	0.30
Highways & Railtracks					
93,120,000	Red de Carreteras de Occidente Sapib de CV, senior secured bond, Reg S, 9.00%, 06/10/28	MEX	MXN	3,498,471	0.35
13,269,639,347	Fideicomiso PA Costera, senior secured bond, B, Reg S, Index Linked, 6.25%, 01/15/34	COL	COP	3,208,495	0.33
				6,706,966	0.68
Other Diversified Financial Services					
18,375,000	Oilflow SPV 1 DAC (KRG), secured note, Reg S, 12.00%, 01/13/22	IRQ	USD	12,493,090	1.27
11,200,000	Rio Oil Finance Trust Series 2018-1, senior secured note, Reg S, 8.20%, 04/06/28	BRA	USD	9,404,136	0.96
7,003,384	IIRSA Norte Finance Ltd., secured bond, first lien, Reg S, 8.75%, 05/30/24	PER	USD	6,821,859	0.70
				28,719,085	2.93
TOTAL QUASI-SOVEREIGN AND CORPORATE BONDS				38,356,328	3.91
SECURITIES MATURING WITHIN ONE YEAR					
120,000,000	European Bank for Reconstruction & Development, senior note, 27.50%, 09/11/20	SP	TRY	16,433,769	1.68
206,500,000	Egypt Treasury Bill, 0.00%, 09/15/20	EGY	EGP	11,473,344	1.17
8,850,000	Georgian Oil and Gas Corp., senior note, Reg S, 6.75%, 04/26/21	GEO	USD	7,753,947	0.79
26,900,000	Bank of Georgia JSC, senior note, Reg S, 11.00%, 06/01/20	GEO	GEL	7,668,549	0.78
2,300,000,000	Development Bank of Kazakhstan JSC, senior note, Reg S, 9.50%, 12/14/20	KAZ	KZT	4,697,561	0.48
68,000,000,000	European Bank for Reconstruction and Development, senior note, 8.30%, 10/02/20	SP	IDR	4,133,353	0.42
1,500,000,000	International Bank for Reconstruction & Development, senior note, Reg S, 9.00%, 02/26/21	SP	KZT	3,194,221	0.33
37,000,000	Government of Egypt, 18.15%, 06/13/20	EGY	EGP	2,168,817	0.22
31,500,000	Government of Egypt, 16.40%, 09/05/20	EGY	EGP	1,858,963	0.19
44,000,000	Uruguay Notas del Tesoro, senior note, 13.90%, 07/29/20	URY	UYU	959,114	0.10
900,000	Government of Honduras, senior note, Reg S, 8.75%, 12/16/20	HND	USD	817,286	0.08
4,500,000	European Bank for Reconstruction & Development, senior note, 27.50%, 09/18/20	SP	TRY	618,545	0.06
TOTAL SECURITIES MATURING WITHIN ONE YEAR				61,777,469	6.30
TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				851,598,215	86.81

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Emerging Market Debt Opportunities II Fund

(Currency — EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET				
	BONDS				
	Regional Banks				
11,700,000	International Bank of Azerbaijan OJSC, senior note, Reg S, 5.625%, 06/11/19 [^] ,**	AZE	USD	8,839,538	0.90
	TOTAL BONDS			8,839,538	0.90
	TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET			8,839,538	0.90
	TOTAL INVESTMENTS			860,437,753	87.71

[^] These Bonds are currently in default^{**} These securities are submitted to a Fair Valuation

The accompanying notes form an integral part of these financial statements

Schedule of Investments

As of April 30, 2020

Franklin Upper Tier Floating Rate Fund*

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET				
	SHARES				
	Forest Products				
757,301	Appvion Operations Inc. **	USA	USD	14,045,014	91.47
	TOTAL SHARES			14,045,014	91.47
	TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET			14,045,014	91.47
	TOTAL INVESTMENTS			14,045,014	91.47

* This Fund was put into liquidation effective January 17, 2019

** These securities are submitted to a Fair Valuation

The accompanying notes form an integral part of these financial statements

Schedule of Investments

As of April 30, 2020

Franklin Multi-Sector Credit Income Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	INVESTMENTS FUNDS				
	Other Diversified Financial Services				
152,036	FTSIF Franklin Emerging Market Corporate Debt Fund, Class Y (acc) USD	LUX	USD	1,430,657	9.90
	TOTAL INVESTMENTS FUNDS			1,430,657	9.90
	SHARES				
	Diversified Support Services				
9,680	Remington Outdoor Co. Inc.	USA	USD	4,840	0.03
	Oil & Gas Equipment & Services				
948	Weatherford International PLC	USA	USD	4,266	0.03
	Oil & Gas Exploration & Production				
462	Birch Permian Holdings Inc.	USA	USD	2,310	0.02
	TOTAL SHARES			11,416	0.08
	ASSET-BACKED SECURITIES				
	Other Diversified Financial Services				
250,000	FHLMC Structured Agency Credit Risk Debt Notes, 2015-DNA1, M3, FRN, 3.787%, 10/25/27	USA	USD	250,385	1.73
250,000	FHLMC Structured Agency Credit Risk Debt Notes, 2017-DNA3, M2, FRN, 2.987%, 03/25/30	USA	USD	238,320	1.65
147,690	FHLMC Structured Agency Credit Risk Debt Notes, 2014-DN3, M3, FRN, 4.487%, 08/25/24	USA	USD	120,126	0.83
135,535	FHLMC Structured Agency Credit Risk Debt Notes, 2014-DN4, M3, FRN, 5.038%, 10/25/24	USA	USD	114,418	0.79
128,887	FNMA Connecticut Avenue Securities, 2014-C03, 1M2, FRN, 3.487%, 07/25/24	USA	USD	100,606	0.70
80,479	FHLMC Structured Agency Credit Risk Debt Notes, 2014-DN1, M2, FRN, 2.687%, 02/25/24	USA	USD	77,188	0.54
87,331	FNMA Connecticut Avenue Securities, 2014-C02, 1M2, FRN, 3.087%, 05/25/24	USA	USD	66,802	0.46
69,419	FNMA Connecticut Avenue Securities, 2017-C05, 1M2, FRN, 2.687%, 01/25/30	USA	USD	64,995	0.45
71,876	FNMA Connecticut Avenue Securities, 2015-C02, 1M2, FRN, 4.487%, 05/25/25	USA	USD	59,668	0.41
59,770	FNMA Connecticut Avenue Securities, 2015-C03, 1M2, FRN, 5.488%, 07/25/25	USA	USD	45,132	0.31
10,000	FNMA Connecticut Avenue Securities, 2017-C03, 2M2, FRN, 3.337%, 11/25/29	USA	USD	9,280	0.07
7,025	FHLMC Structured Agency Credit Risk Debt Notes, 2016-DNA1, M2, FRN, 3.387%, 07/25/28	USA	USD	7,006	0.05
8,888	FNMA Connecticut Avenue Securities, 2015-C03, 2M2, FRN, 5.488%, 07/25/25	USA	USD	6,919	0.05
	TOTAL ASSET-BACKED SECURITIES			1,160,845	8.04
	BONDS				
	Air Freight & Logistics				
100,000	United Parcel Service Inc., senior bond, 5.30%, 04/01/50	USA	USD	143,133	0.99
100,000	FedEx Corp., senior note, 3.80%, 05/15/25	USA	USD	106,983	0.74
				250,116	1.73
	Airport Services				
200,000	Mexico City Airport Trust, first lien, Reg S, 3.875%, 04/30/28	MEX	USD	167,420	1.16
	Apparel, Accessories & Luxury Goods				
100,000	Hanesbrands Inc., senior bond, 144A, 4.875%, 05/15/26	USA	USD	101,105	0.70
	Auto Parts & Equipment				
100,000	Allison Transmission Inc., senior note, 144A, 5.00%, 10/01/24	USA	USD	96,620	0.67
100,000	Adient Global Holdings Ltd., senior note, 144A, 3.50%, 08/15/24	USA	EUR	86,469	0.60
				183,089	1.27
	Broadcasting				
100,000	Fox Corp, senior bond, 3.50%, 04/08/30	USA	USD	107,801	0.74
100,000	Nexstar Broadcasting Inc., senior note, 144A, 5.625%, 08/01/24	USA	USD	97,770	0.68
				205,571	1.42
	Cable & Satellite				
100,000	CCO Holdings LLC/CCO Holdings Capital Corp., senior bond, 144A, 5.375%, 05/01/25	USA	USD	103,064	0.71
100,000	Charter Communications Operating LLC/Charter Communications Operating Capital, senior bond, 2.80%, 04/01/31	USA	USD	100,798	0.70
100,000	DISH DBS Corp., senior bond, 5.00%, 03/15/23	USA	USD	95,875	0.66
				299,737	2.07

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Multi-Sector Credit Income Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Casinos & Gaming					
100,000	Stars Group Holdings BV/Stars Group U.S. Co-Borrower LLC, senior note, 144A, 7.00%, 07/15/26	CAN	USD	103,265	0.72
100,000	Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., senior bond, 144A, 5.25%, 05/15/27	USA	USD	85,752	0.59
100,000	Golden Nugget Inc., senior note, 144A, 6.75%, 10/15/24	USA	USD	78,625	0.54
				267,642	1.85
Commodity Chemicals					
200,000	Alpek SAB de CV, senior note, Reg S, 4.25%, 09/18/29	MEX	USD	174,470	1.21
Communications Equipment					
100,000	CommScope Inc., senior secured note, first lien, 144A, 6.00%, 03/01/26	USA	USD	100,465	0.70
Construction Machinery & Heavy Trucks					
100,000	Navistar International Corp., senior secured note, 144A, 9.50%, 05/01/25	USA	USD	105,250	0.73
100,000	United Rentals North America Inc., senior bond, 5.875%, 09/15/26	USA	USD	103,380	0.72
100,000	H&E Equipment Services Inc., senior note, 5.625%, 09/01/25	USA	USD	95,780	0.66
				304,410	2.11
Consumer Finance					
100,000	FirstCash Inc., senior note, 144A, 5.375%, 06/01/24	USA	USD	100,980	0.70
100,000	Springleaf Finance Corp., senior note, 6.625%, 01/15/28	USA	USD	88,715	0.61
				189,695	1.31
Diversified Banks					
200,000	China Construction Bank Corp., sub. note, Reg S, 4.25% to 02/26/24, FRN thereafter, 02/27/29	CHN	USD	209,906	1.46
200,000	Akbank T.A.S., sub. bond, Reg S, 6.797% to 04/27/23, FRN thereafter, 04/27/28	TUR	USD	170,827	1.18
				380,733	2.64
Diversified Chemicals					
200,000	Braskem Netherlands Finance BV, senior bond, Reg S, 4.50%, 01/31/30	BRA	USD	162,500	1.12
Diversified Metals & Mining					
100,000	Freeport-McMoRan Inc., senior note, 4.55%, 11/14/24	USA	USD	100,645	0.70
Electric Utilities					
200,000	State Grid Overseas Investment 2016 Ltd., senior note, Reg S, 3.50%, 05/04/27	CHN	USD	218,472	1.51
200,000	EDF SA, junior sub. note, 144A, 5.25% to 01/29/23, FRN thereafter, Perpetual	FRA	USD	196,598	1.36
100,000	Exelon Corp, senior bond, 4.05%, 04/15/30	USA	USD	114,263	0.79
				529,333	3.66
Fertilizers & Agricultural Chemicals					
100,000	OCI NV, senior note, 144A, 6.625%, 04/15/23	NLD	USD	101,015	0.70
Health Care Facilities					
100,000	HCA Inc., senior note, 5.375%, 09/01/26	USA	USD	108,880	0.75
100,000	CHS/Community Health Systems Inc., senior secured note, first lien, 6.25%, 03/31/23	USA	USD	93,625	0.65
88,000	CHS/Community Health Systems Inc., senior note, 6.875%, 02/01/22	USA	USD	65,670	0.46
				268,175	1.86
Health Care Services					
100,000	DaVita Inc., senior bond, 5.125%, 07/15/24	USA	USD	102,020	0.71
100,000	MEDNAX Inc., senior note, 144A, 6.25%, 01/15/27	USA	USD	91,174	0.63
100,000	MPH Acquisition Holdings LLC, senior note, 144A, 7.125%, 06/01/24	USA	USD	89,747	0.62
				282,941	1.96
Hypermarkets & Super Centers					
200,000	Cencosud SA, senior note, Reg S, 4.375%, 07/17/27	CHL	USD	188,118	1.30
Independent Power Producers & Energy Traders					
200,000	Colbun SA, senior note, Reg S, 3.15%, 03/06/30	CHL	USD	191,750	1.33
100,000	Clearway Energy Operating LLC, senior note, 5.75%, 10/15/25	USA	USD	103,510	0.71
100,000	Talen Energy Supply LLC, senior secured note, 144A, 7.25%, 05/15/27	USA	USD	99,465	0.69
100,000	Calpine Corp., senior note, 144A, 5.125%, 03/15/28	USA	USD	98,125	0.68
				492,850	3.41

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Multi-Sector Credit Income Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Industrial Machinery					
100,000	Tennant Co., senior note, 5.625%, 05/01/25	USA	USD	100,855	0.70
100,000	Cloud Crane LLC, secured note, second lien, 144A, 10.125%, 08/01/24	USA	USD	94,820	0.65
				195,675	1.35
Integrated Oil & Gas					
100,000	Ecopetrol SA, senior bond, 4.125%, 01/16/25	COL	USD	95,900	0.66
Managed Health Care					
100,000	Centene Corp., senior note, 144A, 5.375%, 06/01/26	USA	USD	106,421	0.74
Marine Ports & Services					
200,000	ICTSI Treasury BV, senior note, Reg S, 4.625%, 01/16/23	PHL	USD	203,910	1.41
Metal & Glass Containers					
100,000	Crown Americas LLC/Crown Americas Capital Corp. VI, senior note, 4.75%, 02/01/26	USA	USD	103,460	0.72
100,000	Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer Luxembourg SA, senior secured note, first lien, 144A, 5.125%, 07/15/23	USA	USD	101,020	0.70
100,000	Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., senior note, 144A, 6.00%, 02/15/25	LUX	USD	100,712	0.70
100,000	Plastipak Holdings Inc., senior note, 144A, 6.25%, 10/15/25	USA	USD	89,905	0.62
100,000	Mauser Packaging Solutions Holding Co., senior note, 144A, 7.25%, 04/15/25	USA	USD	78,875	0.54
				473,972	3.28
Movies & Entertainment					
100,000	Netflix Inc., senior bond, 3.625%, 05/15/27	USA	EUR	114,099	0.79
Oil & Gas Equipment & Services					
27,000	Weatherford International Ltd., senior note, 144A, 11.00%, 12/01/24	USA	USD	19,879	0.14
Oil & Gas Exploration & Production					
58,000	WPX Energy Inc., senior note, 8.25%, 08/01/23	USA	USD	56,103	0.39
50,000	EOG Resources Inc., senior bond, 4.375%, 04/15/30	USA	USD	55,882	0.38
				111,985	0.77
Oil & Gas Storage & Transportation					
100,000	Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp., senior note, 6.25%, 04/01/23	USA	USD	73,520	0.51
Other Diversified Financial Services					
100,000	DAE Funding LLC, senior note, 144A, 5.00%, 08/01/24	ARE	USD	89,125	0.62
Pharmaceuticals					
100,000	Bausch Health Cos. Inc., senior bond, 144A, 6.125%, 04/15/25	USA	USD	101,583	0.70
100,000	Teva Pharmaceutical Finance Netherlands IV BV, senior note, Reg S, 0.50%, 07/28/22	ISR	CHF	96,448	0.67
				198,031	1.37
Railroads					
200,000	RZD Capital PLC, (Russian Railways), loan participation, senior bond, Reg S, 5.70%, 04/05/22	RUS	USD	210,620	1.46
Real Estate Services					
100,000	MPT Operating Partnership LP/MPT Finance Corp., senior bond, 5.00%, 10/15/27	USA	USD	102,630	0.71
100,000	Beacon Roofing Supply Inc., senior note, 144A, 4.875%, 11/01/25	USA	USD	88,895	0.62
				191,525	1.33
Specialty Chemicals					
200,000	CNAC HK Finbridge Co. Ltd., senior note, Reg S, 4.625%, 03/14/23	CHN	USD	207,326	1.43
Specialty Stores					
100,000	Party City Holdings Inc., senior note, 144A, 6.625%, 08/01/26	USA	USD	10,375	0.07
Steel					
100,000	FMG Resources (August 2006) Pty. Ltd., senior note, 144A, 5.125%, 05/15/24	AUS	USD	101,990	0.71
Technology Hardware, Storage & Peripherals					
100,000	Tempo Acquisition LLC/Tempo Acquisition Finance Corp., senior note, 144A, 6.75%, 06/01/25	USA	USD	97,625	0.68

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Multi-Sector Credit Income Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Wireless Telecommunication Services					
100,000	T-Mobile USA Inc., senior secured bond, 144A, 3.875%, 04/15/30	USA	USD	109,885	0.76
TOTAL BONDS				7,361,893	50.96
SUPRANATIONAL					
200,000	The African Export-Import Bank, senior note, Reg S, 4.125%, 06/20/24	SP	USD	196,000	1.36
200,000	Banque Ouest Africaine de Developpement, senior note, Reg S, 5.00%, 07/27/27	SP	USD	186,766	1.29
TOTAL SUPRANATIONAL				382,766	2.65
GOVERNMENT AND MUNICIPAL BONDS					
500,000	U.S. Treasury Note, 3.125%, 11/15/28	USA	USD	605,078	4.19
300,000	U.S. Treasury Note, 1.75%, 11/15/29	USA	USD	331,008	2.29
200,000	Belarus Development Bank JSC, senior note, Reg S, 6.75%, 05/02/24	BLR	USD	185,000	1.28
TOTAL GOVERNMENT AND MUNICIPAL BONDS				1,121,086	7.76
SECURITIES MATURING WITHIN ONE YEAR					
100,000	Martin Midstream Partners LP/Martin Midstream Finance Corp., senior note, 7.25%, 02/15/21	USA	USD	40,725	0.28
TOTAL SECURITIES MATURING WITHIN ONE YEAR				40,725	0.28
TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				11,509,388	79.67
TRANSFERABLE SECURITIES LISTED ON A STOCK EXCHANGE OR OTHER ORGANISED MARKETS					
SENIOR FLOATING RATE INTEREST					
Aerospace & Defense					
12,974	Dynasty Acquisition Co. Inc., Initial Term B-1 Loan, 4.95%, 04/04/26	USA	USD	11,477	0.08
6,976	Dynasty Acquisition Co. Inc., Initial Term B-2 Loan (CAD), 4.95%, 04/04/26	USA	USD	6,170	0.04
				17,647	0.12
Airlines					
101,986	Allegiant Travel Co., Class B Term Loan, 4.707%, 02/05/24	USA	USD	81,589	0.57
19,950	Westjet Airlines Ltd., Initial Term Loan, 4.00%, 12/11/26	CAN	USD	16,379	0.11
				97,968	0.68
Aluminium					
40,000	Arconic Corp., Initial Term Loans, 3.24%, 02/04/27	USA	USD	39,800	0.28
Apparel, Accessories & Luxury Goods					
19,873	Champ Acquisition Corp., Initial Term Loan, 6.572%, 12/21/25	USA	USD	17,836	0.12
Asset Management & Custody Banks					
115,125	Russell Investments U.S. Institutional Holdco Inc., Term Loan B, 3.822%, 06/01/23	USA	USD	106,030	0.73
Auto Parts & Equipment					
129,025	Adient U.S. LLC, Initial Term Loans, 5.45% - 5.742%, 05/06/24	USA	USD	117,131	0.81
58,466	TI Group Automotive Systems LLC, Initial US Term Loan, 3.25%, 06/30/22	USA	USD	54,519	0.38
19,950	Clarios Global LP (Power Solutions), Initial Dollar Term Loan, 3.904%, 04/30/26	USA	USD	18,129	0.12
				189,779	1.31
Automobile Manufacturers					
88,990	Thor Industries Inc., Initial USD Term Loans, 4.625% - 4.75%, 02/01/26	USA	USD	81,908	0.57
Automotive Retail					
53,062	Wand NewCo.3 Inc. (Caliber Collision), Initial Term Loan, 4.072%, 02/05/26	USA	USD	48,055	0.33
Broadcasting					
147,710	Sinclair Television Group Inc., Tranche B Term Loans, 2.66%, 01/03/24	USA	USD	138,570	0.96
82,049	Gray Television Inc., Term B-2 Loan, 3.243%, 02/07/24	USA	USD	78,588	0.54
7,152	Gray Television Inc., Term C Loan, 3.493%, 01/02/26	USA	USD	6,781	0.05
				223,939	1.55
Cable & Satellite					
85,336	CSC Holdings LLC, March 2017 Incremental Term Loans, 3.064%, 07/17/25	USA	USD	81,965	0.57
20,000	Charter Communications Operating LLC (CCO Safari III LLC), Term B-2 Loan, 2.16%, 02/01/27	USA	USD	19,311	0.13
				101,276	0.70

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Multi-Sector Credit Income Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Casinos & Gaming					
73,433	Aristocrat Technologies Inc., Term B-3 Loans, 2.859%, 10/19/24	USA	USD	70,006	0.48
59,847	Caesars Resort Collection LLC, Term B Loans, 3.154%, 12/22/24	USA	USD	50,595	0.35
35,759	Eldorado Resorts Inc., Initial Term Loan, 3.25%, 04/17/24	USA	USD	34,232	0.24
				154,833	1.07
Communications Equipment					
75,803	CommScope Inc., Initial Term Loans, 3.654%, 04/04/26	USA	USD	71,994	0.50
Data Processing & Outsourced Services					
95,410	WEX Inc., Term B-3 Loan, 2.654%, 05/17/26	USA	USD	90,431	0.63
Electric Utilities					
18,381	EFS Cogen Holdings I LLC (Linden), Term B Advance, 4.25% - 4.71%, 06/28/23	USA	USD	17,804	0.12
Environmental & Facilities Services					
16,743	Harsco Corp., Term Loan B-2, 2.688%, 12/10/24	USA	USD	16,324	0.11
Food Retail					
9,975	Whatabrands LLC (Whataburger), 2020 Refinancing Term Loans, 3.732%, 08/02/26	USA	USD	9,277	0.07
Health Care Facilities					
6,650	US Anesthesia Partners Inc., First Lien Term Loan, 4.00%, 06/23/24	USA	USD	5,719	0.04
Health Care Technology					
89,512	IQVIA Inc., Term B-2 Dollar Loans, 2.154%, 01/20/25	USA	USD	86,514	0.60
28,741	IQVIA Inc., Term B-3 Dollar Loans, 3.20%, 06/11/25	USA	USD	27,764	0.19
2,951	Inovalon Holdings Inc., Refinancing Date Term Loans, 3.875%, 04/02/25	USA	USD	2,869	0.02
				117,147	0.81
Industrial Machinery					
79,618	Navistar Inc., Tranche B Term Loan, 4.22%, 11/06/24	USA	USD	72,718	0.50
36,151	Altra Industrial Motion Corp., Term Loan, 2.404%, 10/01/25	USA	USD	34,389	0.24
				107,107	0.74
Insurance Brokers					
39,898	Alliant Holdings Intermediate LLC, Initial Term Loan, 3.154%, 05/10/25	USA	USD	37,492	0.26
Integrated Telecommunication Services					
38,303	Global Tel*Link Corp., First Lien Term Loan, 5.70%, 11/29/25	USA	USD	33,581	0.23
29,696	Aventiv Technologies LLC, Initial Term Loan, 5.50%, 11/01/24	USA	USD	24,945	0.18
				58,526	0.41
Internet Services & Infrastructure					
129,350	TIBCO Software Inc., Term B-3 Loans, 4.16%, 07/31/26	USA	USD	121,993	0.84
15,264	LegalZoom.com Inc., 2018 Term Loans, 4.904%, 11/21/24	USA	USD	14,233	0.10
9,974	Verscend Holding Corp., Term B Loans, 4.904%, 07/27/25	USA	USD	9,456	0.07
				145,682	1.01
Leisure Products					
9,875	Playtika Holding Corp., Term B Loans, 7.072%, 12/10/24	USA	USD	9,813	0.07
Life & Health Insurance					
19,950	AssuredPartners Inc., 2020 February Refinancing Term Loans, 3.904%, 02/13/27	USA	USD	18,783	0.13
Life Sciences Tools & Services					
54,459	Syneos Health Inc. (INC Research LLC), Initial Term B Loans, 2.154%, 08/01/24	USA	USD	53,097	0.37
Managed Health Care					
24,134	Phoenix Guarantor Inc., Tranche B-1 Term Loan, 4.079%, 03/05/26	USA	USD	22,686	0.16
Metal & Glass Containers					
20,000	Mauser Packaging Solutions Holding Co., Initial Term Loan, 5.50%, 04/03/24	USA	USD	17,350	0.12
Movies & Entertainment					
10,000	Banjay Group U.S. Holding Inc., Facility B (USD) Loan, 6.50%, 02/03/25	FRA	USD	9,275	0.07
Office Services & Supplies					
25,000	Pitney Bowes Inc., Incremental Tranche Term B Loans, 5.91%, 01/07/25	USA	USD	21,667	0.15

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Multi-Sector Credit Income Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Oil & Gas Exploration & Production					
67,277	Fieldwood Energy LLC, Closing Date Loans, 6.25%, 04/11/22 *	USA	USD	17,156	0.12
Other Diversified Financial Services					
74,803	Asurion LLC, Replacement B-6 Term Loans, 3.404%, 11/03/23	USA	USD	71,780	0.50
Packaged Foods & Meats					
95,545	JBS USA Lux SA, New Term Loans, 3.072%, 05/01/26	USA	USD	92,723	0.64
82,916	B&G Foods Inc., Tranche B-4 Term Loan, 2.904%, 10/10/26	USA	USD	80,861	0.56
				173,584	1.20
Paper Packaging					
49,874	Berry Global Inc., Term Y Loans, 2.829%, 07/01/26	USA	USD	47,821	0.33
Personal Products					
22,757	Knowlton Development Corp., Initial Term Loan, 4.154%, 12/21/25	USA	USD	20,538	0.14
Pharmaceuticals					
162,031	Grifols Worldwide Operations USA Inc., Dollar Tranche B Term Loan, 2.137%, 11/15/27	USA	USD	160,093	1.11
76,500	Valeant Pharmaceuticals International, First Incremental Term Loan, 3.468%, 11/27/25	USA	USD	73,945	0.51
49,623	Valeant Pharmaceuticals International, Initial Term Loans, 3.718%, 06/02/25	USA	USD	48,114	0.33
7,273	eResearch Technology Inc., Initial Term Loan, 5.50%, 02/04/27	USA	USD	6,899	0.05
				289,051	2.00
Real Estate Services					
30,000	Cushman & Wakefield U.S. Borrower LLC, Replacement Term Loan, 3.154%, 08/21/25	USA	USD	27,932	0.19
Security & Alarm Services					
20,000	Prime Security Services Borrower LLC, Term B-1 Facility, 4.266%, 09/12/26	USA	USD	19,154	0.13
Semiconductors					
60,425	ON Semiconductor Corp., 2019 Replacement Term B-4 Loans, 2.404%, 09/18/26	USA	USD	58,310	0.40
Specialty Stores					
29,898	Bass Pro Group LLC, Initial Term Loans, 6.072%, 09/25/24	USA	USD	25,024	0.17
9,731	Staples Inc., 2019 Refinancing Term B-1 Loans, 6.016%, 04/12/26	USA	USD	7,822	0.06
				32,846	0.23
Systems Software					
111,754	Go Daddy Operating Co. LLC, Tranche B-2 Term Loan, 2.154%, 02/15/24	USA	USD	108,727	0.75
30,000	Dcert Buyer Inc., Initial Term Loans, 4.404%, 10/16/26	USA	USD	28,475	0.20
20,000	Waystar (Navicure Inc.), Initial Term Loans, 4.404%, 10/22/26	USA	USD	18,800	0.13
7,500	Hyland Software Inc., Term Loans, 4.00%, 07/01/24	USA	USD	7,227	0.05
7,500	Surf Holdings LLC (Sophos), Dollar Tranche Term Loan, 4.814%, 03/05/27	USA	USD	6,919	0.05
				170,148	1.18
Trucking					
44,194	Avis Budget Car Rental LLC, Tranche B Term Loans, 2.66%, 08/06/27	USA	USD	30,847	0.21
TOTAL SENIOR FLOATING RATE INTEREST				2,868,412	19.86
TOTAL TRANSFERABLE SECURITIES LISTED ON A STOCK EXCHANGE OR OTHER ORGANISED MARKETS				2,868,412	19.86
TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET					
SHARES					
Diversified Support Services					
911	Remington Outdoor Co. Inc., Litigation Units**	USA	USD	0	0.00
TOTAL SHARES				0	0.00
TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET					
TOTAL INVESTMENTS				14,377,800	99.53

*These Loans are currently in default

** These securities are submitted to a Fair Valuation

The accompanying notes form an integral part of these financial statements

Additional Information - Unaudited

Securities Financing Transactions (SFTs) and Total Return Swaps (TRS)

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) but it had exposure in total return swap contracts during the period. Information on total return swaps are detailed below.

Global data

Fund	Fund currency	Gross Volume of TRS ⁽¹⁾	Total Securities Lending and TRS in % of net assets
Franklin Multi-Sector Credit Income Fund	USD	32,065	0.22

⁽¹⁾ absolute value of the unrealised gains/(losses)

Concentration data

Total return swaps, ten largest counterparties

Fund	Fund currency	Counterparty	Gross Volume of TRS ⁽¹⁾ in Fund currency
Franklin Multi-Sector Credit Income Fund	USD	Barclays	21,888
		Goldman Sachs	10,177

⁽¹⁾ absolute value of the unrealised gains/(losses)

When less than 10 counterparties are disclosed, less than 10 counterparties are available.

Aggregate transaction data

Total return swaps, maturity tenor and country of incorporation

Fund	Fund currency	Maturity	Country of incorporation of the Counterparty	Gross Volume of TRS ⁽¹⁾ in Fund currency
Franklin Multi-Sector Credit Income Fund	USD	one to three months	United Kingdom	21,888
		three months to one year	United States of America	10,177

⁽¹⁾ absolute value of the unrealised gains/(losses)

Fund engaged in total return swap contracts utilise bi-lateral settlement and clearing with their respective counterparty.

Data on reuse of collateral

There was no collateral reuse during the period ended April 30, 2020. There was no cash collateral reinvestment during the period ended April 30, 2020.

Safekeeping of collateral

There was no collateral granted and received during the period ended April 30, 2020.

Data on return

The return from total return swap contracts is accrued to the Funds.

Additional Information - Unaudited (continued)

Collateral

As at April 30, 2020, the Company hold no cash collateral related to OTC derivatives.

As at April 30, 2020, Franklin Emerging Market Debt Opportunities II Fund and Franklin Multi-Sector Credit Income Fund reports cash collateral pledge related to OTC derivatives amounted to EUR 3,787,533 and USD 60,420 respectively and these balances are included in the cash account.

Franklin Templeton Office Directory

Further information regarding Franklin Templeton Series II Funds is available from the following Franklin Templeton office:

EUROPE

Luxembourg

Franklin Templeton International Services S.à r.l.

8A, rue Albert Borschette, L-1246 Luxembourg

B.P. 169, L-2011 Luxembourg

Grand-Duchy of Luxembourg

Tel: +352 46 66 67 1

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INFORMATION FOR QUALIFIED INVESTORS IN SWITZERLAND

1. Representative

The representative in Switzerland is

Franklin Templeton Switzerland Ltd
Stockerstrasse 38
8002 Zurich
Switzerland

2. Paying Agent

The paying agent in Switzerland is

NPB Neue Privat Bank AG
Limmatquai 1 / am Bellevue
Postfach
8022 Zürich

List of Funds represented in Switzerland

- Franklin Floating Rate II Fund
- Franklin Multi-Sector Credit Income Fund
- Franklin Emerging Market Corporate Debt Fund
- Franklin Emerging Market Debt Opportunities II Fund
- Franklin Emerging Market Investment Grade Debt Fund

3. Place where the relevant documents may be obtained

The Prospectus, the Articles of Association as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

4. Payment of fees and expenses to the Paying Agent

The fees and expenses of the Paying Agent will be at normal commercial rates.

5. Place of performance and jurisdiction

In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is at the registered office of the representative.



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