

UNAUDITED SEMI-ANNUAL REPORT

FRANKLIN TEMPLETON SERIES II FUNDS

société d'investissement à capital variable

April 30, 2023



FRANKLIN
TEMPLETON®

FRANKLIN TEMPLETON SERIES II FUNDS

société d'investissement à capital variable

UNAUDITED SEMI-ANNUAL REPORT

For the period ended April 30, 2023

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.

Contents

General Information	6
Report of the Investment Managers	8
Fund Performance	10
Statement of Net Assets	11
Statement of Operations and Changes in Net Assets	12
Statistical Information	13
Notes to Financial Statements	14
Schedule of Investments	23
Franklin Emerging Market Debt Opportunities II Fund	23
Franklin Emerging Market Investment Grade Debt Fund ...	26
Additional Information	27
Franklin Templeton Office Directory	28

General Information

As at April 30, 2023

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)

BOARD OF DIRECTORS:

Chairwoman

Caroline Carroll

Director

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

Cannon Place, 78 Cannon Street, London EC4N 6HL
United Kingdom

Directors

A. Craig Blair

Director

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.

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

William Jackson

Director

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

5 Morrison Street, Edinburgh EH3 8BH,
Scotland

Hans-J. Wisser

Independent Director

Kälberstücksweg 37
61350 Bad Homburg
Germany

MANAGEMENT COMPANY:

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.

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

REGISTERED OFFICE:

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

PRINCIPAL DISTRIBUTOR:

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.

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

DISTRIBUTION CONTROLLER:

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.

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

INVESTMENT MANAGER:

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

Cannon Place
78 Cannon Street
London EC4N 6HL
United Kingdom

DEPOSITARY:

THE BANK OF NEW YORK MELLON SA/NV,
LUXEMBOURG BRANCH
Vertigo Building
2-4, rue Eugène Ruppert
L-2453 Luxembourg
Grand Duchy of Luxembourg

PRINCIPAL PAYING AGENT:

J.P. Morgan SE, Luxembourg Branch
European Bank and Business Centre
6C route de Trèves, L-2633 Senningerberg
Grand Duchy of Luxembourg

ADMINISTRATIVE AGENT:

J.P. Morgan SE, Luxembourg Branch
European Bank and Business Centre
6C route de Trèves, L-2633 Senningerberg
Grand Duchy of Luxembourg

REGISTRAR AND TRANSFER AGENT:

VIRTUS PARTNERS FUND SERVICES LUXEMBOURG S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

AUDITOR:

Ernst & Young S.A.
35E, avenue John F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS:

ELVINGER HOSS PRUSSEN, Société anonyme
2, Place Winston Churchill,
L-1340 Luxembourg
Grand Duchy of Luxembourg

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

Report of the Investment Managers

Franklin Emerging Market Debt Opportunities II Fund

Emerging market (EM) hard-currency government bonds¹: 8.40%

- As investor confidence increased that global central banks, and specifically the US Federal Reserve (Fed), were gaining ground in their fight against inflation, US Treasury (UST) yields declined over the period under review, particularly at the long end. Against this backdrop, the spread-to-worst on the EM hard-currency government bond index narrowed by 59 basis points (bps) to 483 bps, whilst the yield-to-worst moved 120 bps lower to 8.46%.²

- The period under review saw signs that inflation pressures were starting to ease, fuelling hopes among investors that peak levels had been reached. The resulting optimism led to very strong performance across EM hard-currency sovereign debt in the latter part of 2022 and in January 2023, notably in the high-yield (HY) segment of the universe. The economic outlook for EMs was also helped during the period by the relaxing of zero-COVID policies in China. However, persistent inflation prints, banking sector turmoil in the United States (US) and Europe in March and concerns around a global growth slowdown led to a deterioration in investor risk appetite and renewed volatility. Across EMs, some central banks began to cut interest rates in order to support domestic demand. In April, the International Monetary Fund (IMF) released updated projections, warning that its outlook for global economic growth over the next five years was the weakest in more than three decades. Its expectation for EM growth for 2023 was revised lower by 10 bps to 3.9%, whilst the 2024 growth rate remained unchanged at 4.2%. However, EMs are still expected to grow significantly faster than advanced economies over the period.

- In the US, given the material deceleration in headline inflation, the Fed slowed the pace of hiking to 50 bps at its December meeting and then to 25 bps at both its February and March meetings, reaching a target range of 4.75%–5.00%. In March, the central bank amended its language on future rate moves from envisioning “ongoing increases” to stating that “some additional policy firming” may be needed. The Fed did not meet in April, but market indicators moved to anticipate an additional 25-bp increase in the fed funds rate in early May. The benchmark 10-year UST yield declined 63 bps over the period, to 3.42%. Meanwhile, the European Central Bank (ECB) raised its policy rate by 75 bps in November 2022, and then by 50 bps at its three meetings between December and March, bringing its reference rate to 3.00%. In March the ECB did, however, drop its forward guidance in a shift toward data dependence.

- The overhang of a global growth slowdown on the energy demand outlook led to significant price declines in the energy market. The Brent crude spot price ended April at US\$79.54 per barrel, down from US\$94.83 at the end of October 2022.

EM hard-currency corporate bonds³: 7.96%

- Primarily due to their shorter duration, EM corporate bonds modestly underperformed EM hard-currency government debt over the period. The spread-to-worst of the EM corporate index narrowed 65 bps to 308 bps.

EM local-currency government bonds⁴: 2.78%

- Driven by expectations of some unwinding of monetary policy across EMs, EM local-currency bond yields declined by 84 bps to 6.52% over the six-month period.

- The period saw heightened levels of volatility, but overall EM currencies generally weakened relative to the euro. This proved detrimental to EM local-currency debt, which underperformed the hard-currency universe.

¹ JP Morgan Emerging Markets Bond Index Global Diversified (EMBIGD) B-/B3 and Higher, hedged into euros

² Spread and yield levels quoted are for the JP Morgan EMBIGD index

³ ICE BofA Emerging Markets Corporate Plus Index, hedged, in euros

⁴ JP Morgan Government Bond Index–Emerging Markets (GBI–EM) Broad Diversified (unhedged, in euros) The calculation of the allocation effect has been changed such that the country return is compared with the benchmark-average return, whereas the calculation made no such comparison in attributions run for reporting periods ending prior to May 2022.

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 2023, the fund returned 4.86% (1 [Ydis] shares in euros), compared with an 8.40% return for the JPMorgan EM Bond Index Global Diversified B-/B3 and higher, hedged into euros, and a return of 2.78% for the JP Morgan GBI-EM Broad Diversified Index, also in euros.

Positive factors (in absolute terms)

1. Chinese US-dollar bonds

The portfolio's holding of Chinese real estate developer Country Garden supported returns during the period. In November 2022, the Chinese government and central bank announced a sweeping set of policy measures designed to support the property sector, which was followed by the announcement of substantial credit lines from state-controlled banks for higher-quality property developers. This relieved some of the near-term liquidity issues plaguing the sector. Moreover, investor sentiment improved over the latter part of 2022 due to the faster-than-expected unwinding of China's zero-Covid policies. Country Garden's bond prices were further supported by the company's announcement in January 2023 that it had purchased a total of US\$218 million of its January 2023 notes in the open market and transferred funds to meet the remaining maturities of the notes. The board of directors stated that it would periodically look to purchase further debt on the open market as it became financially advantageous.

2. Turkish US-dollar bonds

The portfolio's holdings of Turkish bonds contributed to returns, particularly bonds issued by Turkish airline Pegasus. In November 2022, Pegasus had posted strong results for the third quarter 2022 and followed this up with better-than-expected November traffic numbers, which prolonged the rally that had started with the significant reversal of sentiment in global EM and high-yield markets a month earlier. We took advantage of these relatively attractive valuations and sold part of our position in Pegasus in order to reduce exposure to Turkey ahead of the presidential elections in mid-2023, which were surrounded by political uncertainty. Additionally, holdings of Turkish government bonds performed well as, towards the end of the period, investors reevaluated President Erdogan's chances of being reelected in the vote held on 14 May. The election campaign was more tightly contested than many expected and supported optimism that Erdogan's two decades in power could come to an end, and with it the unorthodox economic policies that have led to surging inflation and significant outflows of international capital.

Negative factors (in absolute terms)

1. Russian local-currency bonds

The portfolio's exposure to Russian local-currency bonds curbed returns during the period, following a repricing of the securities in the market. Since November 2022, the trading and settlement of these bonds has been suspended by Euroclear until more clarity over ownership could be gained. However, Euroclear's efforts to reconcile its information and allow a resumption in trading have yet to prove successful and the securities continued to be marked down.

2. Dominican peso (DOP)

The DOP depreciated against the euro over the period, curbing returns of the short-dated local-currency government bonds issued by the Dominican Republic held in the portfolio. The country's central bank raised its reference rate by 25 bps to 8.50% in November and signalled a pause in the hiking cycle, despite indications that inflation may prove to be "sticky". At the same time, most developed market central banks have continued to tighten monetary policy, causing some relative weakness in the peso.

THE INVESTMENT MANAGERS

May 2023

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

Fund Performance*

Percentage change to April 30, 2023

	Share Class	Launch Date	6 Months %	1 Year %	3 Years %	5 Years %	Since Launch %
Franklin Emerging Market Debt Opportunities II Fund	I (Ydis) EUR-H2 (hedged)	30 Nov 12	4.9	0.5	1.7	(6.8)	13.7
Franklin Emerging Market Investment Grade Debt Fund	I (acc) EUR	24 Feb 12	17.7	15.6	13.4	27.6	68.2
Franklin Emerging Market Investment Grade Debt Fund	I (acc) EUR-H1 (hedged)	24 Feb 12	30.0	17.7	8.0	4.0	16.5
Franklin Emerging Market Investment Grade Debt Fund	I (acc) USD	24 Feb 12	31.5	21.1	14.3	16.7	38.1
Franklin Emerging Market Investment Grade Debt Fund	Y (Mdis) USD	12 Jan 18	32.0	21.9	17.0	21.2	19.5

*The performance is based on the published net asset values as calculated on the last business day of the period. Those net asset values reflect the market prices of the investments as of the last business day of the period. The performance is based on the change of the published net asset value per share. The reporting period performance includes the period from 01.11.2022 until 30.04.2023.

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, 2023

	Total (USD)	Franklin Emerging Market Debt Opportunities II Fund (EUR)	Franklin Emerging Market Investment Grade Debt Fund ¹ (USD)
ASSETS			
Investments in securities at market value (note 2(b))	729,758,307	662,089,534	102,662
Cash at bank and at brokers	46,323,448	41,757,978	304,076
Amounts receivable on sale of investments	6,831,315	6,198,735	–
Interest and dividends receivable, net	15,457,305	14,025,959	–
Unrealised profit on forward foreign exchange contracts (notes 2(c), 3)	16,651,888	15,109,250	742
Other receivables	260,914	235,818	1,031
TOTAL ASSETS	815,283,177	739,417,274	408,511
LIABILITIES			
Amounts payable on purchases of investments	9,638,619	8,746,083	–
Investment management fees payable (note 4)	462,220	419,400	20
Unrealised loss on forward foreign exchange contracts (notes 2(c), 3)	189,147	170,982	717
Taxes and expenses payable	709,183	553,061	99,682
TOTAL LIABILITIES	10,999,169	9,889,526	100,419
TOTAL NET ASSETS	804,284,008	729,527,748	308,092
THREE YEAR ASSET SUMMARY			
October 31, 2022	917,592,258	897,675,915	30,177,205
October 31, 2021	1,417,103,888	1,170,287,434	36,629,716
October 31, 2020	1,347,591,234	1,091,235,850	27,733,352

¹This Fund was put into liquidation effective April 11, 2023.

Statement of Operations and Changes in Net Assets

For the period ended April 30, 2023

	Total (USD)	Franklin Emerging Market Debt (EUR)	Franklin Emerging Market Investment Grade Debt Fund ¹ (USD)	Franklin Floating Rate II Fund ² (USD)
NET ASSETS AT THE BEGINNING OF THE PERIOD	917,592,258	897,675,915	30,177,205	208,177
Currency translation adjustment	102,076,696	—	—	—
	1,019,668,954	897,675,915	30,177,205	208,177
INCOME				
Interest on bonds (net of withholding taxes) (note 2(h))	31,418,763	27,897,485	674,345	—
Bank interest (note 2(h))	97,654	85,725	2,143	1,038
Sundry income (note 2(h))	73,925	—	—	73,925
TOTAL INCOME	31,590,342	27,983,210	676,488	74,963
EXPENSES				
Investment management fees (note 4)	2,822,787	2,561,146	277	—
Administration and transfer agency fees	678,044	615,158	74	35
Directors fees	5,999	5,175	296	—
Subscription tax (note 6)	38,855	34,468	870	—
Custodian fees	316,311	202,700	46,330	46,596
Audit fees	97,854	17,156	62,309	16,638
Printing and publishing expenses	10,896	6,822	1,378	2,000
Other charges (note 12)	63,672	53,987	4,153	22
TOTAL EXPENSES	4,034,418	3,496,612	115,687	65,291
Expenses reimbursement (note 9)	(313,099)	(203,709)	(88,602)	—
NET EXPENSES	3,721,319	3,292,903	27,085	65,291
NET INCOME/(EXPENSES) FROM INVESTMENTS	27,869,023	24,690,307	649,403	9,672
Net realised profit/(loss) on sale of investments (note 8)	(52,094,568)	(42,244,786)	(5,538,704)	(6)
Net realised profit/(loss) on forward foreign exchange contracts	19,511,112	17,840,503	(151,304)	1,293
Net realised profit/(loss) on foreign exchange transactions	(1,389,991)	(1,263,360)	2,306	(11)
NET REALISED PROFIT/(LOSS) FOR THE PERIOD	(6,104,424)	(977,336)	(5,038,299)	10,948
Change in net unrealised appreciation/(depreciation) on:				
Investments (note 8)	25,171,398	15,836,057	7,719,274	—
Forward foreign exchange contracts	23,385,275	21,241,543	(23,629)	(334)
Foreign exchange transactions	(435,769)	(399,279)	3,991	265
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	42,016,480	35,700,985	2,661,337	10,879
MOVEMENT OF CAPITAL				
Issue of shares	58,875,742	52,786,567	702,316	—
Redemption of shares	(245,879,295)	(193,487,876)	(32,426,962)	(219,056)
Equalisation (note 13)	(577,080)	(389,639)	(147,678)	—
	(187,580,633)	(141,090,948)	(31,872,324)	(219,056)
Dividends paid/accumulated	(69,820,793)	(62,758,204)	(658,126)	—
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	(257,401,426)	(203,849,152)	(32,530,450)	(219,056)
NET ASSETS AT THE END OF THE PERIOD	804,284,008	729,527,748	308,092	—

¹This Fund was put into liquidation effective April 11, 2023.²This Fund was put into liquidation effective August 11, 2020 and closed on November 29, 2022.

Statistical Information

For the period ended April 30, 2023

	Total Expense Ratio April 30, 2023 (See note 15)	Shares Outstanding as at April 30, 2023	Net Asset Value per share as at April 30, 2023	Net Asset Value per share as at October 31, 2022	Net Asset Value per share as at October 31, 2021
Franklin Emerging Market Debt Opportunities II Fund - EUR					
I (Ydis) EUR-H2 (hedged)	0.90%	120,425,283.223	6.06	6.21	7.95
Franklin Emerging Market Investment Grade Debt Fund – USD¹					
I (acc) EUR	0.95%	14.862	16.82	14.29	15.60
I (acc) EUR-H1 (hedged)	0.95%	157.318	11.65	8.96	11.75
I (acc) USD	0.95%	10.001	13.81	10.50	13.39
Y (Mdis) USD	0.20%	32,654.111	9.36	7.24	9.59
Franklin Floating Rate II Fund – USD²					
A (acc) EUR-H1 (hedged)	—	—	—	2.96	7.01
A (acc) USD	—	—	—	4.57	10.92
A (Mdis) USD	—	—	—	2.47	5.91
I (acc) EUR-H1 (hedged)	—	—	—	3.09	7.28
I (acc) GBP-H1 (hedged)	—	—	—	3.41	7.89
I (acc) USD	—	—	—	4.80	11.42
I (Mdis) USD	—	—	—	2.59	6.17
I (Qdis) EUR-H1 (hedged)	—	—	—	2.51	5.90
I (Ydis) CHF-H1 (hedged)	—	—	—	2.76	6.39
I (Ydis) EUR-H1 (hedged)	—	—	—	2.80	6.60
I (Ydis) USD	—	—	—	3.08	7.31
W (acc) EUR-H1 (hedged)	—	—	—	3.48	8.18
W (acc) USD	—	—	—	4.04	9.63
W (Qdis) USD	—	—	—	2.91	6.93
Y (Mdis) USD	—	—	—	3.02	7.19

¹This Fund was put into liquidation effective April 11, 2023

²This Fund was put into liquidation effective August 11, 2020 and closed on November 29, 2022

Notes to Financial Statements

For the period ended April 30, 2023

Note 1 - The Company

Franklin Templeton Series II Funds ("FTSIIF" 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 reporting date, it offers shares in 1 sub-fund 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 closures

- Franklin Emerging Market Investment Grade Debt Fund was put into liquidation effective April 11, 2023. Its net assets at April 30, 2023 amounted USD 308,092 and mainly consist of non-tradable Russian assets of USD 102,662 and cash at bank of USD 304,076.

- Franklin Floating Rate II Fund closed on November 29, 2022. The remaining amount of cash at bank in USD 8,784 as at April 30, 2023 and will be used to cover costs linked to liquidation.

As of April 30, 2023, the above cash balances are still open and there is no Shareholder in the Fund. The cash accounts will be closed as soon as all invoices are paid. In case of remaining cash, the amount will be distributed to Shareholders that were still invested at closure.

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 which was closed on November 29, 2022 and Franklin Emerging Market Investment Grade Debt Fund which was put into liquidation effective April 11, 2023, hence the financial statements for these funds 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.

Note 2 - Significant accounting policies (continued)

(b) Investment in securities (continued)

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

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

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

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

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

In accordance with the provisions of the current prospectus, Market Level Fair Valuation may be implemented to protect the interests of the Fund's shareholders against market timing practices, as market timers may seek to exploit possible delays between the change in the value of a Fund's portfolio holdings and the Net Asset Value of the Fund's Shares in Funds that hold significant investments in foreign securities because certain foreign markets close several hours ahead of the US markets, and in Funds that hold significant investments in small-cap securities, high-yield ("junk") bonds and other types of investments which may not be frequently traded.

(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". During the period ended April 30, 2023, the Company had no exposure.

(e) 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)

(e) 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". During the period ended April 30, 2023, the Company had no exposure.

(f) 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. During the period ended April 30, 2023, the Company had no exposure.

(g) 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, 2023 are as follows:

BRL	4.9880	HUF	338.5650	PLN	4.1622
COP	4,698.0000	IDR	14670.0000	RUB	79.9750
DOP	54.6300	JPY	136.2350	UYU	38.6350
EUR	0.9074	KZT	452.1550	UZS	11408.0100
GBP	0.7957	MXN	17.9795	ZAR	18.2940
GEL	2.4940	PEN	3.7080		

The list of the currency abbreviations is available in note 16.

(h) Income

Dividends are credited to income on their ex-dividend date. Interest income is accrued on a daily basis and includes the amortisation of premiums and accretion of discounts, where applicable. Bank interest is credited to the funds upon receipt. Sundry income includes the reversal of accruals such as Agent Fee, Legal Fee, Tax Dabonnement Fee, Registration Fee and Tax Fee.

(i) Charges and expenses

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

Note 2 - Significant accounting policies (continued)

(j) Formation expenses

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

(k) 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 other reference rates applicable in the market. 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. During the period ended April 30, 2023, the Company had no exposure.

(l) 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 period" into the currency of the Company using exchange rates prevailed at previous period and current accounting reporting date.

(m) 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.

Note 2 - Significant accounting policies (continued)

(m) Swing pricing (continued)

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.

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 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 semi-annual period end, as disclosed in the Statistical Information, would include the swing pricing adjustment. No swing pricing applied as at April 30, 2023.

During the period ended April 30, 2023, 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

Note 3 - Forward foreign exchange contracts

As at April 30, 2023, 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 share class hedging:					
EUR	2,168,370	JPY	310,000,000	06/13/2023	95,320
EUR	408,755,596	USD	435,000,000	06/13/2023	15,013,930
USD	11,200,000	EUR	10,308,698	06/13/2023	(170,982)
					14,938,268

The above contracts were opened with the below counterparties:

Barclays	2,833,296
Citibank	2,763,116
Deutsche Bank	3,035,462
Morgan Stanley	3,103,448
RBC	3,202,946
	14,938,268

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	76,791	USD	83,951	05/15/2023	742
USD	81,962	EUR	74,964	05/15/2023	(717)
					25

The above contracts were opened with the below counterparties:

J.P. Morgan	25
	25

Note 4 - 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 existing Funds as at April 30, 2023:

Note 4 - Investment management fees (continued)

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

	Fee %
Franklin Emerging Market Debt Opportunities II Fund	0.70%
Franklin Emerging Market Investment Grade Debt Fund	0.65%

Note 5 - 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 Manager, among others, 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 Manager will be remunerated by the Management Company out of the investment management fee received from the Company, as detailed in note 4 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, 2023.

During the period ended April 30, 2023, the Company accrued administration and transfer agency fees and shares' maintenance and service charges in respect of Franklin Templeton International Services S.à r.l. as Management Company and Principal Distributor of the Funds.

Note 6 - 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 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 7 - Share classes

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 4).

Note 7 - Share classes (continued)

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 4). Distribution of dividend will be made monthly, quarterly or annually (depending on the frequency of the share class).

Class 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 and (Ydis) share classes distribute annually.

Note 8 - 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	39,947,708	580,469	–
Realised loss on sale of investments	(82,192,495)	(6,119,173)	(6)
Net realised profit/(loss) on sale of investments	(42,244,786)	(5,538,704)	(6)
Change in unrealised profit on investments	117,015,728	7,951,365	–
Change in unrealised loss on investments	(101,179,671)	(232,091)	–
Change in net unrealised profit/(loss) on investments	15,836,057	7,719,274	–

Note 9 - Expenses reimbursement

On a daily basis, for share classes where the expenses are capped, the level of expenses is calculated and compared to the cap and where the level of expenses is higher than the cap, this difference is booked as a decrease of expense (the “waiver fees”). On a monthly basis the waiver fees are deducted from the fees received by Franklin Templeton International Services S.à r.l.

The amount of waiver fees is disclosed as “Expenses reimbursement” in the “Statement of Operations and Changes in Net Assets”.

Note 10 - 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 11 - 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, 2023, the Company did not incur transaction costs.

Note 12 - Other charges

Other expenses mainly consist of legal fees, miscellaneous fees, paying agent fees, registration and tax fees.

Note 13 - 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 and/or the Management Company reserves the right not to apply equalisation.

Note 14 - Global credit facility

Effective February 3, 2023, 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 totaling 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, 2023, the Company did not use the Global Credit Facility.

Note 15 - 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, 2023. 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 16 - Abbreviations**Countries**

AGO	Angola	DOM	Dominican Republic	MEX	Mexico	TTO	Trinidad and Tobago
ARM	Armenia	EGY	Egypt	MKD	Macedonia	TUN	Tunisia
AZE	Azerbaijan	GEO	Georgia	NGA	Nigeria	TUR	Turkey
BEN	Benin	GHA	Ghana	PAK	Pakistan	UKR	Ukraine
BLR	Belarus	HND	Honduras	PAN	Panama	URY	Uruguay
BRA	Brazil	IDN	Indonesia	PER	Peru	USA	United States of America
CHN	China	IND	India	PRY	Paraguay	UZB	Uzbekistan
CIV	Ivory Coast	IRQ	Iraq	ROU	Romania	VEN	Venezuela
CMR	Cameroon	JAM	Jamaica	RUS	Russia	ZAF	South Africa
COL	Colombia	JEY	Jersey	SLV	El Salvador		
CRI	Costa Rica	JOR	Jordan	SP	Supranational		
CZE	Czech Republic	KAZ	Kazakhstan	SRB	Serbia		

Currencies

BRL	Brazilian Real	GEL	Georgian Lari	MXN	Mexican Peso	UYU	Uruguayan Peso
COP	Colombian Peso	HUF	Hungarian Forint	PEN	Peruvian Nuevo Sol	UZS	Uzbekistani Som
	Dominican Republic						
DOP	Peso	IDR	Indonesian Rupiah	PLN	Polish Zloty	ZAR	South African Rand
EUR	Euro	JPY	Japanese Yen	RUB	Russian Ruble		
GBP	British Pound Sterling	KZT	Kazakhstani Tenge	USD	US Dollar		

Note 17 - Additional Information

The current outbreak of tension between Russia and Ukraine and any related sanctions that have, and might be imposed, may result in the global economy being adversely affected, along with the economies of certain nations and individual issuers, all of which may negatively impact the market. Although the Company does not have any significant exposure to the Russian or Ukrainian markets, the share price of some share classes may be affected by this wider market volatility.

Note 18 - Subsequent events

Effective June 12, 2023, the new Company's depositary is J.P. Morgan SE Luxembourg Branch replacing The Bank of New York Mellon SA/NV.

Schedule of Investments, April 30, 2023

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				
2,156,091	Petra Diamonds Ltd.	ZAF	GBP	1,675,461	0.23
				1,675,461	0.23
	TOTAL SHARES				
				1,675,461	0.23
	BONDS				
	Asset-Backed Securities				
4,093,409	Peru Enhanced Pass-Through Finance Ltd., Reg. S 0% 06/02/2025	PER	USD	3,461,160	0.47
				3,461,160	0.47
	Corporate Bonds				
13,700,000	Frigorifico Concepcion SA, Reg. S 7.7% 07/21/2028	PRY	USD	8,906,368	1.22
8,600,000	Georgia Capital JSC, Reg. S 6.125% 03/09/2024	GEO	USD	7,657,668	1.05
16,200,000	Country Garden Holdings Co. Ltd., Reg. S 7.25% 04/08/2026	CHN	USD	7,646,221	1.05
7,700,000	Pegasus Hava Tasimaciligi A/S, Reg. S 9.25% 04/30/2026	TUR	USD	7,002,528	0.96
8,450,000	Kosmos Energy Ltd., Reg. S 7.75% 05/01/2027	GHA	USD	6,635,136	0.91
8,500,000	Braskem Idesa SAPI, Reg. S 7.45% 11/15/2029	MEX	USD	6,109,964	0.84
4,100,000	Banca Transilvania SA, Reg. S 8.875% 04/27/2027	ROU	EUR	4,133,210	0.57
5,800,000	Adani Electricity Mumbai Ltd., Reg. S 3.949% 02/12/2030	IND	USD	3,853,771	0.53
4,700,000	Access Bank plc, Reg. S 6.125% 09/21/2026	NGA	USD	3,393,639	0.46
4,150,000	IHS Netherlands Holdco BV, Reg. S 8% 09/18/2027	NGA	USD	3,320,942	0.45
2,900,000	Ardshinbank CJSC, Reg. S 6.5% 01/28/2025	ARM	USD	2,572,369	0.35
52,950,000	Red de Carreteras de Occidente SAB de CV, Reg. S 9% 06/10/2028	MEX	MXN	2,532,137	0.35
2,237,604	Petra Diamonds US Treasury plc, Reg. S 10.033% 03/08/2026	ZAF	USD	1,939,121	0.26
1,257,000	Medco Oak Tree Pte. Ltd., Reg. S 7.375% 05/14/2026	IDN	USD	1,097,765	0.15
1,216,000	Medco Platinum Road Pte. Ltd., Reg. S 6.75% 01/30/2025	IDN	USD	1,076,265	0.15
6,750,000	Sri Rejeki Isman Tbk. PT, Reg. S 7.25% 01/16/2025 [§]	IDN	USD	214,383	0.03
				68,091,487	9.33
	Government and Municipal Bonds				
139,000,000	Brazil Notas do Tesouro Nacional 10% 01/01/2029	BRA	BRL	23,303,508	3.19
400,000,000	Mexican Bonos Desarr Fixed Rate 8% 11/07/2047	MEX	MXN	17,963,037	2.46
20,500,000	Brazil Government Bond 4.5% 05/30/2029	BRA	USD	17,696,237	2.43
394,885,000	South Africa Government Bond 7% 02/28/2031	ZAF	ZAR	15,894,327	2.18
19,900,000	Angola Government Bond, Reg. S 8% 11/26/2029	AGO	USD	15,262,506	2.09
20,000,000	Romania Government Bond, Reg. S 1.375% 12/02/2029	ROU	EUR	15,242,755	2.09
19,950,000	Ivory Coast Government Bond, Reg. S 4.875% 01/30/2032	CIV	EUR	15,169,521	2.08
543,143,005	Uruguay Government Bond 3.7% 06/26/2037	URY	UYU	13,206,524	1.81
794,000,000	Dominican Republic Government Bond, Reg. S 9.75% 06/05/2026	DOM	DOP	13,103,147	1.80
15,187,500	Iraq Government Bond, Reg. S 5.8% 01/15/2028	IRQ	USD	12,904,552	1.77
51,200,000	Peru Government Bond 5.4% 08/12/2034	PER	PEN	10,574,984	1.45
11,250,000	Southern Gas Corridor CJSC, Reg. S 6.875% 03/24/2026	AZE	USD	10,513,340	1.44
14,096,000	Paraguay Government Bond, Reg. S 2.739% 01/29/2033	PRY	USD	10,370,967	1.42
13,360,000	Benin Government International Bond, Reg. S 4.875% 01/19/2032	BEN	EUR	10,015,324	1.37
122,510,000,000	Uzbekistan Government Bond, Reg. S 14% 07/19/2024	UZB	UZS	9,599,788	1.32
10,200,000	Costa Rica Government Bond, Reg. S 7.158% 03/12/2045	CRI	USD	9,239,801	1.27
434,200,000	Uruguay Government Bond 8.25% 05/21/2031	URY	UYU	9,219,253	1.26
9,600,000	Indonesia Government Bond 4.15% 09/20/2027	IDN	USD	8,642,790	1.19
10,100,000	Dominican Republic Government Bond, Reg. S 6.4% 06/05/2049	DOM	USD	7,727,873	1.06
7,000,000	Jamaica Government Bond 7.875% 07/28/2045	JAM	USD	7,435,849	1.02
143,938,813	Mexican Udibonos 4% 11/30/2028	MEX	MXN	7,105,886	0.97
9,200,000	BOI Finance BV, Reg. S 7.5% 02/16/2027	NGA	EUR	7,084,000	0.97
8,000,000	Colombia Government Bond 7.5% 02/02/2034	COL	USD	6,979,690	0.96
9,550,000	Honduras Government Bond, Reg. S 5.625% 06/24/2030	HND	USD	6,880,874	0.94
7,300,000	Jordan Government Bond, Reg. S 6.125% 01/29/2026	JOR	USD	6,519,192	0.89
6,200,000	North Macedonia Government Bond, Reg. S 6.96% 03/13/2027	MKD	EUR	6,300,254	0.86
8,750,000	Cameroon Government Bond, Reg. S 5.95% 07/07/2032	CMR	EUR	6,167,262	0.85
7,750,000	Turkey Government Bond 5.95% 01/15/2031	TUR	USD	5,936,275	0.81
6,750,000	Jordan Government Bond, Reg. S 5.85% 07/07/2030	JOR	USD	5,523,914	0.76
11,800,000	Egypt Government Bond, Reg. S 7.5% 02/16/2061	EGY	USD	5,397,911	0.74
2,470,000,000	Kazakhstan Government Bond 14.5% 04/28/2025	KAZ	KZT	5,044,109	0.69
27,000,000,000	Colombia Government Bond 9.85% 06/28/2027	COL	COP	4,889,399	0.67
6,200,000	Serbia Government Bond, Reg. S 1.5% 06/26/2029	SRB	EUR	4,779,865	0.66

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
6,100,000	Mexico Government Bond 4.6% 01/23/2046	MEX	USD	4,663,471	0.64
2,258,742,000	Kazakhstan Government Bond MEUKAM 5% 05/15/2023	KAZ	KZT	4,533,758	0.62
8,300,000	Egypt Government Bond, Reg. S 7.625% 05/29/2032	EGY	USD	4,248,305	0.58
5,600,000	Angola Government Bond, Reg. S 8.75% 04/14/2032	AGO	USD	4,224,697	0.58
4,500,000	Armenia Government Bond, Reg. S 7.15% 03/26/2025	ARM	USD	4,150,213	0.57
8,800,000	El Salvador Government Bond, Reg. S 7.65% 06/15/2035	SLV	USD	4,069,442	0.56
3,800,000	Mexico Government Bond 5.4% 02/09/2028	MEX	USD	3,568,566	0.49
73,700,000	Mexican Bonos 7.75% 05/29/2031	MEX	MXN	3,493,350	0.48
3,590,000	Serbia Government Bond, Reg. S 3.125% 05/15/2027	SRB	EUR	3,243,515	0.45
8,900,000	Pakistan Government Bond, Reg. S 7.375% 04/08/2031	PAK	USD	2,785,652	0.38
130,000,000	Dominican Republic Government Bond, Reg. S 13.625% 02/03/2033	DOM	DOP	2,558,385	0.35
3,000,000	Armenia Government Bond, Reg. S 3.6% 02/02/2031	ARM	USD	2,143,451	0.29
2,830,000	Armenia Government Bond, Reg. S 3.95% 09/26/2029	ARM	USD	2,135,078	0.29
4,800,000	Belarus Government Bond, Reg. S 6.378% 02/24/2031 ^s	BLR	USD	1,625,499	0.22
6,550,000	Ukraine Government Bond, Reg. S, FRN 0% 08/01/2041 ^s	UKR	USD	1,546,246	0.21
4,100,000	Ghana Government Bond, Reg. S 8.125% 01/18/2026 ^s	GHA	USD	1,513,317	0.21
1,641,554,000	Russian Government Bond - OFZ 0% 04/10/2030 ^s	RUS	RUB	931,299	0.13
163,954,000	Kazakhstan Treasury Bill 0% 01/20/2024	KAZ	KZT	298,427	0.04
				383,427,385	52.56
Quasi-Sovereign Bonds					
19,300,000	KazMunayGas National Co. JSC, Reg. S 5.75% 04/19/2047	KAZ	USD	13,906,684	1.91
9,900,000	Huarong Finance II Co. Ltd., Reg. S 4.625% 06/03/2026	CHN	USD	7,982,361	1.10
3,947,500,000	Development Bank of Kazakhstan JSC, Reg. S 8.95% 05/04/2023	KAZ	KZT	7,935,613	1.09
6,950,000	Istanbul Metropolitan Municipality, Reg. S 10.75% 04/12/2027 [*]	TUR	USD	6,260,046	0.86
78,500,000,000	Ipoteka-Bank ATIB, Reg. S 16% 04/16/2024	UZB	UZS	5,996,547	0.82
5,800,000	Ecopetrol SA 4.625% 11/02/2031	COL	USD	3,951,918	0.54
23,250,000,000	Bogota Distrito Capital, Reg. S 9.75% 07/26/2028 [*]	COL	COP	3,651,289	0.50
21,541,028,135	PA Autopista Rio Magdalena, Reg. S 6.05% 06/15/2036	COL	COP	3,458,837	0.47
				53,143,295	7.29
Supranational					
268,000,000,000	European Bank for Reconstruction & Development 6.17% 03/10/2025	SP	IDR	16,682,141	2.29
72,600,000	Asian Development Bank 8.175% 09/15/2024	SP	PLN	15,960,864	2.19
2,700,000,000	Asian Development Bank 13.6% 04/17/2024	SP	HUF	7,266,726	0.99
7,950,000	Banque Ouest Africaine de Developpement, Reg. S 4.7% 10/22/2031	SP	USD	5,916,077	0.81
15,500,000	European Investment Bank 8.5% 12/01/2023	SP	GEL	5,517,345	0.76
2,600,000	Banque Ouest Africaine de Developpement, Reg. S 5% 07/27/2027	SP	USD	2,186,242	0.30
				53,529,395	7.34
				561,652,722	76.99
TOTAL BONDS					
TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING					
				563,328,183	77.22
TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET					
BONDS					
Corporate Bonds					
11,900,000	Telecommunications Services of Trinidad & Tobago Ltd., Reg. S 8.875% 10/18/2029	TTO	USD	9,113,381	1.25
11,798,263	UEP Penonome II SA, Reg. S 6.5% 10/01/2038	PAN	USD	7,949,375	1.09
8,650,000	Energopro A/S, Reg. S 8.5% 02/04/2027	CZE	USD	7,535,390	1.03
9,662,516	MC Brazil Downstream Trading SARL, Reg. S 7.25% 06/30/2031	BRA	USD	6,746,741	0.92
7,600,000	Cemex SAB de CV, Reg. S 3.875% 07/11/2031	MEX	USD	5,778,757	0.79
5,400,000	Fidelity Bank plc, Reg. S 7.625% 10/28/2026	NGA	USD	4,067,151	0.56
3,600,000	Braskem Idesa SAPI, Reg. S 6.99% 02/20/2032	MEX	USD	2,339,837	0.32
2,600,000	CSN Inova Ventures, Reg. S 6.75% 01/28/2028	BRA	USD	2,245,325	0.31
				45,775,957	6.27
Government and Municipal Bonds					
16,500,000	Georgia Treasury 9.125% 05/30/2025	GEO	GEL	6,031,423	0.83
1,636,531	IIRSA Norte Finance Ltd., Reg. S 8.75% 05/30/2024	PER	USD	1,505,304	0.21
580,000,000	Tunisia Government Bond 4.2% 03/17/2031	TUN	JPY	1,298,182	0.18
100,000,000	Tunisia Government Bond 3.28% 08/09/2027	TUN	JPY	326,772	0.04
				9,161,681	1.26
Quasi-Sovereign Bonds					
19,859,399	Rutas 2 and 7 Finance Ltd., Reg. S 0% 09/30/2036	PRY	USD	11,728,669	1.61

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
11,400,000	Heritage Petroleum Co. Ltd., Reg. S 9% 08/12/2029	TTO	USD	10,728,828	1.47
3,350,000	CITGO Petroleum Corp., Reg. S 7% 06/15/2025	VEN	USD	3,029,288	0.41
16,546,781,950	Fideicomiso PA Costera, Reg. S 6.25% 01/15/2034	COL	COP	2,816,557	0.39
2,400,000	Citgo Holding, Inc., Reg. S 9.25% 08/01/2024	USA	USD	2,196,621	0.30
				<u>30,499,963</u>	<u>4.18</u>
	TOTAL BONDS			<u>85,437,601</u>	<u>11.71</u>
	TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET			85,437,601	11.71
	TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET				
	BONDS				
	Corporate Bonds				
13,500,000	Alfa Bank AO, Reg. S 5.95% 04/15/2030**§	RUS	USD	—	—
				—	—
	Quasi-Sovereign Bonds				
14,250,000	TER Finance Jersey Ltd., Reg. S 8.85% 06/20/2028**	JEY	EUR	13,323,750	1.83
				<u>13,323,750</u>	<u>1.83</u>
	TOTAL BONDS			<u>13,323,750</u>	<u>1.83</u>
	TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET			13,323,750	1.83
	TOTAL INVESTMENTS			<u>662,089,534</u>	<u>90.76</u>

§ These Bonds are currently in default

* Could also be classified as Municipals

** These securities are submitted to a Fair Valuation

Schedule of Investments, April 30, 2023

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				
	Government and Municipal Bonds				
64,239,000	Russian Federal Bond - OFZ 0% 04/10/2030 [§]	RUS	RUB	40,162	13.03
				40,162	13.03
	Quasi-Sovereign Bonds				
250,000	Russian Railways, Reg. S 5.7% 04/05/2022 [§]	RUS	USD	62,500	20.29
				62,500	20.29
	TOTAL BONDS			102,662	33.32
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			102,662	33.32
	TOTAL INVESTMENTS			102,662	33.32

§ These Bonds are currently in default

Additional Information

Portfolio Turnover Ratio

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

The portfolio turnover ratio calculation is not applicable to Liquid Reserve and Money Market Funds, as such a ratio is not relevant to such Funds due to the short-term nature of the investments.

Fund	Portfolio Turnover Ratio
Franklin Emerging Market Debt Opportunities II Fund	34.65%
Franklin Emerging Market Investment Grade Debt Fund*	25.43%

*This Fund was put into liquidation effective April 11, 2023.

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) and it had no exposure to total return swap contracts during the period.

Collateral

As at April 30, 2023, the company had no cash collateral pledged related to OTC derivatives.

As at April 30, 2023, the following table reports the collateral held 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	3,270,000	—
Franklin Emerging Market Debt Opportunities II Fund	Citigroup	USD	3,150,000	—
Franklin Emerging Market Debt Opportunities II Fund	Deutsche Bank	USD	3,400,000	—
Franklin Emerging Market Debt Opportunities II Fund	Morgan Stanley	USD	3,580,000	—

Audited annual report and unaudited semi-annual reports

The audited annual reports and unaudited semi-annual reports will be available on the local Franklin Templeton 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.

Franklin Templeton Office Directory

Further information regarding Franklin Templeton Series II Funds is available at 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).



**FRANKLIN
TEMPLETON**

Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of
Luxembourg
Tel: +352 (46) 66-67-1
Fax: +352 (46) 66-76