

Product Details¹

Fund Assets	\$37,318,004.75
Fund Inception Date	24/02/2012
Number of Securities Including Cash	63
Bloomberg	FTEGIAU LX
ISIN	LU0726995649
Base Currency	USD
Investment Style	Multi-Sector
Benchmark	JP Morgan EMBI Global Diversified Investment Grade Index
	JP Morgan EMBI Global Diversified Investment Grade ex-GCC Index
	ICE BofA EM High Grade Corporate - Plus (100% Hedged Into USD) Index
	JP Morgan GBI-EM Global Diversified, Investment Grade Index
Morningstar Category™	Global Emerging Markets Bond

Asset Allocation^a

Percent of Total	%
Fixed Income	96.49
Cash & Cash Equivalents	3.51

Overall Morningstar Rating™^b

Fund Description

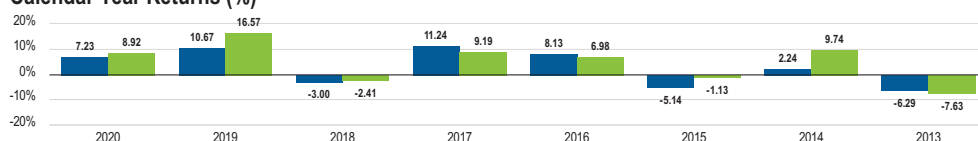
The Fund's objective is to achieve income yield and long-term capital appreciation by investing primarily in investment-grade fixed and floating rate debt securities and debt obligations of government and government related issuers as well as supranational entities organised or supported by several national governments, and corporate issuers located in an emerging market country.

Performance Data
Discrete Annual Performance (%) as at 31/08/2021

	8/20-8/21	8/19-8/20	8/18-8/19	8/17-8/18	8/16-8/17
I (acc) USD	3.17	4.92	8.79	-2.36	7.22
JP Morgan EMBI Global Diversified Investment Grade Index USD	1.09	6.39	16.15	-1.27	2.28
JP Morgan EMBI Global Diversified Investment Grade ex-GCC Index USD	0.95	6.27	15.93	-1.19	2.37
ICE BofA EM High Grade Corporate - Plus (100% Hedged Into USD) Index USD	3.06	4.74	11.54	-0.52	2.71

Performance Net of Management Fees as at 31/08/2021 (Dividends Reinvested) (%)^{c,d}

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception (24/02/2012)
I (acc) USD	0.96	1.71	-0.94	3.17	5.60	4.28	3.33
JP Morgan EMBI Global Diversified Investment Grade Index	0.78	2.70	-1.22	1.09	7.70	4.76	5.11
JP Morgan EMBI Global Diversified Investment Grade ex-GCC Index	0.91	2.81	-1.49	0.95	7.54	4.70	-
ICE BofA EM High Grade Corporate - Plus (100% Hedged Into USD) Index	0.71	2.24	0.96	3.06	6.38	4.23	4.56
JP Morgan GBI-EM Global Diversified, Investment Grade Index	0.65	-1.13	-3.57	2.33	5.25	4.61	0.42

Calendar Year Returns (%)


● I (acc) USD
● JP Morgan EMBI Global Diversified Investment Grade Index

Past performance is not an indicator or a guarantee of future performance.

1. All holdings are subject to change.

Portfolio Manager Insight

Performance Review

MONTHLY KEY PERFORMANCE DRIVERS

	Currencies	Holdings
HELPED	Uruguayan peso	Uruguay (Uruguayan peso)
	Colombian peso	Country Garden (US dollar)
	Indonesian rupiah	Russia (US dollar)
HURT	Mexican peso	Panama Metro Line 2 (US dollar)
	Kazakhstani tenge	Russia (Russian rouble)
	Russian rouble	State Grid Overseas Investment (US dollar)

- Uruguayan assets were the main contributor to performance during August. Uruguay's central bank raised its benchmark interest rate from 4.50% to 5.00% in August, for the first time since it adopted a benchmark rate last year. This move was bolder than the 0.25% increase that most expected, and many investors saw it as a positive step towards taming the country's chronic inflation.
- The stronger Colombian peso also contributed to the fund's return. During August, the Colombian parliament approved a tax bill, and the country's ministry of finance received approval from the central bank to use Special Drawing Rights (SDRs) allocated by the International Monetary Fund (IMF) to strengthen the government's liquidity position.
- Weakness in the Mexican peso detracted from performance during August. Both Mexico's second-quarter GDP and its June GDP came in lower than expected during August. Inflation, however, was 5.58% in the first half of August, still well above the central bank's 2%-4% target.

Outlook & Strategy

- Emerging markets' growth rates have lagged those in advanced economies in the year to date. A first reason for this lag is emerging markets' lower vaccination rate, of 10% as of July, compared to around 37% in advanced economies.
- Secondly, emerging markets have received less fiscal stimulus, compared to the United States and other developed markets, because their governments are rebuilding their fiscal buffers.
- Thirdly, the rapid normalization of monetary policy in several emerging markets, after the recent crisis, has held back their growth. However, we view the recent rate hikes by EM central banks as positive from a credit perspective. We see inflation in emerging markets as mostly transitory, but these rate hikes have anchored EM currencies and served to protect against the tail risk of portfolio outflows.
- Despite emerging markets' lower growth in the year to date, we remain bullish on EM debt. The IMF forecasts that emerging markets will outpace the world's advanced economies this year and every year thereafter until at least 2026. Sustained higher commodity prices have also led to improved terms of trade for emerging markets, which are mostly net commodity exporters.
- Liquidity risk has receded for EM governments with lower credit quality as well, after the IMF's allocation of US\$650 billion in SDRs in August. In addition to this direct allocation of SDRs, we see a possible US\$100 billion being re-allocated from developed countries to emerging markets. Such a reallocation would boost EM fundamentals even more, and further reduce the risk of refinancing these issuers' existing debt.
- Loose monetary conditions around the world and attractive relative valuations continue to be supportive for inflows into EM debt. Hard-currency EM debt remains attractive because bond yields in developed markets are low or, often, negative. And local-currency yields have also become more attractive, because real yields in developed markets (i.e. adjusted for inflation) have fallen in recent months, while policy tightening in emerging markets has slowed down. As a result, emerging markets remain a rare segment of the fixed income universe to offer investors significantly positive real yields.

Portfolio Characteristics^{e,f}

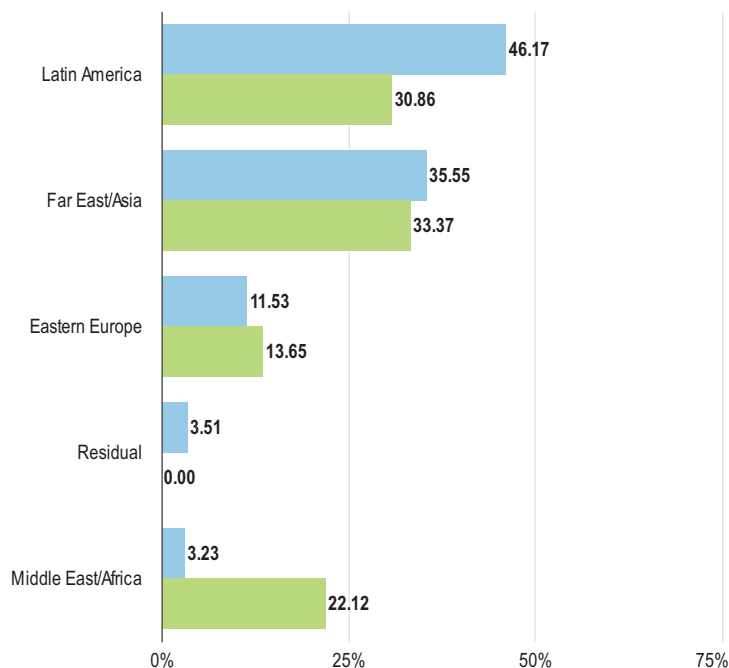
	Portfolio	JP Morgan EMBI Global Diversified Investment Grade Index
Yield to Maturity	3.75%	2.34%
Yield to Worst	3.73%	2.31%
Average Credit Quality ²	BBB+	BBB+
Average Duration	6.07 Yrs	9.31 Yrs
Average Weighted Maturity	8.16 Yrs	14.14 Yrs

2. The average credit quality (ACQ) rating may change over time. The portfolio itself has not been rated by an independent rating agency. The letter rating, which may be based on bond ratings from different agencies (or internal ratings for unrated bonds, cash and equivalents), is provided to indicate the average credit rating of the portfolio's underlying investments and generally ranges from AAA (highest) to D (lowest). For unrated bonds, cash and equivalents, ratings may be assigned based on the ratings of the issuer, the ratings of the underlying holdings of a pooled investment vehicle, or other relevant factors. The ACQ is determined by assigning a sequential integer to all credit ratings AAA to D, taking a simple, asset-weighted average of investments by market value and rounding to the nearest rating. The risk of default increases as a bond's rating decreases, so the ACQ provided is not a statistical measurement of the portfolio's default risk because a simple, weighted average does not measure the increasing level of risk from lower-rated bonds. The ACQ may be lower if cash and equivalents are excluded from the calculation. The ACQ is provided for informational purposes only. Derivative positions are not reflected in the ACQ.

Portfolio Diversification⁹

Geographic Allocation vs. JP Morgan EMBI Global Diversified Investment Grade Index

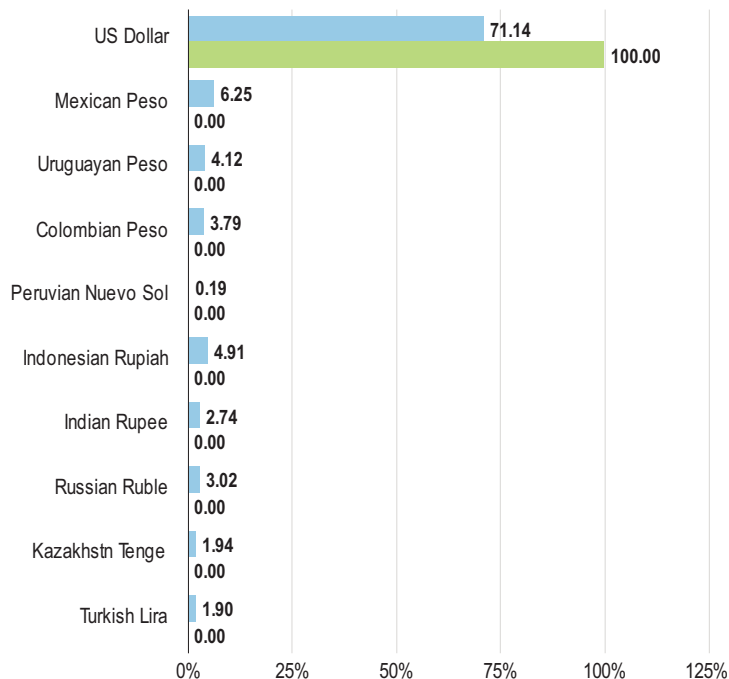
Percent of Total



● Franklin Emerging Market Investment Grade Debt Fund
 ● JP Morgan EMBI Global Diversified Investment Grade Index

Currency Allocation vs. JP Morgan EMBI Global Diversified Investment Grade Index

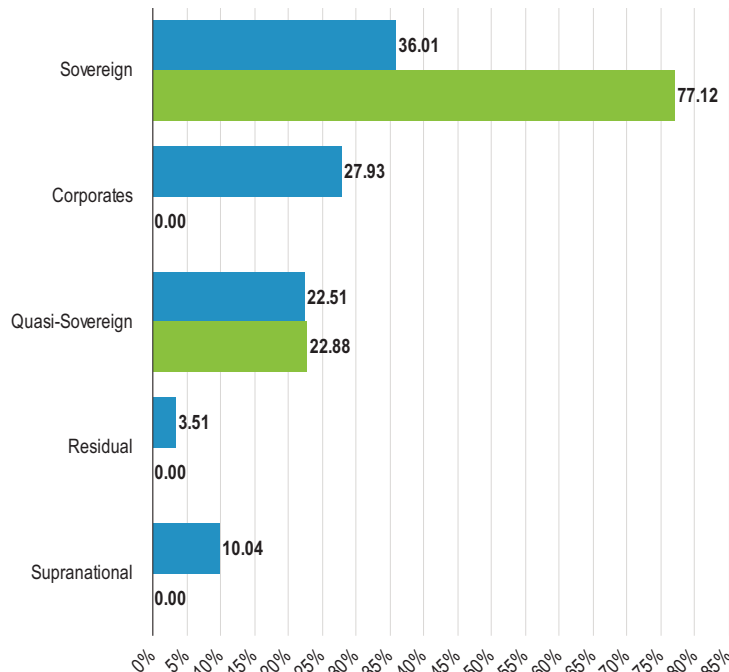
Percent of Total



● Franklin Emerging Market Investment Grade Debt Fund
 ● JP Morgan EMBI Global Diversified Investment Grade Index

Sector Allocation vs. JP Morgan EMBI Global Diversified Investment Grade Index

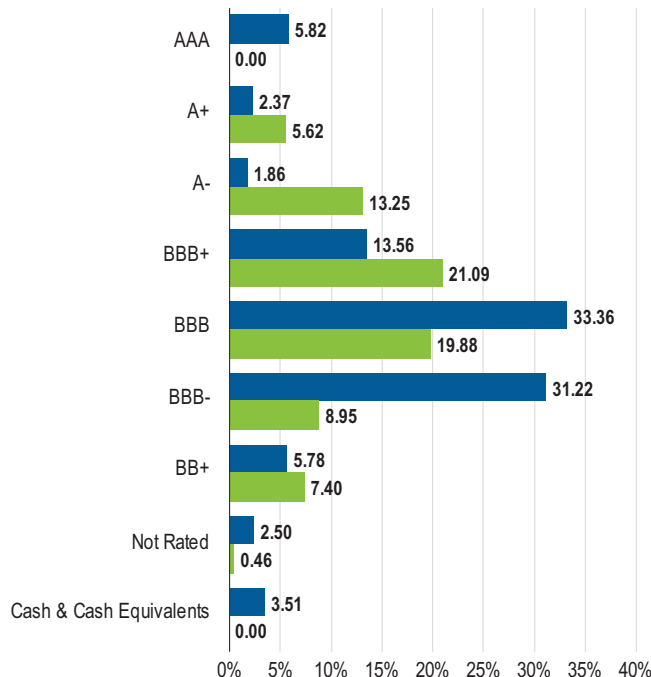
Percent of Total



● Franklin Emerging Market Investment Grade Debt Fund
 ● JP Morgan EMBI Global Diversified Investment Grade Index

Credit Quality Allocation vs. JP Morgan EMBI Global Diversified Investment Grade Index³

Percent of Total



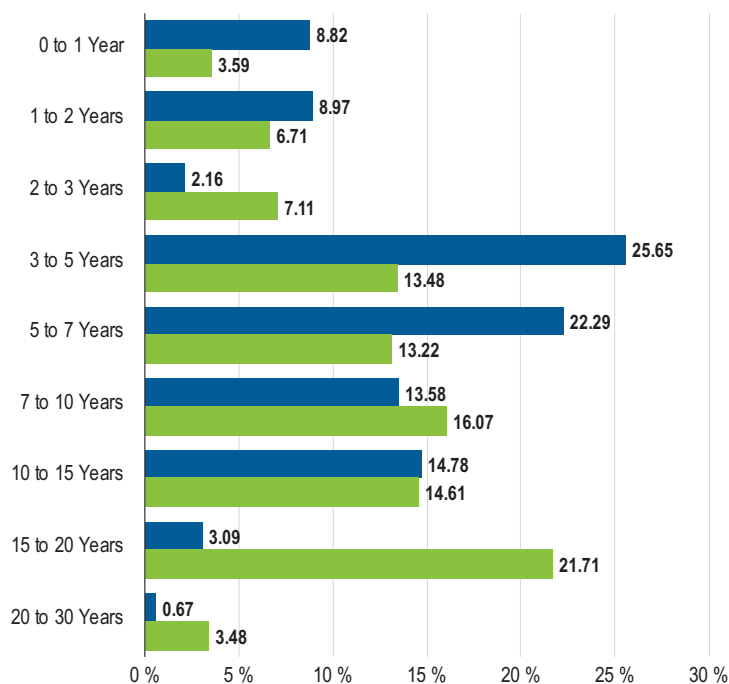
● Franklin Emerging Market Investment Grade Debt Fund
 ● JP Morgan EMBI Global Diversified Investment Grade Index

3. Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ("NRSRO"), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. The Not Rated category consists of ratable securities that have not been rated by an NRSRO. The Not Applicable category consists of nonratable securities (e.g., equities). Cash includes equivalents, which may be rated.

Duration Breakdown vs. JP Morgan EMBI Global Diversified Investment

Grade Index

Percent of Total



- Franklin Emerging Market Investment Grade Debt Fund
- JP Morgan EMBI Global Diversified Investment Grade Index

Performance Statistics

Risk Statistics

	3 Yrs	5 Yrs	Since Inception
Standard Deviation (%)			
Franklin Emerging Market Investment Grade Debt Fund	7.19	6.32	6.59
JP Morgan EMBI Global Diversified Investment Grade Index	7.76	6.73	6.62
Sharpe Ratio			
Franklin Emerging Market Investment Grade Debt Fund	0.63	0.50	0.42
JP Morgan EMBI Global Diversified Investment Grade Index	0.85	0.55	0.67

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Nicholas Hardingham, CFA	18	21
Stephanie Marjan Ouwendijk, CFA	6	13
Robert Nelson, CFA	13	20

What Are the Key Risks?

The value of shares in the Fund and income received from it can go down as well as up and investors may not get back the full amount invested. Performance may also be affected by currency fluctuations. Currency fluctuations may affect the value of overseas investments. The Fund invests mainly in investment grade debt securities issued by any government and government related issuers located in emerging markets. Such securities have historically been subject to price movements, generally due to interest rates changes or movements in the bond market. As a result, the performance of the Fund can fluctuate over time. Other significant risks include: foreign currency risk, emerging markets risk, interest rate securities risk, derivative instruments risk. For a full list of the main risks applicable to this Fund, please refer to the "Risk Considerations" section of the Fund in the current prospectus of Franklin Templeton Series II funds.

Important Legal Information

This document does not constitute legal or tax advice nor is it investment advice or an offer for shares of Franklin Templeton Series II Funds (the "Fund"). Subscriptions to shares of the Fund can only be made on the basis of the current prospectus and, where available, the relevant Key Investor Information Document, accompanied by the latest available audited annual report and the latest semi-annual report accessible on our website www.ftidocuments.com or which can be obtained, free of charge, from Franklin Templeton International Services, S.à r.l. - 8A, rue Albert Borschette, L-1246 Luxembourg.

Past performance is not an indicator or a guarantee of future performance. The value of shares in the Fund and income received from it can go down as well as up, and investors may not get back the full amount invested. Investment in the Fund entails risks which are described in the Fund's prospectus and, where available, in the relevant Key Investor Information Document or any other relevant offering document. Special risks may be associated with a Fund's investment in certain types of securities, asset classes, sectors, markets, currencies or countries and in the Fund's possible use of derivatives. References to particular industries, sectors or companies are for general information and are not necessarily indicative of a fund's holdings at any one time. Currency fluctuations may affect the value of overseas investments. When investing in a fund denominated in a foreign currency, your performance may also be affected by currency fluctuations. Where a Fund invests in emerging markets, this investment can be more risky than an investment in developed markets. No shares of the Fund may be directly or indirectly offered or sold to residents of the United States of America. The Fund is registered in Luxembourg. The Fund may be marketed in Luxembourg and other member states of the EEA, to professional investors only, on the basis of the passport regime set out in article 29 and following of the Law of 12 July 2013.

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

Securities mentioned in this report are not a solicitation to purchase those securities, and are examples of some securities which performed well. Not all securities in the portfolio performed well. These securities do not represent all the securities purchased, sold or recommended for advisory clients, and the reader should not assume that investment in the security listed was or will be profitable. Holdings are subject to change, holdings of the same issuer have been combined. The information provided is not a recommendation to purchase, sell or hold any particular security. The security identified does not represent the Fund's entire holdings and in the aggregate, may represent a small percentage of such holdings. There is no assurance that security purchased will remain in the Fund, or that security sold will not be repurchased. In addition, it should not be assumed that any securities mentioned were or will prove to be profitable. For the most current information on the fund, please contact your Franklin Templeton marketing representative.

Performance figures are not based on audited financial statements and assume reinvestment of interest and dividends. When comparing the performance of Franklin Templeton Series II Funds (the "Fund") with a benchmark index, it is important to note that the securities in which the Fund invests may be substantially different than those represented by the benchmark index. Furthermore, an investment in Franklin Templeton Series II Funds represents an investment in a managed investment company in which certain charges and expenses, including management fees, are applicable. These charges and expenses are not applicable to indices. Lastly, please note that indices are unmanaged and are not available for direct investment. Certain data and other information shown have been supplied by outside sources. While we consider that information to be reliable, we give no assurance that such data and information is accurate or complete.

References to indexes are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown. The indices include a greater number of securities than those held in the Fund. An index is unmanaged and one cannot invest directly in an index. The performance of the index does not include the deduction of expenses and does not represent the performance of any Franklin Templeton fund. **Past performance is not an indicator or a guarantee of future performance.**

CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

The index data referenced herein is the property of Intercontinental Exchange ("ICE") and/or its licensors and has been licensed for use by Franklin Templeton. ICE and its licensors accept no liability in connection with this use. See www.franklintempletondatasources.com for a full copy of the Disclaimer.

Source: FactSet. Important data provider notices and terms available at www.franklintempletondatasources.com.

- a. Figures reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of derivatives, unsettled trades or other factors. All holdings are subject to change.
- b. ©2021 Morningstar, Inc. All rights reserved. The information contained herein is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.
- c. Source for all information is Franklin Templeton. Benchmark related data provided by FactSet. **Past performance is not an indicator or a guarantee of future performance.** Periods greater than one year are shown as average annual total returns. Fund performance data include reinvested dividends, and is net of management fees. Sales charges, other commissions, taxes and other relevant costs to be paid by the investor are not included. The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.
- d. When performance for either the portfolio or its benchmark has been converted, different foreign exchange closing rates may be used between the portfolio and its benchmark.
- e. All holdings are subject to change.
- f. Yield figures quoted should not be used as an indication of the income that has or will be received. Yield figures are based on the portfolio's underlying holdings and do not represent a payout of the portfolio. **Past performance is not an indicator or a guarantee of future performance.**



Franklin Templeton International Services, S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
franklintempleton.lu

For Professional Investor Use Only / Not For Distribution To Retail Investors