

UNAUDITED SEMI-ANNUAL REPORT

FRANKLIN TEMPLETON SERIES II FUNDS

société d'investissement à capital variable

April 30, 2021



FRANKLIN
TEMPLETON

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UNAUDITED SEMI-ANNUAL REPORT

For the period ended April 30, 2021

This report shall not constitute an offer or a solicitation of an offer to buy shares of Franklin Templeton Series II Funds (hereafter referred to as "FTSIIF" or the "Company"). Subscriptions are to be made on the basis of the current prospectus, a copy of the latest available audited report and, if published thereafter, the latest unaudited semi-annual report.

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General Information

As at April 30, 2021

société d'investissement à capital variable

8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg

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

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INVESTMENT MANAGERS PER FUND:

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 Multi-Sector Credit Income Fund:
Franklin Advisers, Inc.

Report of the Investment Managers

Franklin Templeton Emerging Market Opportunities II Fund

Market Overview

In the United States, the Democratic Party's candidate Joe Biden unseated incumbent president Donald Trump in November. Biden's fellow Democrats took control of the US Congress and, by early March, had signed a US\$1.9 trillion stimulus into law, with more large-scale spending likely to follow. The Federal Reserve (Fed) raised its growth forecast for US GDP (gross domestic product) to 6.5% for 2021, with 2.4% inflation expected for the year.

The rollout of several coronavirus vaccines was a significant milestone in the six months under review. But while the number of coronavirus deaths fell in most developed nations, the outlook for many emerging markets remained weak. Countries like Brazil, Mexico and India, for example, saw coronavirus fatality numbers spike in early 2021, which put a brake on their economic prospects.

Oil prices rose more than 75% in the six months under review, to US\$66.76 at the end of April 2021. Projections for world energy demand rose, but OPEC+ (the Organization of the Petroleum Exporting Countries and its allies, mainly Russia) increased its quotas only piecemeal.

- Emerging market (EM) hard-currency government bonds returned 2.01% in the six months to 30 April 2021, as per the JPMorgan EM Bond Index Global Diversified B-/B3 and higher, hedged into euros. Benchmark 10-year US Treasury yields rose 77 basis points (bps) during the review period, to 1.65% by the end of April 2021. Spreads on EM government bonds narrowed much less than that over the same timeframe.
- EM hard-currency corporate bonds returned 2.11% over the review period, as per the ICE BofAML Emerging Market Corporate Plus Index, hedged into euros. Despite their shorter duration, EM corporate bonds' risk spreads over US Treasuries narrowed significantly more than those on EM government bonds.
- EM local-currency sovereign debt returned 0.79% during the six months under review, as per the JP Morgan GBI-EM Broad Diversified index, in euros. EM local-currency yields rose 49 bps during that time, but most EM currencies strengthened, relative to the euro, and many of these bonds have high coupons.

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 2021, the fund returned 4.47% (1 [Ydis] shares in euros), compared with a 2.01% return for the JPMorgan EM Bond Index Global Diversified B-/B3 and higher, hedged into euros, and a return of 0.79% for the JP Morgan GBI-EM Broad Diversified Index, also in euros.

Main contributors

1. Overweight allocation to Angolan US-dollar bonds

Angolan bonds traded at around 40% of par in April 2020, as some investors appeared to assume that the country's government was near default. Shortly thereafter, however, the G20's DSSI (Debt Service Suspension Initiative) offered short-term debt servicing relief and the country's debt to Chinese banks was renegotiated. During the six months under review, Angola benefited from rising oil prices, stayed on track with its IMF programme, and continued its reforms, including some initial privatisations. As a result, bond prices rebounded.

2. Overweight allocation to Iraqi US-dollar bonds

Iraqi bonds also benefited from rising oil prices, despite the country's intensifying economic crisis in the final months of 2020. By the end of March 2021, the Iraqi parliament passed the government's 2021 budget, which included major fiscal reforms. The budget conservatively assumed a US\$42-per-barrel oil price and exports of 3.25 million barrels of oil per day. A budget agreement between the central government and the Kurdish Regional Government (KRG) of Iraq should also, it was hoped, help ease regional tensions.

Main detractors

1. Underweight allocation to Omani US-dollar bonds

Oil and gas sales make up over a third of Oman's GDP (gross domestic product) and around 75% of its government's revenues. As energy prices fell in early 2020, the Omani government's budget was one of the worst hit. To finance its rising budget deficit, however, the government successfully tapped international markets in October and November. This supported prices for its bonds, and rising oil prices boosted the bonds for the remainder of the period under review.

2. Underweight allocation to Ecuadorian US-dollar bonds

Prices for Ecuadorian bonds fell in the run-up to the country's presidential election, which started with a first round in February. Incumbent president Lenin Moreno was standing down at this election, and many investors feared that left-wing candidate Andrés Arauz, a supporter of former president Rafael Correa, would replace him. But prices for Ecuadorian bonds spiked after former banker and right-wing candidate Guillermo Lasso won the second round of the election in April. In addition, oil is Ecuador's main export product, so higher oil prices in the six months under review also boosted the country's current account balance and its government finances.

Franklin Templeton Emerging Market Investment Grade Debt Fund

Market overview

In the United States, the Democratic Party's candidate Joe Biden unseated incumbent president Donald Trump in November. Biden's fellow Democrats took control of the US Congress and, by early March, had signed a US\$1.9 trillion stimulus into law, with more large-scale spending likely to follow. The Federal Reserve (Fed) raised its growth forecast for US GDP (gross domestic product) to 6.5% for 2021, with 2.4% inflation expected for the year.

The rollout of several coronavirus vaccines was a significant milestone in the six months under review. But while the number of coronavirus deaths fell in most developed nations, the outlook for many emerging markets remained weak. Countries like Brazil, Mexico and India, for example, saw coronavirus fatality numbers spike in early 2021, which put a brake on their economic prospects.

Oil prices rose more than 75% in the six months under review, to US\$66.76 at the end of April 2021. Projections for world energy demand rose, but OPEC+ (the Organization of the Petroleum Exporting Countries and its allies, mainly Russia) increased its quotas only piecemeal.

- Emerging market (EM) hard-currency investment-grade (IG) government debt registered a loss of 1.73% 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 rose 77 basis points (bps) during the review period, to 1.65% by the end of April 2021. Over that same timeframe, EM hard-currency IG risk spreads narrowed only 32 bps, on a yield-to-worst basis.
- EM hard-currency IG corporate bonds returned 0.29% 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 narrowed significantly more than those on EM IG government bonds.
- EM local-currency IG sovereign debt returned 2.98% over the review period, as per the JP Morgan GBI-EM Global Diversified—Investment Grade, in US dollars. EM local-currency IG yields rose 41 bps during the six months under review, but most EM currencies strengthened during that time, relative to the US dollar.

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 advanced 0.60% (1 [acc] shares in US dollars), net of fees, for the six-month period ending 30 April 2021.

Main contributors

1. Short-dated selection among Peruvian US-dollar bonds

With an average life to maturity of more than 21 years, Peruvian bonds are the longest-dated segment of the hard-currency index. The Peruvian hard-currency holdings that we selected for the fund, however, have a significantly shorter duration, of nearer 15 years. US-dollar yields rose substantially during the six months under review, so the fund's Peruvian holdings outperformed those in the benchmark.

2. Overweight allocation to the stronger Mexican peso

An economic revival in the US, President Biden's activist fiscal policy and rising oil prices boosted the value of the peso in the six months under review. In addition, Mexico's inflation rate rose sharply in early 2021, which made a near-term rate hike by the country's central bank more likely.

Main detractors

1. Overweight allocation to Mexican local-currency bonds

Mexican bonds have a longer-than-average life to maturity than the local-currency index, so this segment suffered disproportionately from the significant rise in yields during the six months under review. Prices for these bonds fell because of the strong rise in US rates, and despite Banxico's rate cut in early February. In addition, Mexico's inflation rate rose significantly in early 2021. This led to a repositioning among investors, who had previously expected Mexico's central bank to maintain or even cut interest rates over the medium term.

2. Long-dated selection among Kazakhstani US-dollar bonds

The fund's Kazakhstani US-dollar holdings consist of particularly long-dated bonds, due 2042 and 2044. Despite a favourite move in oil prices, the prices of these long-duration assets trailed the rest of the broader Kazakhstani market, which is generally shorter-dated.

Franklin Multi-Sector Credit Income Fund

Market Overview

Following the US presidential election in 2020, market sentiment improved in November on apparent optimism over promising vaccine trials and prospects for a potential global economic recovery in 2021. Risk assets broadly rallied in November, as well as in December, as initial vaccine distributions commenced. Credit markets ended 2020 with generally positive returns. As financial markets settled into the new year, concerns surrounding potential inflationary pressures have resurfaced amidst a stronger-than-expected US economic recovery and surging longer-term US treasury (UST) yields. Investors have consequently begun to more closely assess the implications of unprecedented fiscal stimulus, an accommodative US Federal Reserve (Fed) and an economy poised to rebound as vaccination campaigns pave the way for reopening businesses.

During the six-month period under review, the Fed kept the fed funds rate at the zero-lower-bound. At its April 2021 meeting, the Fed made no major policy changes and maintained US\$120 billion of asset purchases per month. In the press release attached to the meeting, the Fed chose to eliminate the word “considerable” when discussing the risks that the pandemic has to the economic outlook leaving the phrasing at “risks to the economic outlook remain.” At his press conference following the meeting, Fed Chair Powell stated, “vaccinations, along with unprecedented fiscal policy actions” had improved economic activity and employment, with household spending on goods rising “robustly” and a housing market that had fully recovered from the economic shutdowns. Although we have seen increases in employment, including strong gains in leisure and hospitality jobs, Chair Powell cautioned that we had not yet returned to pre-COVID employment levels.

The post meeting press release also changed the statement on inflation from “inflation continues to run below 2 percent” in favour of “inflation has risen, largely reflecting transitory factors.” The Fed has repeatedly stated that it would look past any base effects that may impact reported levels of inflation before determining that moderate inflation would persist. Chair Powell also stated that current bottlenecks in supply chains may add to near-term increases in prices, but this too would likely be short lived. When reviewing under what circumstances the Fed would begin to consider either raising interest rates or reducing asset purchases, Chair Powell stated, “we’re a long way from our goals...we don’t have to get all the way to our goals to taper asset purchases, we need to make substantial further progress and it’s going to take some time.” When asked about asset prices, Chair Powell said we are seeing things in capital markets that are a “bit frothy,” but “leverage in the financial system is not a problem.”

As the global recovery gets underway, it also promises to become increasingly uneven across regions and countries—with important investment implications. The likely divergence between the United States and Europe stands out as especially significant. US President Joe Biden’s administration has outlined another US\$2 to US\$4 trillion in spending packages, coming on the heels of the US\$1.9 trillion stimulus approved last month—which in turn followed about US\$3 trillion in 2020. This represents an extraordinary amount of stimulus for an economy already set to roar back, compounded by an extremely loose monetary policy. We believe the US stimulus might well have a bigger impact on inflation than the Fed hopes for, but there is no doubt that it will give a strong short-term boost to growth.

Investment Strategy

Bank Loans

The pause in loan spread compression that was observed in March of 2021 has persisted into April amidst investor discipline and more balanced supply and demand. Overall, market conditions have been steady and price and spread levels have not changed much as investors alternate between primary and secondary markets. Earnings are beginning to trickle in as expected and we expect positive market sentiment to remain. Discounted paper continues to find interest, and investors are working harder to identify potential investments as that universe continues to shrink. Despite a pullback in the UST market, improving economic fundamentals and prospect of additional stimulus remain supportive of higher interest rate and inflation expectations, in our view. We also expect supportive technical conditions such as healthy collateralised loan obligation (CLO) formation to persist. In short, our view has not changed in that below investment-grade credit asset classes should continue to outperform in an environment of rising interest rates, and that loans are well positioned as economic recovery further accelerates.

In terms of positioning, we are selectively adding exposure to what we believe to be attractive credits and industries that should be poised to benefit from a COVID-19—or broader—economic recovery. As stated previously, we believe the expectation of rising inflation and interest rates over the medium term are providing tailwinds to bank loans whilst making an increasingly compelling case for investors to add to the sector, as evidenced by persistent inflows into the asset class. In our view, security selection with a focus on the right capital structures, liquidity profiles and sustainability of business models remains of paramount importance, especially in a post COVID-19 world.

High Yield

After a sharp rise in February and March of 2021, UST yields stabilised and declined slightly in April. Whilst CCC rated credits continued to outperform, that outperformance was moderate and all rating buckets returned within 20 basis points of the overall index. Against the backdrop of government stimulus and a continued economic upswing, we expect high-yield (HY) issuance to remain healthy alongside a generally declining default rate. As the US economy continues to re-open and recover from pandemic-related challenges, we maintain our view that improving credit fundamentals could enable HY spreads to tighten further, which could help alleviate the impact of rising interest rates on HY asset total returns.

In terms of our portfolio positioning, our focus has been on prudent security selection, rather than targetting specific industries or credit tiers. We do, however, have a general aversion to securities with longer-term secular challenges. Amidst significant progress in vaccine uptake, additional government stimulus on the horizon and a thus-far accommodative central bank stance, we believe the HY sector stands to benefit from current tailwinds. Longer term, we remain constructive on HY corporate bonds. As valuations are uplifted across the board amidst government stimulus, we maintain our stance that prudent security selection and vigorous credit differentiation remain crucial components of value generation.

Manager's Discussion

During the six-month period ended 30 April 2021, the fund returned 5.61% (I [acc]) on a net basis. Over the period, our exposure to bank loans was the largest relative performance detractor. Conversely, our exposure to investment-grade corporate credit contributed to results. Our allocation to HY corporate bonds also benefitted performance, whilst our security selection in the sector hindered results. Our allocation to hard currency sovereign emerging market (EM) and sovereign developed market debt contributed to performance, whilst our security selection in the sectors detracted from results. Our allocation to non-US dollar denominated developed market debt also hindered performance, whilst our allocation to local currency sovereign EM debt benefitted results. Our allocation to residential mortgage-backed securities contributed to performance. Our US yield-curve positioning hindered results, whilst our non-US yield curve positioning contributed to performance. Our foreign currency exposure detracted from results, led primarily by our underweight euro positioning.

THE INVESTMENT MANAGERS

May 2021

Fund Performance

Percentage change to April 30, 2021

	Share Class	Launch Date	6 Months %	1 Year %	3 Years %	5 Years %	Since Launch %
Franklin Emerging Market Debt Opportunities II Fund	I (Ydis) EUR	30 Nov 12	4.47	16.15	6.39	20.05	29.85
Franklin Emerging Market Investment Grade Debt Fund	I (acc) EUR	24 Feb 12	(2.55)	0.48	13.06	19.59	49.02
Franklin Emerging Market Investment Grade Debt Fund	I (acc) EUR-H1 (hedged)	24 Feb 12	(0.09)	8.53	4.56	11.74	17.10
Franklin Emerging Market Investment Grade Debt Fund	I (acc) USD	24 Feb 12	0.60	10.18	12.51	25.45	33.11
Franklin Emerging Market Investment Grade Debt Fund	Y (Mdis) USD	12 Jan 18	0.99	11.13	15.15	–	13.49
Franklin Multi-Sector Credit Income Fund	I (acc) AUD-H1 (hedged)	02 Oct 15	4.97	14.49	11.42	25.41	28.80
Franklin Multi-Sector Credit Income Fund	I (acc) CHF-H1 (hedged)	02 Oct 15	4.93	14.20	6.58	13.30	15.00
Franklin Multi-Sector Credit Income Fund	I (acc) EUR-H1 (hedged)	02 Oct 15	4.91	14.29	7.79	15.29	17.60
Franklin Multi-Sector Credit Income Fund	I (acc) GBP-H1 (hedged)	02 Oct 15	5.13	15.06	9.82	20.12	23.00
Franklin Multi-Sector Credit Income Fund	I (acc) USD	02 Oct 15	5.61	15.92	15.41	28.71	31.80
Franklin Multi-Sector Credit Income Fund	I (Qdis) EUR-H1 (hedged)	02 Oct 15	4.94	14.33	7.67	15.17	17.54
Franklin Multi-Sector Credit Income Fund	I (Ydis) EUR	02 Oct 15	2.35	5.77	15.86	22.41	22.64
Franklin Multi-Sector Credit Income Fund	I (Ydis) EUR-H1 (hedged)	02 Oct 15	5.08	14.42	7.99	15.47	17.78
Franklin Multi-Sector Credit Income Fund	I (Ydis) GBP-H1 (hedged)	02 Oct 15	5.09	15.10	9.88	20.35	23.23
Franklin Multi-Sector Credit Income Fund	I (Ydis) USD	02 Oct 15	5.70	16.07	15.36	28.49	31.44

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 and JPMorgan

Statement of Net Assets

As at April 30, 2021

	Total	Franklin Emerging Market Debt Opportunities II Fund	Franklin Emerging Market Investment Grade Debt Fund
	(USD)	(EUR)	(USD)
ASSETS			
Investments in securities at market value (note 2(b))	1,389,212,374	1,088,049,378	43,766,918
Cash at bank and at brokers	52,357,301	38,678,036	1,043,507
Amounts receivable on sale of investments	1,683,966	–	–
Interest and dividends receivable, net	24,253,469	19,492,465	631,098
Unrealised profit on forward foreign exchange contracts (notes 2(c), 4)	6,756,634	5,547,648	1,284
Unrealised profit on financial future contracts (notes 2(d), 5)	20,106	–	–
Unrealised profit on total return swap contracts (notes 2(e), 8)	1,115	–	–
Unrealised profit on Unfunded loan commitments (note 11)	506	–	–
Credit default swap contracts at market value (notes 2(f), 7)	10,474	–	–
Other receivables	443,207	324,527	4,931
TOTAL ASSETS	1,474,739,152	1,152,092,054	45,447,738
LIABILITIES			
Amounts payable on purchases of investments	71,534	–	–
Investment management fees payable (note 9)	836,328	668,784	70
Unrealised loss on forward foreign exchange contracts (notes 2(c), 4)	571,383	473,472	–
Unrealised loss on cross currency swap contracts (notes 2(g), 6)	8,056	–	–
Credit default swap contracts at market value (notes 2(f), 7)	9,113	–	–
Taxes and expenses payable	1,490,942	999,503	34,143
TOTAL LIABILITIES	2,987,356	2,141,759	34,213
TOTAL NET ASSETS	1,471,751,796	1,149,950,295	45,413,525
THREE YEAR ASSET SUMMARY			
October 31, 2020	1,347,591,234	1,091,235,850	27,733,352
October 31, 2019	1,293,686,591	881,086,941	39,092,495
October 31, 2018	2,934,982,646	788,614,963	36,682,976

¹This Fund was put into liquidation effective August 11, 2020²This Fund was put into liquidation effective January 17, 2019

Statement of Net Assets

As at April 30, 2021

Franklin Floating Rate II Fund ¹	Franklin Multi- Sector Credit Income Fund	Franklin Upper Tier Floating Rate Fund ²
(USD)	(USD)	(USD)
7,511,424	13,156,658	16,554,002
771,596	2,425,291	1,612,113
286,648	1,397,318	–
69,130	116,347	–
17,820	31,042	36,237
–	20,106	–
–	1,115	–
–	506	–
–	10,474	–
43,948	4,132	–
8,700,566	17,162,989	18,202,352
–	71,534	–
32,141	–	–
4	2,097	–
–	8,056	–
–	9,113	–
143,740	32,624	78,676
175,885	123,424	78,676
8,524,681	17,039,565	18,123,676
20,164,366	16,022,488	12,817,788
212,186,294	15,863,595	19,412,435
730,357,536	26,134,218	1,231,068,539

Statement of Operations and Changes in Net Assets

For the period ended April 30, 2021

	Total	Franklin Emerging Market Debt Opportunities II Fund	Franklin Emerging Market Investment Grade Debt Fund
	(USD)	(EUR)	(USD)
NET ASSETS AT THE BEGINNING OF THE PERIOD	1,347,591,234	1,091,235,850	27,733,352
Currency translation adjustment	41,201,408	–	–
	1,388,792,642	1,091,235,850	27,733,352
INCOME			
Dividends (net of withholding taxes) (note 2(i))	2,228	–	–
Interest on bonds (net of withholding taxes) (note 2(ii))	37,734,463	30,160,400	923,006
Bank interest	6,985	4,315	144
Net interest income on swaps	14,788	–	–
Sundry income	206,363	171,216	–
TOTAL INCOME	37,964,827	30,335,931	923,150
EXPENSES			
Investment management fees (note 9)	4,792,604	3,944,069	430
Administration and transfer agency fees	1,159,036	931,142	116
Subscription tax (note 12)	71,269	56,323	2,410
Custodian fees	248,153	179,340	15,780
Audit fees	14,882	3,872	4,577
Printing and publishing expenses	15,271	12,153	394
Bank charges	93,646	77,885	–
Net interest expenses on swaps	4,756	–	–
Maintenance and service charges (note 13)	9,517	–	–
Other charges	109,036	69,893	12,878
TOTAL EXPENSES	6,518,170	5,274,677	36,585
Expenses reimbursement (note 15)	(182,536)	(127,192)	(26)
NET EXPENSES	6,335,634	5,147,485	36,559
NET PROFIT/(LOSS) FROM INVESTMENTS	31,629,193	25,188,446	886,591
Net realised profit/(loss) on sale of investments (note 14)	(42,074,991)	(20,492,918)	286,567
Net realised profit/(loss) on forward foreign exchange contracts	6,086,902	4,971,700	692
Net realised profit/(loss) on financial future contracts	36,451	–	–
Net realised profit/(loss) on total return swap contracts	1,262	–	–
Net realised profit/(loss) on credit default swap contracts	3,147	–	–
Net realised profit/(loss) on foreign exchange transactions	163,217	170,901	1,060
NET REALISED PROFIT/(LOSS) FOR THE PERIOD	(4,154,819)	9,838,129	1,174,910
Change in net unrealised appreciation/(depreciation) on:			
Investments (note 14)	52,627,230	25,875,449	(1,096,292)
Forward foreign exchange contracts	16,639,942	13,693,944	2,344
Financial future contracts	20,106	–	–
Cross currency swap contracts	(7,235)	–	–
Total return swap contracts	3,122	–	–
Credit default swap contracts	45,643	–	–
Foreign exchange transactions	(83,501)	(65,371)	(4,883)
Capital gains tax	(156,552)	(133,609)	4,094
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	64,933,936	49,208,542	80,173
MOVEMENT OF CAPITAL			
Issue of shares	127,180,941	90,289,739	18,512,518
Redemption of shares	(29,752,060)	(15,443,490)	(52,959)
Equalisation (note 18)	59,987	4,651	–
	97,488,868	74,850,900	18,459,559
Dividends paid/accumulated	(79,463,650)	(65,344,997)	(859,559)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	18,025,218	9,505,903	17,600,000
NET ASSETS AT THE END OF THE PERIOD	1,471,751,796	1,149,950,295	45,413,525
Portfolio Turnover Ratio (note 19)		48.58%	74.44%

¹This Fund was put into liquidation effective August 11, 2020²This Fund was put into liquidation effective January 17, 2019

Statement of Operations and Changes in Net Assets

For the period ended April 30, 2021

Franklin Floating Rate II Fund ¹	Franklin Multi- Sector Credit Income Fund	Franklin Upper Tier Floating Rate Fund ²
(USD)	(USD)	(USD)
20,164,366	16,022,488	12,817,788
-	-	-
20,164,366	16,022,488	12,817,788
-	2,228	-
173,024	374,877	-
1,059	38	556
-	14,788	-
-	500	-
174,083	392,431	556
-	49,997	-
15,410	10,952	12,994
-	727	412
-	16,742	-
-	5,649	-
27	206	32
-	-	-
-	4,756	-
9,517	-	-
-	12,122	-
24,954	101,151	13,438
-	(29,580)	-
24,954	71,571	13,438
149,129	320,860	(12,882)
(17,416,851)	(304,911)	-
40,186	115,234	(46,968)
-	36,451	-
-	1,262	-
-	3,147	-
649	(37,643)	(6,333)
(17,226,887)	134,400	(66,183)
16,513,190	784,913	5,313,902
41,784	72,329	58,482
-	20,106	-
-	(7,235)	-
-	3,122	-
-	45,643	-
81	(100)	-
-	-	-
(671,832)	1,053,178	5,306,201
107,958	-	-
(11,130,206)	-	(313)
54,395	-	-
(10,967,853)	-	(313)
-	(36,101)	-
(10,967,853)	(36,101)	(313)
8,524,681	17,039,565	18,123,676
N/A	137.62%	N/A

Statistical Information

For the period ended April 30, 2021

	Total Expense Ratio April 30, 2021 (See note 22)	Shares Outstanding as at April 30, 2021	Net Asset Value per share as at April 30, 2021	Net Asset Value per share as at October 31, 2020	Net Asset Value per share as at October 31, 2019
Franklin Emerging Market Debt Opportunities II Fund - EUR					
I (Ydis) EUR	0.90%	147,176,607.651	7.81	7.95	8.71
X (Ydis) EUR ^Ω	—	—	—	9.13	9.99
Y (acc) AUD-H1 (hedged) ^Ω	—	—	—	10.14	10.26
Y (acc) USD-H1 (hedged) ^Ω	—	—	—	10.41	10.33
Franklin Emerging Market Investment Grade Debt Fund - USD					
I (acc) EUR	0.95%	743.080	14.90	15.29	15.39
I (acc) EUR-H1 (hedged)	0.95%	7,865.896	11.71	11.72	11.57
I (acc) USD	0.95%	500.029	13.31	13.23	12.75
Y (Mdis) USD	0.16%	4,669,212.283	9.70	9.80	9.83
Franklin Floating Rate II Fund – USD¹					
A (acc) EUR-H1 (hedged)	0.55%	23,296.035	7.28	7.56	8.99
A (acc) USD	0.55%	205,539.832	11.29	11.64	13.59
A (Mdis) USD	0.55%	190,081.512	6.11	6.30	7.80
I (acc) EUR-H1 (hedged)	0.18%	30,237.104	7.55	7.83	9.27
I (acc) GBP-H1 (hedged)	0.18%	1,611.225	8.18	8.45	9.96
I (acc) USD	0.18%	87,062.665	11.79	12.13	14.10
I (Mdis) USD	0.18%	197,763.386	6.37	6.55	8.02
I (Qdis) EUR-H1 (hedged)	0.18%	20,611.622	6.13	6.35	8.04
I (Ydis) CHF-H1 (hedged)	0.18%	1,608.907	6.65	6.90	8.78
I (Ydis) EUR-H1 (hedged)	0.13%	1,354.380	6.85	7.09	8.98
I (Ydis) USD	0.00%	73.237	7.54	7.75	9.64
W (acc) EUR-H1 (hedged)	0.18%	35,630.342	8.49	8.79	10.44
W (acc) USD	0.18%	101,883.137	9.93	10.22	11.89
W (Qdis) USD	0.18%	98,808.882	7.16	7.37	9.13
Y (Mdis) USD	0.00%	92.007	7.42	7.62	9.28
Franklin Multi-Sector Credit Income Fund - USD					
I (acc) AUD-H1 (hedged)	0.80%	70,997.515	12.88	12.27	12.19
I (acc) CHF-H1 (hedged)	0.80%	48,617.500	11.50	10.96	10.91
I (acc) EUR-H1 (hedged)	0.80%	44,593.090	11.76	11.21	11.13
I (acc) GBP-H1 (hedged)	0.80%	32,931.570	12.30	11.70	11.60
I (acc) USD	0.80%	995,224.524	13.18	12.48	12.14
I (Qdis) EUR-H1 (hedged)	0.80%	44,593.090	9.01	8.74	9.00
I (Ydis) EUR	0.80%	445.931	9.50	9.59	10.35
I (Ydis) EUR-H1 (hedged)	0.80%	44,593.090	9.10	8.94	9.45
I (Ydis) GBP-H1 (hedged)	0.80%	32,931.570	9.47	9.31	9.80
I (Ydis) USD	0.80%	500.000	10.19	9.96	10.30
Franklin Upper Tier Floating Rate Fund – USD²					
I (acc) USD SP	0.18%	925.023	16.58	11.73	10.59
I (Qdis) CHF-H1 (hedged) SP	0.19%	256,127.944	12.77	9.09	8.40
I (Qdis) EUR-H1 (hedged) SP	0.19%	25,557.941	13.24	9.42	8.66
I (Qdis) USD SP	0.19%	951,975.450	14.77	10.45	9.43
Y (Qdis) USD SP	0.01%	3,554.593	15.73	11.12	10.02

^ΩThis share class was closed on April 21, 2021¹This Fund was put into liquidation effective August 11, 2020²This Fund was put into liquidation effective January 17, 2019

Notes to Financial Statements

At April 30, 2021

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 3 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.

Fund changes

On April 21, 2021, the following share classes closed

- Franklin Emerging Market Debt Opportunities II Fund X (Ydis) EUR
- Franklin Emerging Market Debt Opportunities II Fund Y (acc) AUD-H1 (hedged)
- Franklin Emerging Market Debt Opportunities II Fund Y (acc) USD-H1 (hedged)

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 under the going concern basis of accounting with the exception of the Franklin Floating Rate II Fund and the Franklin Upper Tier Floating Rate Fund which are both in liquidation and hence their financial statements have been prepared on a non-going concern basis.

(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.

Note 2 - Significant accounting policies (continued)

(b) Investment in securities (continued)

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) 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".

(e) 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.

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 fulfil its obligations under the agreement.

(f) 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.

Note 2 - Significant accounting policies (continued)**(f) Credit default swap contracts** (continued)

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 unfavourable 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”.

(g) 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.

(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, 2021 are as follows:

AUD	1.2979
CHF	0.9132
EUR	0.8317
GBP	0.7241
JPY	109.2850

The list of the currency abbreviations is available in note 24.

(i) Income

Interest income is accrued on a daily basis.

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

(j) Charges and expenses

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

(k) Formation expenses

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

Note 2 - Significant accounting policies (continued)

(l) 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.

(m) 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. The currency translation adjustment presented on the "Statement of Operations and Changes in Net Assets" is 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 period and current accounting period-end reporting.

(n) 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 Managers 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 swing pricing mechanism which is applied when the total capital activity (aggregate of inflows and outflows) at a Fund level exceeds a pre-determined threshold, as determined as a percentage of the net assets of that Fund for the Valuation Day. Funds can operate a full swing pricing mechanism where the threshold is set to zero or a partial swing pricing mechanism where the threshold is greater than zero.

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. Swing pricing does not address the specific circumstances of each individual investor transaction.

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 size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying investments and the valuation method adopted to calculate the value of such underlying investments of the Fund.

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 under normal market conditions 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 Management Company mandates authority to the Swing Pricing Oversight Committee to implement and on a periodic basis review, the operational decisions associated with swing pricing. This committee is responsible for decisions relating to swing pricing and the ongoing approval of swing factors which form the basis of pre-determined standing instructions.

Note 2 - Significant accounting policies (continued)**(n) Swing pricing** (continued)

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

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, 2021, swing pricing adjustments affected the net asset value per share of the following Funds:

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

Note 3 - Time deposits ("TDs")

As at April 30, 2021, the Company held no time deposits.

Note 4 - Forward foreign exchange contracts

As at April 30, 2021, the Company had entered into the following outstanding contracts:

Franklin Emerging Market Debt Opportunities II Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for efficient portfolio management:					
EUR	10,235,383	JPY	1,322,000,000	15-Jun-21	179,367
EUR	762,498,662	USD	911,100,000	15-Jun-21	5,367,886
USD	46,800,000	EUR	39,363,861	15-Jun-21	(472,718)
					<u>5,074,535</u>
Forward foreign exchange contracts used for share class hedging:					
AUD	148,582	EUR	94,900	17-May-21	291
EUR	95,295	AUD	148,582	17-May-21	104
EUR	88,407	USD	106,444	17-May-21	(103)
USD	106,444	EUR	89,161	17-May-21	(651)
					<u>(359)</u>
					<u>5,074,176</u>

The above contracts were opened with the below counterparties:

Bank of America	(35)
Barclays	1,125,734
BNP Paribas	10
Citibank	902,572
Deutsche Bank	1,041,190
Goldman Sachs	8
HSBC	29
J.P. Morgan	(6)
Morgan Stanley	1,018,802
RBC	986,119
UBS	(247)
	<u>5,074,176</u>

Note 4 - Forward foreign exchange contracts (continued)

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	89,703	USD	106,579	10-May-21	1,284
					1,284

The above contracts were opened with the below counterparties:

Barclays					38
Citibank					25
Goldman Sachs					26
HSBC					1,125
J.P. Morgan					45
Toronto-Dominion					25
					1,284

Franklin Floating Rate II Fund*

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
CHF	15,122	USD	16,322	10-May-21	239
EUR	1,144,817	USD	1,361,299	10-May-21	15,280
GBP	19,151	USD	26,373	10-May-21	76
USD	5,524	CHF	5,048	10-May-21	(4)
USD	410,230	EUR	339,362	10-May-21	2,166
USD	8,472	GBP	6,091	10-May-21	59
					17,816

The above contracts were opened with the below counterparties:

Bank of America					3,391
Barclays					2,259
BNP Paribas					4
Citibank					2,303
Credit Suisse					1,510
Goldman Sachs					1,293
HSBC					2,026
J.P. Morgan					2,720
Morgan Stanley					2,302
UBS					8
					17,816

*This Fund was put into liquidation effective August 11, 2020

Franklin Multi-Sector Credit Income Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for efficient portfolio management:					
USD	91,076	CHF	85,000	14-Jun-21	(2,097)
					(2,097)
Forward foreign exchange contracts used for share class hedging:					
AUD	877,905	USD	668,499	17-May-21	7,904
CHF	538,619	USD	584,403	17-May-21	5,587
EUR	1,287,264	USD	1,536,104	17-May-21	11,976
GBP	689,303	USD	946,467	17-May-21	5,575
					31,042
					28,945

Note 4 - Forward foreign exchange contracts (continued)**Franklin Multi-Sector Credit Income Fund** (continued)

	Unrealised profit/(loss) USD
The above contracts were opened with the below counterparties:	
Bank of America	3,174
Barclays	1,861
BNP Paribas	735
Citibank	1,722
Deutsche Bank	199
Goldman Sachs	1,865
HSBC	1,229
J.P. Morgan	14,514
Morgan Stanley	2,562
Toronto-Dominion	687
UBS	397
	28,945

Franklin Upper Tier Floating Rate Fund*

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
CHF	3,166,744	USD	3,435,597
EUR	327,760	USD	391,109
			36,237

The above contracts were opened with the below counterparties:

Bank of America	10,222
Barclays	644
BNP Paribas	1,180
Citibank	4,116
Goldman Sachs	3,185
HSBC	6,294
J.P. Morgan	4,548
Morgan Stanley	4,399
Toronto-Dominion	1,649
	36,237

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

Note 5 - Open positions on financial future contracts

As at April 30, 2021, the Company had entered into the following outstanding contracts:

Franklin Multi-Sector Credit Income Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment USD	Unrealised profit/(loss) USD
	Bond Future				
(4)	US 10 Year Note, 21/06/2021	J.P. Morgan	USD	(528,125)	1,807
(6)	US 10 Year Ultra Bond, 21/06/2021	J.P. Morgan	USD	(873,281)	18,299
					20,106

Note 6 - Open positions on cross currency swap contracts

As at April 30, 2021, the Company had entered into the following outstanding contracts:

Franklin Multi-Sector Credit Income Fund

Description	Counterparty	Nominal amount	Maturity date	Trading currency	Unrealised profit/(loss) USD
Pay fixed 2.5 Receive floating LIBOR +2.87% 3 month	Citibank	232,400	4-May-21	USD	(8,056)
		200,000		EUR	

Note 7 - Open positions on credit default swap contracts

As at April 30, 2021, the Company had entered into the following outstanding contracts:

Franklin Multi-Sector Credit Income Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Maturity date	Trading currency	Market Value USD	Unrealised profit/(loss) USD
50,000	Citibank Bespoke Phoenix 5-7% Tranche, Dec. 2021	2.90%	Citibank	Sell	20-Dec-21	USD	596	595
50,000	Morgan Stanley Bespoke Pecan 5-10% Mezz Tranche CDX, Dec. 2021	4.10%	Morgan Stanley	Sell	20-Dec-21	USD	(348)	(348)
50,000	Morgan Stanley Bespoke Pecan 5-10% Mezz Tranche CDX, Dec. 2021	3.98%	Morgan Stanley	Sell	20-Dec-21	USD	(387)	(387)
20,000	Air France-KLM 3.875% 18/06/2021	5.00%	Morgan Stanley	Sell	20-Dec-25	EUR	245	217
40,000	American Airlines Group, Inc. 5% 01/06/2022	5.00%	Citibank	Sell	20-Dec-21	USD	652	2,378
40,000	Carnival Corp. 6.65% 15/01/2028	1.00%	Citibank	Sell	20-Dec-25	USD	(3,698)	2,106
40,000	Delta Air Lines, Inc. 3.625% 15/03/2022	5.00%	Credit Suisse	Sell	20-Dec-25	USD	4,410	1,812
40,000	Macy's, Inc. 3.625% 01/06/2024	1.00%	J.P. Morgan	Sell	20-Dec-25	USD	(4,680)	2,233
40,000	Royal Caribbean Cruises Ltd. 5.25% 15/11/2022	5.00%	Citibank	Sell	20-Dec-25	USD	2,477	3,582
10,000	United Airlines Holdings, Inc. 5% 01/02/2024	5.00%	Credit Suisse	Sell	20-Dec-25	USD	2,094	2,318
							1,361	14,506

Note 8 - Open positions on total return swap contracts

As at April 30, 2021, the Company had entered into the following outstanding contracts:

Franklin Multi-Sector Credit Income Fund

Trading currency	Nominal amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	70,000	Markit iBoxx USD Liquid Leveraged Loans Total Return Index	Spread of 0.187% on Notional	Morgan Stanley	20-Jun-21	755
USD	30,000	Markit iBoxx USD Liquid Leveraged Loans Total Return Index	Spread of 0.187% on Notional	Morgan Stanley	20-Sep-21	360
						1,115

Note 9 - 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 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, 2021.

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 I
Franklin Emerging Market Debt Opportunities II Fund	0.70%
Franklin Emerging Market Investment Grade Debt Fund	0.65%
Franklin Multi-Sector Credit Income Fund	0.60%

Note 10 - 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 9 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, 2021.

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, 2020 to April 30, 2021.

Note 11 - Unfunded loan commitments

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.

At April 30, 2021, unfunded commitments were as follows:

Borrower	Unfunded Commitment Cost USD	Unfunded Commitment Market value USD	Unrealised profit/(loss) USD
Fieldwood Energy LLC 9.75% 08/04/2021	7,002	7,508	506
Total	7,002	7,508	506

Note 12 - 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 13 - Share classes

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 0.50% 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

Note 13 - Share classes (continued)

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 9).

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 9). 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 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 14 - Net Profit/ Loss on Investments

	Franklin Emerging Market Debt Opportunities II Fund EUR	Franklin Emerging Market Investment Grade Debt Fund USD	Franklin Floating Rate II Fund USD
Realised profit on sale of investments	15,719,950	424,522	79,820
Realised loss on sale of investments	(36,212,868)	(137,955)	(17,496,671)
Net realised profit/(loss) on sale of investments	(20,492,918)	286,567	(17,416,851)
Change in unrealised profit on investments	60,572,570	314,541	18,880,738
Change in unrealised loss on investments	(34,697,121)	(1,410,833)	(2,367,548)
Change in net unrealised profit/(loss) on investments	25,875,449	(1,096,292)	16,513,190

	Franklin Multi-Sector Credit Income Fund USD	Franklin Upper Tier Floating Rate Fund USD
Realised profit on sale of investments	326,641	–
Realised loss on sale of investments	(631,552)	–
Net realised profit/(loss) on sale of investments	(304,911)	–
Change in unrealised profit on investments	997,210	5,313,902
Change in unrealised loss on investments	(212,297)	–
Change in net unrealised profit/(loss) on investments	784,913	5,313,902

Note 15 - Expenses reimbursement

For the period ended April 30, 2021, the following expenses have been either reimbursed in the first instance by management company, 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 7.

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.

Fund Name	Currency	Amount
Franklin Emerging Market Debt Opportunities II Fund	EUR	127,192
Franklin Emerging Market Investment Grade Debt Fund	USD	26
Franklin Multi-Sector Credit Income Fund	USD	29,580

Note 16 - 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, upon request, at the registered office of the Company.

Note 17 - Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities. They include fees and commissions paid to agents, brokers and dealers. During the period ended April 30, 2021, the Company incurred the following transaction costs:

Fund Name	Currency	Amount
Franklin Emerging Market Debt Opportunities II Fund	EUR	–*
Franklin Emerging Market Investment Grade Debt Fund	USD	–*
Franklin Floating Rate II Fund	USD	–*
Franklin Multi-Sector Credit Income Fund	USD	219
Franklin Upper Tier Floating Rate Fund	USD	–*

*For debt securities and derivatives, transaction costs are not separately identifiable from the purchase price of the security and therefore cannot be disclosed separately.

Note 18 - 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 19 - Portfolio Turnover Ratio

The Portfolio Turnover Ratio ("PTR"), expressed as a percentage, is equal to the total of purchases and sales of securities netted against the total value of subscriptions and redemptions, over average net assets of the Fund for a year. It is effectively a measure of how frequently a Fund buys or sells securities.

Note 20 - Security lending

As at April 30, 2021, the Company was not involved in any securities lending programs.

Note 21 - Credit facilities

Effective February 5, 2021, 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 2,675 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.

During the financial period ended April 30, 2021, the Company did not use the Global Credit Facility.

Note 22 - Total Expense Ratio

The Total Expense Ratio ("TER"), expressed as a percentage, represents how the total annualised expenses of each share class relate to the average net assets of each share class for the period ended April 30, 2021. The total expenses comprise the investment management fees, the administration and transfer agency fees, the custodian fees and other expenses as summarised in the "Statement of Operations and Changes in Net Assets".

Note 23 - 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 24 - Abbreviations

Countries

AGO	Angola	CZE	Czech Republic	JOR	Jordan	ROU	Romania
ARE	United Arab Emirates	DEU	Germany	KAZ	Kazakhstan	RUS	Russia
ARG	Argentina	DOM	Dominican Republic	KEN	Kenya	SLV	El Salvador
ARM	Armenia	EGY	Egypt	LUX	Luxembourg	SP	Supranational
AZE	Azerbaijan	ETH	Ethiopia	MAC	Macau	SRB	Serbia
BEN	Benin	FRA	France	MEX	Mexico	SUR	Suriname
	Bosnia and Herzegovina	GEO	Georgia	MKD	Macedonia	THA	Thailand
BLR	Belarus	GHA	Ghana	MYS	Malaysia	TTO	Trinidad and Tobago

Note 24 - Abbreviations (continued)

BRL	Brazil	HND	Honduras	NGA	Nigeria	TUN	Tunisia
CAN	Canada	IDN	Indonesia	PAK	Pakistan	TUR	Turkey
CHL	Chile	IND	India	PAN	Panama	UKR	Ukraine
CHN	China	IRL	Ireland	PER	Peru	URY	Uruguay
							United States of
CMR	Cameroon	IRQ	Iraq	PHL	Philippines	USA	America
COL	Colombia	ISR	Israel	POL	Poland	UZB	Uzbekistan
CRI	Costa Rica	JAM	Jamaica	PRY	Paraguay	ZAF	South Africa

Currencies

AUD	Australian Dollar	EUR	Euro	JPY	Japanese Yen	RUB	Russian Ruble
BYN	Belarusian Ruble	GBP	British Pound Sterling	KES	Kenyan Shilling	TRY	Turkish Lira
CHF	Swiss Franc	GEL	Georgian Lari	KZT	Kazakhstani Tenge	USD	US Dollar
COP	Colombian Peso	GHS	Ghanaian Cedi	MXN	Mexican Peso	UYU	Uruguayan Peso
	Dominican Republic						
DOP	Peso	IDR	Indonesian Rupiah	PEN	Peruvian Sol	UZS	Uzbekistani Som
EGP	Egyptian Pound	INR	Indian Rupee	PLN	Polish Zloty	ZAR	South African Rand

Note 25 - Other information

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel corona virus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Fund's performance.

Note 26 - Subsequent events

Franklin Multi-Sector Credit Income Fund was put into liquidation process effective May 10, 2021.

Schedule of Investments, April 30, 2021

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 ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING				
	SHARES				
	Metals & Mining				
107,804,552	Petra Diamonds Ltd.	ZAF	GBP	1,923,184	0.17
				1,923,184	0.17
	TOTAL SHARES			1,923,184	0.17
	BONDS				
	Corporate Bonds				
13,900,000	Pegasus Hava Tasimaciligi A/S, Reg. S 9.25% 04/30/2026	TUR	USD	11,763,496	1.03
12,900,000	Indika Energy Capital IV Pte. Ltd., Reg. S 8.25% 10/22/2025	IDN	USD	11,472,449	1.00
12,300,000	MHP Lux SA, Reg. S 6.95% 04/03/2026	UKR	USD	10,505,692	0.91
11,293,436	Oilflow SPV 1 DAC, Reg. S 12% 01/13/2022	IRL	USD	9,498,866	0.83
11,000,000	Braskem Idesa SAPI, Reg. S 7.45% 11/15/2029	MEX	USD	9,279,872	0.81
10,200,000	Alfa Bank AO, Reg. S 5.95% 04/15/2030	RUS	USD	8,761,752	0.76
8,350,000	Energopro A/S, Reg. S 4% 12/07/2022	CZE	EUR	8,325,868	0.72
9,300,000	Georgia Capital JSC, Reg. S 6.125% 03/09/2024	GEO	USD	7,852,749	0.68
78,500,000,000	Ipoteka-Bank ATIB, Reg. S 16% 04/16/2024	UZB	UZS	6,204,640	0.54
5,650,000	IHS Netherlands Holdco BV, Reg. S 8% 09/18/2027	NGA	USD	5,134,014	0.45
5,357,000	Medco Oak Tree Pte. Ltd., Reg. S 7.375% 05/14/2026	IDN	USD	4,851,732	0.42
5,150,000	Medco Platinum Road Pte. Ltd., Reg. S 6.75% 01/30/2025	IDN	USD	4,565,265	0.40
4,779,535	Saderea DAC, Reg. S 12.5% 11/30/2026	GHA	USD	4,253,600	0.37
87,360,000	Red de Carreteras de Occidente SAB de CV, Reg. S 9% 06/10/2028	MEX	MXN	3,820,252	0.33
3,800,000	Eurotorg LLC, Reg. S 9% 10/22/2025	BLR	USD	3,457,548	0.30
3,159,000	Petra Diamonds US Treasury plc, Reg. S 0% 03/08/2026	ZAF	USD	2,574,915	0.22
3,000,000	Frigorifico Concepcion SA, Reg. S 10.25% 01/29/2025	PRY	USD	2,563,836	0.22
2,750,000	MTN Mauritius Investments Ltd., Reg. S 4.755% 11/11/2024	ZAF	USD	2,432,376	0.21
6,750,000	Sri Rejeki Isman Tbk. PT, Reg. S 7.25% 01/16/2025	IDN	USD	1,375,489	0.12
				118,694,411	10.32
	Government and Municipal Bonds				
900,000,000	Mexican Bonos 8% 11/07/2047	MEX	MXN	37,479,347	3.26
1,574,415,986	Uruguay Government Bond 3.7% 06/26/2037	URY	UYU	33,583,491	2.92
32,000,000	Brazil Government Bond 4.5% 05/30/2029	BRL	USD	28,091,226	2.44
30,000,000	El Salvador Government Bond, Reg. S 7.65% 06/15/2035	SLV	USD	26,234,718	2.28
28,875,000	Iraq Government Bond, Reg. S 5.8% 01/15/2028	IRQ	USD	23,237,135	2.02
21,619,000	Indonesia Government Bond 1.75% 04/24/2025	IDN	EUR	22,718,218	1.97
475,200,000	South Africa Government Bond 7% 02/28/2031	ZAF	ZAR	22,641,431	1.97
25,400,000	Ethiopia Government Bond, Reg. S 6.625% 12/11/2024	ETH	USD	20,323,106	1.77
23,700,000	Colombia Government Bond 2.625% 03/15/2023	COL	USD	20,309,597	1.77
85,500,000	Poland Government Bond 2.5% 07/25/2026	POL	PLN	20,278,512	1.76
21,000,000	Cameroon Government Bond, Reg. S 9.5% 11/19/2025	CMR	USD	19,571,064	1.70
21,000,000	Belarus Government Bond, Reg. S 6.875% 02/28/2023	BLR	USD	17,870,087	1.55
16,200,000	Russian Foreign Bond - Eurobond, Reg. S 5.625% 04/04/2042	RUS	USD	17,014,918	1.48
1,517,770,800	Russian Federation 2.5% 07/17/2030	RUS	RUB	16,546,596	1.44
19,000,000	Turkey Government Bond 3.25% 03/23/2023	TUR	USD	15,546,956	1.35
12,200,000	Jamaica Government Bond 7.875% 07/28/2045	JAM	USD	14,206,105	1.24
16,100,000	Egypt Government Bond, Reg. S 7.5% 02/16/2061	EGY	USD	12,465,348	1.08
15,096,000	Paraguay Government Bond, Reg. S 2.739% 01/29/2033	PRY	USD	12,022,308	1.05
13,200,000	Russian Foreign Bond - Eurobond, Reg. S 4.875% 09/16/2023	RUS	USD	11,977,164	1.04
12,700,000	Indonesia Government Bond, Reg. S 4.35% 01/08/2027	IDN	USD	11,935,022	1.04
13,100,000	Ghana Government Bond, Reg. S 8.125% 01/18/2026	GHA	USD	11,705,373	1.02
11,400,000	Benin Government International Bond, Reg. S 4.875% 01/19/2032	BEN	EUR	11,451,642	1.00
13,300,000	Angola Government Bond, Reg. S 8% 11/26/2029	AGO	USD	11,186,005	0.97
684,000,000	Dominican Republic Government Bond, Reg. S 9.75% 06/05/2026	DOM	DOP	11,090,232	0.97
11,500,000	Armenia Government Bond, Reg. S 7.15% 03/26/2025	ARM	USD	10,651,642	0.93
11,800,000	Jordan Government Bond, Reg. S 6.125% 01/29/2026	JOR	USD	10,643,850	0.92
669,150,000	Dominican Republic Government Bond, Reg. S 8.9% 02/15/2023	DOM	DOP	10,229,698	0.89
11,300,000	Egypt Government Bond, Reg. S 7.625% 05/29/2032	EGY	USD	10,009,800	0.87
12,200,000	Government of Belarus Ministry of Finance, Reg. S 6.378% 02/24/2031	BLR	USD	9,690,187	0.84
8,390,000	Serbia Government Bond, Reg. S 3.125% 05/15/2027	SRB	EUR	9,246,535	0.80
1,161,250,000	Kenya Infrastructure Bond 11% 09/15/2025	KEN	KES	9,028,640	0.79
60,965,000	Ghana Government Bond 18.25% 07/25/2022	GHA	GHS	8,936,764	0.78

Franklin Emerging Market Debt Opportunities II Fund (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
10,500,000	Costa Rica Government Bond, Reg. S 4.25% 01/26/2023	CRI	USD	8,872,994	0.77
9,800,000	Mexico Government Bond 3.75% 01/11/2028	MEX	USD	8,844,494	0.77
8,570,000	Banque Centrale de Tunisie International Bond, Reg. S 6.375% 07/15/2026	TUN	EUR	8,104,795	0.70
8,500,000	Dominican Republic Government Bond, Reg. S 6.4% 06/05/2049	DOM	USD	7,729,040	0.67
27,000,000,000	Colombia Government Bond 9.85% 06/28/2027	COL	COP	7,422,885	0.65
12,300,000	Suriname Government International Bond, Reg. S 9.25% 10/26/2026 ^s	SUR	USD	7,314,730	0.63
8,300,000	Mexico Government Bond 4.6% 01/23/2046	MEX	USD	7,150,061	0.62
7,800,000	Costa Rica Government Bond, Reg. S 7.158% 03/12/2045	CRI	USD	6,730,849	0.59
7,400,000	Honduras Government Bond, Reg. S 7.5% 03/15/2024	HND	USD	6,699,576	0.58
8,894,970	Provincia de Neuquen Argentina, Reg. S 5.17% 05/12/2030	ARG	USD	6,473,582	0.56
76,100,000,000	Uzbekistan Government Bond, Reg. S 14.5% 11/25/2023	UZB	UZS	6,085,449	0.53
6,750,000	Jordan Government Bond, Reg. S 5.85% 07/07/2030	JOR	USD	5,837,523	0.51
6,600,000	Pakistan Government Bond, Reg. S 7.375% 04/08/2031	PAK	USD	5,777,676	0.50
23,250,000,000	Bogota Distrito Capital, Reg. S 9.75% 07/26/2028	COL	COP	5,694,263	0.49
5,600,000	Kazakhstan Government Bond, Reg. S 1.5% 09/30/2034	KAZ	EUR	5,665,683	0.49
9,100,000	Suriname Government International Bond, Reg. S 12.875% 12/30/2023 ^s	SUR	USD	5,373,867	0.47
2,335,200,000	Kazakhstan Government Bond 0% 01/20/2022	KAZ	KZT	4,236,303	0.37
4,750,000	Dominican Republic Government Bond, Reg. S 4.875% 09/23/2032	DOM	USD	4,144,349	0.36
486,000,000	Kenya Infrastructure Bond 12.5% 01/10/2033	KEN	KES	4,061,283	0.35
4,250,000	Honduras Government Bond, Reg. S 5.625% 06/24/2030	HND	USD	3,729,311	0.33
457,400,000	Kenya Infrastructure Bond 12.5% 05/12/2025	KEN	KES	3,671,001	0.32
22,040,000	Ghana Government Bond 24.75% 07/19/2021	GHA	GHS	3,231,559	0.28
3,150,000	Paraguay Government Bond, Reg. S 4.95% 04/28/2031	PRY	USD	2,956,672	0.26
2,625,000	North Macedonia Government Bond, Reg. S 3.675% 06/03/2026	MKD	EUR	2,866,195	0.25
111,950,000	Uruguay Government Bond 3.875% 07/02/2040	URY	UYU	2,465,978	0.21
3,000,000	Armenia Government Bond, Reg. S 3.6% 02/02/2031	ARM	USD	2,296,474	0.20
2,350,000	Ukraine Government Bond, Reg. S 0% 05/31/2040	UKR	USD	2,068,745	0.18
91,584,000	Russian Federal Bond - OFZ 7.65% 04/10/2030	RUS	RUB	1,062,973	0.09
929,657	Bosnia & Herzegovina Government Bond, Reg. S 0.25% 12/20/2021	BIH	EUR	910,431	0.08
129,800	Province of Salta Argentina, Reg. S 9.5% 03/16/2022	ARG	USD	97,704	0.01
				675,499,162	58.73
	Quasi-Sovereign Bonds				
15,250,000	Southern Gas Corridor CJSC, Reg. S 6.875% 03/24/2026	AZE	USD	15,260,528	1.33
13,600,000	Kazakhstan Temir Zholy Finance BV, Reg. S 6.95% 07/10/2042	KAZ	USD	15,214,173	1.32
11,400,000	Russian Railways, Reg. S 5.7% 04/05/2022	RUS	USD	9,884,520	0.86
37,346,000,000	Empresa de Telecomunicaciones de Bogota, Reg. S 7% 01/17/2023	COL	COP	8,313,155	0.72
3,947,500,000	Development Bank of Kazakhstan JSC, Reg. S 8.95% 05/04/2023	KAZ	KZT	7,649,723	0.67
21,400,000	Development Bank of the Republic of Belarus JSC, Reg. S 12% 05/15/2022	BLR	BYN	7,099,073	0.62
1,900,000	Georgian Railway JSC, Reg. S 7.75% 07/11/2022	GEO	USD	1,675,123	0.15
				65,096,295	5.67
	Sovereign				
10,887,450	Peru Enhanced Pass-Through Finance Ltd., Reg. S 0% 06/02/2025	PER	USD	8,670,659	0.75
				8,670,659	0.75
	Supranational				
110,000,000	Asian Infrastructure Investment Bank (The), Reg. S 16% 09/14/2021	SP	TRY	10,829,613	0.94
185,000,000,000	Inter-American Development Bank, Reg. S 8.01% 12/11/2021	SP	IDR	10,612,211	0.92
153,500,000,000	European Bank for Reconstruction & Development 6.85% 06/21/2021	SP	IDR	8,820,165	0.77
6,750,000	Banque Ouest Africaine de Developpement, Reg. S 4.7% 10/22/2031	SP	USD	5,999,264	0.52
50,000,000	European Bank for Reconstruction & Development 10% 10/13/2021	SP	TRY	4,827,688	0.42
5,200,000	Banque Ouest Africaine de Developpement, Reg. S 5% 07/27/2027	SP	USD	4,790,245	0.42
68,000,000,000	Inter-American Development Bank 7.875% 03/14/2023	SP	IDR	4,117,438	0.36
16,000,000	International Finance Corp. 7.5% 10/29/2021	SP	GEL	3,830,248	0.33
25,000,000	Asian Development Bank 17.5% 10/04/2021	SP	TRY	2,466,977	0.22
1,100,000	Banque Ouest Africaine de Developpement, Reg. S 2.75% 01/22/2033	SP	EUR	1,148,488	0.10
				57,442,337	5.00
	TOTAL BONDS			925,402,864	80.47
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			927,326,048	80.64

Franklin Emerging Market Debt Opportunities II Fund (continued)

(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				
	BONDS				
	Corporate Bonds				
22,066,000	Rutas 2 and 7 Finance Ltd., Reg. S 0% 09/30/2036	PRY	USD	13,099,566	1.14
13,200,000	Akbank TAS, Reg. S 6.8% 02/06/2026	TUR	USD	11,397,958	0.99
12,817,619	UEP Penonome II SA, Reg. S 6.5% 10/01/2038	PAN	USD	10,707,717	0.93
11,750,000	Fidelity Bank plc, Reg. S 10.5% 10/16/2022	NGA	USD	10,426,745	0.91
10,752,000	Rio Oil Finance Trust, Reg. S 8.2% 04/06/2028	BRL	USD	10,239,664	0.89
8,950,000	St Marys Cement, Inc. Canada, Reg. S 5.75% 01/28/2027	BRL	USD	8,571,804	0.74
10,000,000	Frigorifico Concepcion SA, Reg. S 10.25% 01/29/2025	PRY	USD	8,546,120	0.74
5,365,266	IIRSA Norte Finance Ltd., Reg. S 8.75% 05/30/2024	PER	USD	4,848,397	0.42
13,480,880,850	Fideicomiso PA Costera, Reg. S 6.25% 01/15/2034	COL	COP	3,181,570	0.28
3,500,000	CSN Inova Ventures, Reg. S 6.75% 01/28/2028	BRL	USD	3,167,598	0.28
2,527,840	Empresa Electrica Cochrane SpA, Reg. S 5.5% 05/14/2027	CHL	USD	2,173,627	0.19
				86,360,766	7.51
	Government and Municipal Bonds				
270,000,000	Egypt Treasury Bill 0% 08/31/2021	EGY	EGP	13,777,499	1.20
31,125,000	Peru Government Bond, Reg. S 6.35% 08/12/2028	PER	PEN	7,641,250	0.67
1,480,000,000	Banque Centrale de Tunisie International Bond 4.2% 03/17/2031	TUN	JPY	7,341,263	0.64
89,000,000	Egypt Treasury Bill 0% 08/17/2021	EGY	EGP	4,564,346	0.40
5,065,000	FHLB 0% 05/03/2021	USA	USD	4,212,759	0.37
76,500,000	Egypt Treasury Bill 0% 08/03/2021	EGY	EGP	3,943,038	0.34
390,000,000	Banque Centrale de Tunisie International Bond 4.3% 08/02/2030	TUN	JPY	1,995,510	0.17
100,000,000	Banque Centrale de Tunisie International Bond 3.28% 08/09/2027	TUN	JPY	539,596	0.05
				44,015,261	3.84
	Quasi-Sovereign Bonds				
14,191,000	Trinidad Petroleum Holdings Ltd., Reg. S 9.75% 06/15/2026	TTO	USD	13,284,868	1.16
11,900,000	Telecommunications Services of Trinidad & Tobago Ltd., Reg. S 8.875% 10/18/2029	TTO	USD	10,409,457	0.90
5,350,000	CITGO Petroleum Corp., Reg. S 7% 06/15/2025	USA	USD	4,594,423	0.40
2,400,000	Citgo Holding, Inc., Reg. S 9.25% 08/01/2024	USA	USD	2,058,555	0.17
				30,347,303	2.63
	TOTAL BONDS			160,723,330	13.98
	TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET			160,723,330	13.98
	TOTAL INVESTMENTS			1,088,049,378	94.62

§ These Bonds are currently in default

Schedule of Investments, April 30, 2021

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 ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING				
	BONDS				
	Corporate Bonds				
1,200,000	Southern Copper Corp. 5.25% 11/08/2042	PER	USD	1,467,884	3.23
950,000	Cencosud SA, Reg. S 4.375% 07/17/2027	CHL	USD	1,056,552	2.33
1,200,000	Chile Electricity PEC SpA, Reg. S 0% 01/25/2028	CHL	USD	983,664	2.17
70,000,000	HDFC Bank Ltd., Reg. S 8.1% 03/22/2025	IND	INR	980,173	2.16
	Banco Inbursa SA Institucion De Banca Multiple Grupo Financiero				
850,000	Inbursa, Reg. S 4.375% 04/11/2027	MEX	USD	910,422	2.00
700,000	Country Garden Holdings Co. Ltd., Reg. S 4.2% 02/06/2026	CHN	USD	731,544	1.61
700,000	Suzano Austria GmbH 3.75% 01/15/2031	BRL	USD	717,577	1.58
550,000	Longfor Group Holdings Ltd., Reg. S 3.95% 09/16/2029	CHN	USD	577,835	1.27
	International Container Terminal Services, Inc., Reg. S				
500,000	4.75% 06/17/2030	PHL	USD	555,386	1.22
400,000	Alibaba Group Holding Ltd. 3.4% 12/06/2027	CHN	USD	435,332	0.96
400,000	Bangkok Bank PCL, Reg. S 4.05% 03/19/2024	THA	USD	435,028	0.96
3,640,000	Red de Carreteras de Occidente SAB de CV, Reg. S 9% 06/10/2028	MEX	MXN	191,379	0.42
				9,042,776	19.91
	Government and Municipal Bonds				
51,050,000	Mexican Bonos 8% 11/07/2047	MEX	MXN	2,555,984	5.63
1,700,000	Romania Government Bond, Reg. S 4.375% 08/22/2023	ROU	USD	1,844,526	4.06
70,860,408	Uruguay Government Bond 3.7% 06/26/2037	URY	UYU	1,817,284	4.00
1,575,000	Indonesia Government Bond, Reg. S 4.35% 01/08/2027	IDN	USD	1,779,561	3.92
1,050,000	Kazakhstan Government Bond, Reg. S 4.875% 10/14/2044	KAZ	USD	1,287,699	2.84
3,500,000,000	Colombia Government Bond 9.85% 06/28/2027	COL	COP	1,156,883	2.55
87,811,668	Russian Federation 2.5% 07/17/2030	RUS	RUB	1,150,979	2.54
900,000	Uruguay Government Bond 4.5% 08/14/2024	URY	USD	977,666	2.15
600,000	Russian Foreign Bond - Eurobond, Reg. S 5.625% 04/04/2042	RUS	USD	757,668	1.67
600,000	Panama Government Bond 3.75% 04/17/2026	PAN	USD	647,079	1.42
1,600,000,000	Bogota Distrito Capital, Reg. S 9.75% 07/26/2028	COL	COP	471,137	1.04
475,000	Colombia Government Bond 3% 01/30/2030	COL	USD	466,580	1.03
400,000	Mexico Government Bond 4.6% 01/23/2046	MEX	USD	414,290	0.91
179,600,000	Kazakhstan Government Bond 0% 01/20/2022	KAZ	KZT	391,726	0.86
19,000,000	Russian Federal Bond - OFZ 7% 08/16/2023	RUS	RUB	258,896	0.57
275,000	Peru Government Bond 2.78% 12/01/2060	PER	USD	235,392	0.52
200,000	Mexico Government Bond 3.6% 01/30/2025	MEX	USD	220,390	0.49
220,000	Mexico Government Bond 2.659% 05/24/2031	MEX	USD	212,122	0.47
100,000	Peru Government Bond 1.862% 12/01/2032	PER	USD	91,221	0.20
2,296,000	Russian Federal Bond - OFZ 7.65% 04/10/2030	RUS	RUB	32,040	0.07
				16,769,123	36.94
	Quasi-Sovereign Bonds				
1,100,000	TNB Global Ventures Capital Bhd., Reg. S 3.244% 10/19/2026	MYS	USD	1,177,404	2.59
725,000	Kazakhstan Temir Zholy Finance BV, Reg. S 6.95% 07/10/2042	KAZ	USD	975,125	2.15
930,000	China Construction Bank Corp., Reg. S 2.45% 06/24/2030	CHN	USD	940,837	2.07
875,000	Ecopetrol SA 4.125% 01/16/2025	COL	USD	933,879	2.05
650,000	Russian Railways, Reg. S 5.7% 04/05/2022	RUS	USD	677,606	1.49
600,000	State Grid Overseas Investment 2016 Ltd., Reg. S 3.5% 05/04/2027	CHN	USD	661,479	1.46
500,000	Autoridad del Canal de Panama, Reg. S 4.95% 07/29/2035	PAN	USD	617,147	1.36
230,000,000	Development Bank of Kazakhstan JSC, Reg. S 8.95% 05/04/2023	KAZ	KZT	535,876	1.18
450,000	Bank Mandiri Persero Tbk. PT, Reg. S 4.75% 05/13/2025	IDN	USD	497,480	1.10
400,000	Indonesia Asahan Aluminium Persero PT, Reg. S 5.45% 05/15/2030	IDN	USD	461,018	1.01
397,858	Lima Metro Line 2 Finance Ltd., Reg. S 5.875% 07/05/2034	PER	USD	456,345	1.01
400,000	Petronas Capital Ltd., Reg. S 3.5% 04/21/2030	MYS	USD	432,186	0.95
	Empresa de Transporte de Pasajeros Metro SA, Reg. S				
200,000	3.65% 05/07/2030	CHL	USD	215,298	0.47
				8,581,680	18.89
	Sovereign				
411,679	SPARC EM SPC Panama Metro Line 2 SP, Reg. S 0% 12/05/2022	PAN	USD	402,935	0.89
224,715	Peru Enhanced Pass-Through Finance Ltd., Reg. S 0% 06/02/2025	PER	USD	215,165	0.47
				618,100	1.36
	Supranational				
17,410,000,000	Inter-American Development Bank 7.875% 03/14/2023	SP	IDR	1,267,441	2.79

Franklin Emerging Market Investment Grade Debt Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
1,000,000	African Export-Import Bank (The), Reg. S 3.994% 09/21/2029	SP	USD	1,049,220	2.31
5,100,000	Asian Infrastructure Investment Bank (The), Reg. S 16% 09/14/2021	SP	TRY	603,675	1.33
425,000	Banque Ouest Africaine de Developpement, Reg. S 5% 07/27/2027	SP	USD	470,713	1.04
400,000	Banque Ouest Africaine de Developpement, Reg. S 4.7% 10/22/2031	SP	USD	427,432	0.94
2,700,000,000	Inter-American Development Bank, Reg. S 8.01% 12/11/2021	SP	IDR	186,212	0.41
2,000,000,000	European Bank for Reconstruction & Development 6.85% 06/21/2021	SP	IDR	138,169	0.30
				<u>4,142,862</u>	<u>9.12</u>
	TOTAL BONDS			<u>39,154,541</u>	<u>86.22</u>
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			39,154,541	86.22
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	BONDS				
	Corporate Bonds				
950,000	Sociedad Quimica y Minera de Chile SA, Reg. S 4.375% 01/28/2025	CHL	USD	1,039,143	2.29
600,000	St Marys Cement, Inc. Canada, Reg. S 5.75% 01/28/2027	BRL	USD	690,897	1.52
650,000	Alpek SAB de CV, Reg. S 4.25% 09/18/2029	MEX	USD	689,617	1.52
400,000	Credicorp Ltd., Reg. S 2.75% 06/17/2025	PER	USD	400,442	0.88
400,000	Kimberly-Clark de Mexico SAB de CV, Reg. S 2.431% 07/01/2031	MEX	USD	393,786	0.86
1,043,432,731	Fideicomiso PA Costera, Reg. S 6.25% 01/15/2034	COL	COP	296,074	0.65
200,000	Fideicomiso PA Costera, Reg. S 6.75% 01/15/2034	COL	USD	214,500	0.47
				<u>3,724,459</u>	<u>8.19</u>
	Government and Municipal Bonds				
2,500,000	Peru Government Bond, Reg. S 6.35% 08/12/2028	PER	PEN	737,918	1.63
150,000	FHLB 0% 05/03/2021	USA	USD	150,000	0.33
				<u>887,918</u>	<u>1.96</u>
	TOTAL BONDS			<u>4,612,377</u>	<u>10.15</u>
	TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET			4,612,377	10.15
	TOTAL INVESTMENTS			<u>43,766,918</u>	<u>96.37</u>

Schedule of Investments, April 30, 2021

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				
	SENIOR FLOATING RATE INTEREST				
	Forest Products				
1,073,976	Appvion Operations, Inc. 7% 06/12/2026	USA	USD	1,071,291	12.57
				<u>1,071,291</u>	<u>12.57</u>
	TOTAL SENIOR FLOATING RATE INTEREST			<u>1,071,291</u>	<u>12.57</u>
	TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET			1,071,291	12.57
	TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET				
	SENIOR FLOATING RATE INTEREST				
	Personal Products				
8,841,616	FGI Operating Co. LLC 10.148% 05/16/2022**.§	USA	USD	3,089,396	36.24
				<u>3,089,396</u>	<u>36.24</u>
	TOTAL SENIOR FLOATING RATE INTEREST			<u>3,089,396</u>	<u>36.24</u>
	SHARES				
	Aerospace & Defense				
27,760	Remington Outdoor Co., Inc., Litigation Units**	USA	USD	46,127	0.54
				<u>46,127</u>	<u>0.54</u>
	Health Care Services				
1,912,103	Millennium Corporate Claim Trust, Escrow Account**	CHN	USD	–	–
1,912,103	Millennium Lender Claim Trust, Escrow Account**	IND	USD	–	–
				<u>–</u>	<u>–</u>
	Paper & Forest Products				
151,177	Appvion Operations, Inc. **	USA	USD	3,304,610	38.76
				<u>3,304,610</u>	<u>38.76</u>
	TOTAL SHARES			<u>3,350,737</u>	<u>39.30</u>
	TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET			6,440,133	75.54
	TOTAL INVESTMENTS			<u>7,511,424</u>	<u>88.11</u>

§ These securities are currently in default

* This Fund was put into liquidation effective August 11, 2020

** These securities are submitted to a Fair Valuation

Schedule of Investments, April 30, 2021

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 ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING				
	SHARES				
	Specialty Retail				
2,215	Party City Holdco, Inc.	USA	USD	15,504	0.09
				<u>15,504</u>	<u>0.09</u>
	TOTAL SHARES			<u>15,504</u>	<u>0.09</u>
	BONDS				
	Corporate Bonds				
200,000	Cencosud SA, Reg. S 4.375% 07/17/2027	CHL	USD	222,432	1.30
200,000	State Grid Overseas Investment 2016 Ltd., Reg. S 3.5% 05/04/2027	CHN	USD	220,493	1.29
200,000	China Construction Bank Corp., Reg. S, FRN 4.25% 02/27/2029	CHN	USD	214,676	1.26
200,000	ICTSI Treasury BV, Reg. S 4.625% 01/16/2023	PHL	USD	212,100	1.24
200,000	Vertical US Newco, Inc., 144A 5.25% 07/15/2027	DEU	USD	209,626	1.23
200,000	Akbank TAS, Reg. S, FRN 6.797% 04/27/2028	TUR	USD	198,946	1.17
100,000	Netflix, Inc. 3.625% 05/15/2027	USA	EUR	139,170	0.82
100,000	Occidental Petroleum Corp. 8.875% 07/15/2030	USA	USD	128,625	0.75
100,000	OneMain Finance Corp. 6.625% 01/15/2028	USA	USD	113,968	0.67
100,000	Teva Pharmaceutical Finance Netherlands IV BV, Reg. S 0.5% 07/28/2022	ISR	CHF	108,430	0.64
100,000	Wynn Macau Ltd., 144A 5.625% 08/26/2028	MAC	USD	105,376	0.62
100,000	MPT Operating Partnership LP, REIT 5% 10/15/2027	USA	USD	105,375	0.62
100,000	Commercial Metals Co. 3.875% 02/15/2031	USA	USD	100,137	0.59
				<u>2,079,354</u>	<u>12.20</u>
	Government and Municipal Bonds				
200,000	Electricite de France SA, 144A, FRN 5.25% Perpetual	FRA	USD	209,574	1.23
				<u>209,574</u>	<u>1.23</u>
	Quasi-Sovereign Bonds				
200,000	Indonesia Asahan Aluminium Persero PT, Reg. S 5.45% 05/15/2030	IDN	USD	230,509	1.35
200,000	Development Bank of the Republic of Belarus JSC, Reg. S 6.75% 05/02/2024	BLR	USD	196,200	1.15
				<u>426,709</u>	<u>2.50</u>
	Supranational				
200,000	Banque Ouest Africaine de Developpement, Reg. S 5% 07/27/2027	SP	USD	221,512	1.30
200,000	African Export-Import Bank (The), Reg. S 4.125% 06/20/2024	SP	USD	212,504	1.25
				<u>434,016</u>	<u>2.55</u>
	TOTAL BONDS			<u>3,149,653</u>	<u>18.48</u>
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			<u>3,165,157</u>	<u>18.57</u>
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	SENIOR FLOATING RATE INTEREST				
	Apparel, Accessories & Luxury Goods				
18,982	Champ Acquisition Corp. 5.757% 12/19/2025	USA	USD	18,984	0.11
				<u>18,984</u>	<u>0.11</u>
	Application Software				
12,964	Barracuda Networks, Inc. 4.5% 02/12/2025	USA	USD	12,969	0.08
				<u>12,969</u>	<u>0.08</u>
	Automotive Retail				
52,530	Wand NewCo 3, Inc. 3.113% 02/05/2026	USA	USD	51,902	0.30
				<u>51,902</u>	<u>0.30</u>
	Broadcasting				
48,974	Univision Communications, Inc. 4.75% 03/15/2026	USA	USD	49,133	0.29
				<u>49,133</u>	<u>0.29</u>
	Cable & Satellite				
6,738	Radiate Holdco LLC 4.25% 09/25/2026	USA	USD	6,753	0.04
				<u>6,753</u>	<u>0.04</u>

Franklin Multi-Sector Credit Income Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Commodity Chemicals					
25,832	Cyanco Intermediate Corp. 3.613% 03/16/2025	USA	USD	25,686	0.15
				<u>25,686</u>	<u>0.15</u>
Diversified Support Services					
40,000	Amentum Government Services Holdings LLC 5.5% 01/29/2027	USA	USD	40,233	0.24
30,000	CCI Buyer, Inc. 4.75% 12/17/2027	USA	USD	30,094	0.18
				<u>70,327</u>	<u>0.42</u>
Insurance Brokers					
1,592	Alliant Holdings Intermediate LLC 4.25% 11/05/2027	USA	USD	1,594	0.01
				<u>1,594</u>	<u>0.01</u>
Integrated Telecommunication Services					
37,915	Global Tel*link Corp. 4.363% 11/29/2025	USA	USD	35,430	0.21
				<u>35,430</u>	<u>0.21</u>
Internet Services & Infrastructure					
15,109	LegalZoom.com, Inc. 4.613% 11/21/2024	USA	USD	15,121	0.09
				<u>15,121</u>	<u>0.09</u>
Managed Health Care					
19,950	Phoenix Guarantor, Inc. 3.611% 03/05/2026	USA	USD	19,800	0.12
				<u>19,800</u>	<u>0.12</u>
Oil & Gas Exploration & Production					
67,277	Fieldwood Energy LLC 5.25% 04/11/2022 ^s	USA	USD	26,053	0.15
8,630	CPC Acquisition Corp. 4.5% 12/29/2027	USA	USD	8,647	0.05
802	Fieldwood Energy LLC 9.75% 08/04/2021	USA	USD	834	—
				<u>35,534</u>	<u>0.20</u>
Pharmaceuticals					
22,436	eResearchTechnology, Inc. 5.5% 02/04/2027	USA	USD	22,517	0.13
				<u>22,517</u>	<u>0.13</u>
Property & Casualty Insurance					
60,000	Asurion LLC 3.363% 07/31/2027	USA	USD	59,631	0.35
26,577	Asurion LLC 3.113% 11/03/2023	USA	USD	26,546	0.16
16,195	Asurion LLC 3.363% 12/23/2026	USA	USD	16,104	0.09
1,063	Asurion LLC 5.363% 01/31/2028	USA	USD	1,080	0.01
				<u>103,361</u>	<u>0.61</u>
Specialized Consumer Services					
10,632	PetSmart LLC 4.5% 02/11/2028	USA	USD	10,676	0.06
				<u>10,676</u>	<u>0.06</u>
Specialty Stores					
29,519	Great Outdoors Group LLC 5% 03/06/2028	USA	USD	29,699	0.17
				<u>29,699</u>	<u>0.17</u>
Systems Software					
99,313	Quest Software US Holdings, Inc. 4.436% 05/16/2025	USA	USD	99,367	0.58
37,219	Surf Holdings LLC 3.676% 03/05/2027	USA	USD	36,919	0.22
13,939	UKG, Inc. 4% 05/04/2026	USA	USD	13,972	0.08
				<u>150,258</u>	<u>0.88</u>
TOTAL SENIOR FLOATING RATE INTEREST				<u>659,744</u>	<u>3.87</u>
BONDS					
Asset-Backed Securities					
86,351	FNMA, Series 2014-C03, FRN 3.106% 07/25/2024	USA	USD	87,031	0.51
79,424	FHLMC Structured Agency Credit Risk Debt Notes, Series 2014-DN3, FRN 4.106% 08/25/2024	USA	USD	81,168	0.48
64,133	FHLMC Structured Agency Credit Risk Debt Notes, Series 2014-DN4, FRN 4.656% 10/25/2024	USA	USD	65,783	0.39
56,715	FNMA, Series 2014-C02, FRN 2.706% 05/25/2024	USA	USD	56,767	0.33
53,978	FNMA, Series 2017-C05, FRN 2.306% 01/25/2030	USA	USD	54,733	0.32
43,587	FNMA, Series 2015-C02, FRN 4.106% 05/25/2025	USA	USD	44,247	0.26
35,002	FNMA, Series 2015-C03, FRN 5.106% 07/25/2025	USA	USD	35,879	0.21
8,533	FNMA, Series 2017-C04, FRN 2.956% 11/25/2029	USA	USD	8,743	0.05
				<u>434,351</u>	<u>2.55</u>

Franklin Multi-Sector Credit Income Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Corporate Bonds					
200,000	International Game Technology plc, 144A 5.25% 01/15/2029	USA	USD	212,325	1.25
200,000	Colbun SA, Reg. S 3.15% 03/06/2030	CHL	USD	204,903	1.20
200,000	Braskem Netherlands Finance BV, Reg. S 4.5% 01/31/2030	BRL	USD	203,490	1.20
100,000	Adient Global Holdings Ltd., 144A 3.5% 08/15/2024	USA	EUR	124,209	0.73
100,000	Antero Resources Corp., 144A 8.375% 07/15/2026	USA	USD	112,413	0.66
100,000	Rent-A-Center, Inc., 144A 6.375% 02/15/2029	USA	USD	108,575	0.64
100,000	WESCO Distribution, Inc., 144A 7.125% 06/15/2025	USA	USD	108,125	0.63
100,000	Spectrum Brands, Inc., 144A 5.5% 07/15/2030	USA	USD	108,063	0.63
100,000	Hanesbrands, Inc., 144A 4.875% 05/15/2026	USA	USD	107,274	0.63
100,000	Park Intermediate Holdings LLC, 144A, REIT 5.875% 10/01/2028	USA	USD	106,258	0.62
100,000	Community Health Systems, Inc., 144A 5.625% 03/15/2027	USA	USD	106,178	0.62
100,000	Carnival Corp., 144A 5.75% 03/01/2027	USA	USD	105,563	0.62
100,000	CommScope, Inc., 144A 6% 03/01/2026	USA	USD	105,546	0.62
100,000	Stars Group Holdings BV, 144A 7% 07/15/2026	CAN	USD	104,810	0.62
100,000	NCL Corp. Ltd., 144A 5.875% 03/15/2026	USA	USD	104,649	0.61
100,000	Cheniere Energy, Inc., 144A 4.625% 10/15/2028	USA	USD	104,390	0.61
100,000	Centene Corp., 144A 5.375% 06/01/2026	USA	USD	104,305	0.61
100,000	Crown Americas LLC 4.75% 02/01/2026	USA	USD	103,925	0.61
100,000	Real Hero Merger Sub 2, Inc., 144A 6.25% 02/01/2029	USA	USD	103,602	0.61
100,000	Crestwood Midstream Partners LP, 144A 6% 02/01/2029	USA	USD	103,512	0.61
100,000	Ardagh Packaging Finance plc, 144A 6% 02/15/2025	USA	USD	103,277	0.61
100,000	Hilcorp Energy I LP, 144A 6% 02/01/2031	USA	USD	103,253	0.61
100,000	ON Semiconductor Corp., 144A 3.875% 09/01/2028	USA	USD	103,068	0.61
100,000	Talen Energy Supply LLC, 144A 7.25% 05/15/2027	USA	USD	103,001	0.60
100,000	Plastipak Holdings, Inc., 144A 6.25% 10/15/2025	USA	USD	102,938	0.60
100,000	DAE Funding LLC, 144A 5% 08/01/2024	ARE	USD	102,813	0.60
100,000	Beacon Roofing Supply, Inc., 144A 4.875% 11/01/2025	USA	USD	102,436	0.60
100,000	Bausch Health Cos., Inc., 144A 6.125% 04/15/2025	USA	USD	102,228	0.60
100,000	Nexstar Broadcasting, Inc., 144A 4.75% 11/01/2028	USA	USD	102,000	0.60
100,000	Tempo Acquisition LLC, 144A 6.75% 06/01/2025	USA	USD	101,971	0.60
100,000	Calpine Corp., 144A 5.125% 03/15/2028	USA	USD	101,760	0.60
100,000	Golden Nugget, Inc., 144A 6.75% 10/15/2024	USA	USD	101,375	0.60
100,000	Rocket Software, Inc., 144A 6.5% 02/15/2029	USA	USD	101,350	0.60
100,000	Sunoco LP, 144A 4.5% 05/15/2029	USA	USD	101,125	0.59
100,000	ATS Automation Tooling Systems, Inc., 144A 4.125% 12/15/2028	CAN	USD	100,937	0.59
100,000	Northwest Fiber LLC, 144A 6% 02/15/2028	USA	USD	100,136	0.59
100,000	Live Nation Entertainment, Inc., 144A 3.75% 01/15/2028	USA	USD	99,761	0.59
100,000	Sinclair Television Group, Inc., 144A 5.5% 03/01/2030	USA	USD	99,618	0.59
100,000	Outfront Media Capital LLC, 144A 4.25% 01/15/2029	USA	USD	99,480	0.58
100,000	Post Holdings, Inc., 144A 4.5% 09/15/2031	USA	USD	99,405	0.58
100,000	Energizer Holdings, Inc., 144A 4.375% 03/31/2029	USA	USD	99,381	0.58
100,000	CDW LLC 3.25% 02/15/2029	USA	USD	99,250	0.58
100,000	Endo Luxembourg Finance Co. I SARL, 144A 6.125% 04/01/2029	USA	USD	99,125	0.58
100,000	Reynolds Group Issuer, Inc., 144A 4% 10/15/2027	USA	USD	99,003	0.58
100,000	Clearway Energy Operating LLC, 144A 3.75% 02/15/2031	USA	USD	98,694	0.58
100,000	H&E Equipment Services, Inc., 144A 3.875% 12/15/2028	USA	USD	97,750	0.57
100,000	Mauser Packaging Solutions Holding Co., 144A 7.25% 04/15/2025	USA	USD	97,375	0.57
100,000	Prestige Brands, Inc., 144A 3.75% 04/01/2031	USA	USD	96,122	0.56
27,000	Weatherford International Ltd., 144A 11% 12/01/2024	USA	USD	26,726	0.16
				5,287,473	31.03
Government and Municipal Bonds					
1,000,000	US Treasury Bill 0% 05/25/2021	USA	USD	1,000,000	5.87
600,000	US Treasury Bill 0% 06/24/2021	USA	USD	599,996	3.52
400,000	US Treasury Bill 0% 07/15/2021	USA	USD	399,993	2.35
205,000	FHLB 0% 05/03/2021	USA	USD	205,000	1.20
				2,204,989	12.94
TOTAL BONDS				7,926,813	46.52
TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				8,586,557	50.39

Franklin Multi-Sector Credit Income Fund (continued)

(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				
	Aerospace & Defense				
911	Remington Outdoor Co., Inc., Litigation Units**	USA	USD	1,514	0.01
				<u>1,514</u>	<u>0.01</u>
	TOTAL SHARES			<u>1,514</u>	<u>0.01</u>
	TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET			1,514	0.01
	UNITS OF AUTHORISED UCITS OR OTHER COLLECTIVE INVESTMENT UNDERTAKINGS				
	COLLECTIVE INVESTMENT SCHEMES - UCITS				
	Diversified Financial Services				
76,278	FTIF Franklin Emerging Market Corporate Debt Fund - Y (Acc) USD	LUX	USD	860,755	5.05
				<u>860,755</u>	<u>5.05</u>
	TOTAL COLLECTIVE INVESTMENT SCHEMES - UCITS			<u>860,755</u>	<u>5.05</u>
	EXCHANGE TRADED FUNDS				
	Diversified Financial Services				
24,500	Invesco Senior Loan ETF	USA	USD	542,675	3.19
				<u>542,675</u>	<u>3.19</u>
	TOTAL EXCHANGE TRADED FUNDS			<u>542,675</u>	<u>3.19</u>
	TOTAL UNITS OF AUTHORISED UCITS OR OTHER COLLECTIVE INVESTMENT UNDERTAKINGS			1,403,430	8.24
	TOTAL INVESTMENTS			<u>13,156,658</u>	<u>77.21</u>

[§] These securities are currently in default

** These securities are submitted to a Fair Valuation

Schedule of Investments, April 30, 2021

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				
	Paper & Forest Products				
757,301	Appvion Operations, Inc.**	USA	USD	16,554,002	91.34
				<u>16,554,002</u>	<u>91.34</u>
	TOTAL SHARES			<u>16,554,002</u>	<u>91.34</u>
	TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET			<u>16,554,002</u>	<u>91.34</u>
	TOTAL INVESTMENTS			<u>16,554,002</u>	<u>91.34</u>

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

** These securities are submitted to a Fair Valuation

Additional Information

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 TRS in % of net assets
Franklin Multi-Sector Credit Income Fund	USD	1,115	0.01

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

Concentration data

Total return swaps, ten largest counterparties

Fund	Fund Currency	Counterparties	Gross Volume of TRS ¹ in Fund currency
Franklin Multi-Sector Credit Income Fund	USD	Morgan Stanley	1,115

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

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

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	1 to 3 months	United States of America	755
Franklin Multi-Sector Credit Income Fund	USD	3 to 12 months	United States of America	360

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

Funds 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, 2021. There was no cash collateral reinvestment during the period ended April 30, 2021.

Safekeeping of collateral

There was no collateral granted and received during the period ended April 30, 2021.

Data on return

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

Collateral

The following table reports the collateral held as at April 30, 2021 to reduce counterparty exposure on OTC derivatives.

Fund	Counterparty	Collateral currency	Cash held as collateral	Sovereign Bonds held as collateral
Franklin Emerging Market Debt Opportunities II Fund	Barclays	USD	2,780,000	–
Franklin Emerging Market Debt Opportunities II Fund	Citigroup	USD	2,450,000	–
Franklin Emerging Market Debt Opportunities II Fund	Deutsche Bank	USD	2,600,000	–
Franklin Emerging Market Debt Opportunities II Fund	Morgan Stanley	USD	2,520,000	–

As at April 30, 2021, Franklin Multi-Sector Credit Income Fund reports cash collateral pledge related to OTC derivatives amounted to USD (257) and this balance is 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 67 212 Fax: +352 46 66 76
www.franklintempleton.lu

Please note that the website mentioned above is directed at residents within the country stated on this website. (Please refer to the website disclaimers).

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 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.



**FRANKLIN
TEMPLETON**

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