AUDITED ANNUAL REPORT

FRANKLIN TEMPLETON SERIES II FUNDS

société d'investissement à capital variable

October 31, 2024

FRANKLIN TEMPLETON

R.C.S. B 127 818

FRANKLIN TEMPLETON SERIES II FUNDS

société d'investissement à capital variable

AUDITED ANNUAL REPORT

For the year ended October 31, 2024

Contents

General Information

As at October 31, 2024

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:

Chairperson
A. Craig Blair (Chairperson since February 14, 2024)
Director
FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.
8A, rue Albert Borschette, L-1246 Luxembourg
Grand Duchy of Luxembourg

Directors
Caroline Carroll (Chairwomen until February 14, 2024)
Director
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED
Cannon Place, 78 Cannon Street, London EC4N 6HL
United Kingdom

William Jackson
Non-Executive Director
2 St Clair Terrace,
Edinburgh EH10 5NW
United Kingdom

Hans-J. Wisser
Independent Director
Kälberstücksweg 37
61350 Bad Homburg
Germany

Katarzyna Majchrzak (effective April 10, 2024)
Director
FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.
8A, rue Albert Borschette, L-1246 Luxembourg,
Grand Duchy of Luxembourg

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, PRINCIPAL PAYING AGENT AND ADMINISTRATIVE AGENT:

J.P. Morgan SE, Luxembourg Branch
European Bank & 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:

PRICEWATERHOUSECOOPERS, Société cooperative
2, rue Gerhard Mercator, L-2182 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS:

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

Report of the Board of Directors

The Board of Directors

Chairperson since February 14, 2024
Atholl Craig Blair
Director since November 15, 2021

Atholl Craig Blair is Luxembourg Country Head, Conducting Officer and Board Member of Franklin Templeton International Services S.à r.l. Mr. Blair has worked in the global financial services industry for over 20 years. As Head of Franklin Templeton International Services S.à r.l., he is responsible for the day-to-day operations of the corporate entity and EU wide branch structure. He is responsible for ensuring management services and delegation oversight responsibilities are performed for Franklin Templeton's range of international cross border products including UCITS and Alternative Investment Fund ranges domiciled in Luxembourg, Ireland and Romania. He has a broad knowledge of fund governance practices in open and closed end fund vehicles, including former experience as a designated person for an Irish self-managed investment company, as well as extensive experience of servicing boards and board committees of globally distributing SICAV and FTSE listed investment trust vehicles.

Mr. Blair also sits on the Board of the Association of the Luxembourg Fund Industry (ALFI) and co-chairs the ALFI Management Company Technical Committee. He is also an Advisory Council member of Diversity Project Europe which promotes diversity, equity and inclusion initiatives within the financial services industry.

Mr. Blair holds an MBA from Manchester Business School, is a Member of the Chartered Institute of Management Accountants and holds a Law degree from Leicester University.

Directors
Caroline Carroll
Director since April 29, 2020 and Chairwomen until February 14, 2024

Caroline Carroll is Head of Client Experience, EMEA and located in London. Leveraging over 30 years' experience and employing a client centric approach, her primary role is to support the growth and development of our business in the region through delivery of our client value proposition and value beyond investing capabilities. Caroline is responsible for a client experience and service team that enables close collaboration across regional and local retail client service teams to shape the client service and experience and deepen client relationships. Caroline partners with internal functions as a key advocate for the client, to increase efficiency, speed to market and improvement in service delivery across the client journey.

Additionally, Caroline is a director on the boards of Franklin Templeton Global Investors Limited, Franklin Templeton Alternative Funds, Franklin Templeton Onchain Funds, Franklin Templeton Opportunities Funds, Franklin Templeton Series II Funds and Franklin Templeton Specialised Investment Funds.

Caroline has 30+ years' experience working within asset management. Prior to joining Franklin Templeton in 2002, Caroline held positions at SLC Asset Management, Scottish Widows Investment Partnership and GT Global Investment Funds Limited.

William Jackson
Director since May 14, 2007

William spent most of his career at Franklin Templeton and held various roles including Chief Administration Officer of the Technology & Operations Division, Bank Relationship Management, Data Governance, Fund & Portfolio Accounting, Project Management Office, Managing Director of the Luxembourg Management Company and President of the Indian Service Company.

William was a director of a number of Franklin Templeton corporate and fund boards in UK, Ireland, Luxembourg, Cayman, Poland and India. He currently sits on the board of directors of Franklin Templeton International Services S.à r.l. Luxembourg, as well as on the board of directors of Franklin Templeton Investment Trust Management Limited UK and the board of directors of Franklin Templeton Fund Management Limited UK.

Mr. Jackson has a degree in Industrial Chemistry from Paisley College and is a member of The Chartered Institute of Management Accountants.

Report of the Board of Directors (continued)

The Board of Directors (continued)

Hans J. Wisser*
Director since October 13, 2021

Hans J. Wisser is the director of various fund boards within Franklin Templeton.

Mr. Wisser joined Franklin Templeton in 1995 as country manager for Germany. Before he became managing director Europe in 2005, he was responsible for various regions within Europe. Mr. Wisser stepped down from the position managing director Europe on 30 November 2010, to have more time available to pursue some personal interests.

Prior to joining Franklin Templeton, Mr. Wisser served as managing director for James Capel (Deutschland) GmbH and apart from his managing director's responsibilities he was a director of the board of James Capel Europe Ltd. Prior to that, he worked as institutional sales director and a member of the senior management board for ANZ McCaughan Securities (UK) Ltd. Before that, he was director of sales for Bain & Company Securities Ltd, in London. In total, he has 30 years of experience in the financial industry.

Mr. Wisser earned his B.A. in economy and commerce from Fachhochschule fuer Wirtschaft in Cologne, Germany.

Katarzyna Majchrzak
Director since April 10, 2024

Katarzyna is a Director of Business Operations at Franklin Templeton International Services S.à r.l., reporting directly to the General Manager. She leads critical and strategic projects, ensuring Franklin Templeton International Services S.à r.l.’s and clients’ interests remain central while achieving strategic goals and maintaining the highest standards of compliance and governance.

Her role focuses on bringing a holistic, cross-functional perspective to initiatives, ensuring that all aspects are considered and aligning diverse needs across teams to achieve cohesive outcomes. As a change leader, she oversees governance models, ensuring they are robust and aligned with evolving business and regulatory needs.

Katarzyna serves as a director on several fund boards, including Franklin Templeton OnChain Funds, Franklin Templeton Alternative Funds, Franklin Templeton Opportunities Funds, Franklin Templeton Shariah Funds, Franklin Templeton Series II Funds, and Franklin Templeton Specialised Investment Funds.

With over 20 years of experience in the asset management industry, she is an expert in cross-border financial law and the distribution of UCITS, AIF and MiFID products. As a qualified lawyer and MBA graduate, she combines legal expertise with business acumen to drive success.

**Independent director*

Roles and Responsibilities of the Board of Directors

The responsibilities of the Board of Directors is governed by the Luxembourg law. With respect to the annual accounts of the Franklin Templeton Series II Funds (“FTSIIF” or the “Company”), the duties of the Board of Directors are governed by the law of December 10, 2010 on, inter alia, the accounting and annual accounts of undertakings for collective investment and by the law of December 17, 2010, as amended, relating to undertakings for collective investment.

A management agreement between the Company and Franklin Templeton International Services S.à r.l. (the “Management Company” or the “AIFM” or “FTIS”) sets out the matters over which the Management Company has authority under Chapter 2 of the law of July 12, 2013. This includes the investment management of the assets of the Company, the administration of the Company and the implementation of the Company’s distribution and marketing policies.

Report of the Board of Directors (continued)

Roles and Responsibilities of the Board of Directors (continued)

Prior to each Board of Directors meeting the Directors receive detailed and timely information allowing them to be prepared for the items under discussion during the meeting. For each quarterly meeting, as well as for any additional meeting where this could be relevant, the Board of Directors receives reports from, among the other contributors, the Management Company and the investment managers, as appropriate. Senior representatives for each function attend the Board of Directors meetings by invitation to enable the Directors to question the reports presented to them.

The Directors take decisions in the interest of the Company and its shareholders, as a whole, and refrain from taking part in any deliberation or decision which may create a conflict of interest between their personal interests and those of the Company and its shareholders.

The Prospectus and the Management Company's policy on conflict of interest provide further details in this respect. The Management Company's policy on conflict of interest is available at the following link:

International Conflict of Interest Policy Overview[1]

The Board of Directors and its members can take independent professional advice at the Company's expenses, where considered necessary.

THE FUND

As the financial year ended October 31, 2024, FTSIIF had net assets of USD 898.0 million, compared to USD 792.7 million under management at October 31, 2023.

For more information on the Company's offer, please refer to Note 1.

Notable events

Effective February 14, 2024 Ms. Caroline Carroll stepped down as Chairwoman but remained on the Board of Directors, while Craig Blair assumed the role of Chairperson.

Katarzyna Majchrzak was appointed as an additional director of the Company effective April 10, 2024.

Corporate Governance and ALFI Code of Conduct

The Board of Directors is responsible for monitoring that a high level of corporate governance is met and considers that the Company is committed to comply with the best practices and standards of the Luxembourg fund industry.

In that sense, the Board of Directors has adopted the principles of the Association of the Luxembourg Fund Industry's ("ALFI") code of conduct (the "Code"). The Code is available at the following link:

ALFI Code of Conduct[2]

The Board of Directors confirms that in the course of the financial year the Company has adhered to the principles of the Code and followed the recommendations provided therein.

The Board of Directors has actioned the improvements that were deemed appropriate as a result of the recurring annual review performed to ensure ongoing compliance with the Code.

[1] https://franklintempletonprod.widen.net/s/vsdwgh9nbm/mifid-ii-conflicts-of-interest-policy

[2] https://www.alfi.lu/getattachment/50c22f50-3f25-4e45-b296-222c630f842e/app_data-import-alfi-alfi-code-of-conduct-update-2022.pdf

Report of the Board of Directors (continued)

Final Considerations

Thank you for investing with Franklin Templeton. Please be advised that the prospectus and all Funds and share classes of the Company may not be available in your jurisdiction.

If you have any queries, comments or suggestions about your investments with us please contact your financial adviser or your local Franklin Templeton office using the contact details on the last page of the report.

Subsequent Events

Please refer to Note 18 for details of subsequent events after the year-end.

THE BOARD OF DIRECTORS
Luxembourg, November 2024

Report of the Investment Managers

Franklin Emerging Market Debt Opportunities II Fund

Emerging market (EM) hard-currency government bonds[1]: 13.90%

• EM hard-currency bonds recorded strong gains in the 12-month period ended 31 October 2024, helped by the easing in financial conditions, reform momentum and generous external funding support to distressed borrowers. These factors coupled with stronger risk-appetite for higher-yielding assets helped EM high-yield bonds' outperformance (+24.81%) versus EM investment-grade (IG) bonds (+12.67%). EM primary market activity was robust, with gross new supply totalling US$182.3 billion in the 12-month period. The spread-to-worst on the index declined 65 basis points (bps) to 213 bps, while the yield-to-worst fell 131 bps to 6.52% versus a 65-bp-decline for the 10-year UST note's yield. Lower bond yields were supported by an improvement in the global inflation outlook, as oil prices declined 16% over the period on more favourable supply/demand factors.

• US Federal Reserve (Fed) interest rate expectations and optimism that the US economy would achieve a soft economic landing were key drivers of EM performance throughout the period. Aggressive easing expectations were discounted by the market at the end of 2023, leading to an improvement in financial conditions that stimulated a strong primary market for EM issuers in the first two months of 2024. Successful bond issues came from Cote d'Ivoire—the first in almost two years by a sub-Saharan borrower—and later Kenya, which successfully launched a new 10-year bond with a double-digit yield and almost fully financing a US$2 billion maturity in June. Risk appetite was further supported by generous external funding announcements for lower-rated issuers such as Egypt, which benefited from transformative foreign direct investment that allowed the country to move forward with structural reforms, including liberalising the country's foreign exchange rate regime.

• Signs that progress on US inflation was not materialising as quickly as hoped reined back EM risk appetite in the spring, with UST yields repricing for a higher-for-longer interest rate scenario. However, as evidence emerged of slowing US labour market momentum and moderating inflation pressures during the summer months, investors' confidence once again increased that the Fed would initiate its easing cycle; a larger -than-expected 50-bp cut was duly delivered at the Fed's September meeting. The move signalled a period of global synchronised easing alongside other developed market central banks, including the European Central Bank (ECB). Meanwhile, economic momentum in China stalled after the first quarter as policy support from 2023 faded, contributing to fears that the country would not meet its 5% growth target by year end. In response, China's authorities announced stimulus measures aimed at mitigating downside risks and stabilising the country's property market and broader economy. The EM rally paused as the US election neared at the end of the period, as uncertainty about the global policy outlook contributed to greater caution among investors.

• Against a supportive macro backdrop, EM country returns were positive across the index. Lower-rated bonds delivered the strongest returns, driven by reform momentum, multilateral and bilateral funding support, and the conclusion of several debt restructuring talks, notably Ukraine and Ghana. All of these factors increased demand for higher-yielding assets, with Egypt, Angola and Nigeria seeing the strongest returns. In addition, the EM asset class overcame an active electoral calendar, including general elections in India, Mexico, Indonesia, South Africa and Panama. Mexico's election result triggered some volatility, as a strong majority was returned in the lower house of Congress that increased fears about populist changes to the constitution. Indeed, populist forces remained a feature of the political landscape in both EM and developed economies. In Georgia, rule-of-law concerns culminated in a disputed victory for the ruling populist party Georgia Dream (GD) in October's presidential elections. Despite higher levels of political risk premia, investors were generally reassured that a market-friendly agenda would be followed in most countries, with significant rallies seen after the elections in Panama and South Africa. More broadly, many countries continued to make credit fundamental improvements that was evidenced by a swathe of rating upgrade announcements in the second half of 2024. Notable examples included Moody's upgrading Paraguay's sovereign rating to IG, Serbia securing its first sovereign IG rating from S&P Global Ratings, and Brazil moving further towards reclaiming an IG rating as Moody's raised the sovereign rating to Ba1.

EM hard-currency corporate bonds[2]: 11.98%

• The spread-to-worst on the index also narrowed 93 bps to 173 bps and the yield-to-worst decreased 163 bps to 6.01%. Gross EM corporate supply saw notable pickup in 2024, with year-to-date issuance totalling US$371 billion versus the full-year 2023 figure of US$247 billion. The technical backdrop remained supportive, as liability management exercises drove a negative net financing figure of US$25 billion. IG-rated issuers from Asia generally dominated the new supply, but greater regional diversity was seen in 2024, with more issuances from Latin America and eastern Europe.

• Returns were positive across EM countries and sectors, including an outsized gain from Moldova due to a single issuer. On a sector basis, real estate outperformed, helped by a strong rally among several China non-defaulted developers, albeit from low cash prices, which benefitted from additional stimulus measures.

[1] JP Morgan Emerging Markets Bond Index Global Diversified ex GCC ex CCC Index hedged into euros

[2] JP Morgan CEMBI Broad Diversified ex CCC hedged, in euros

EM local-currency government bonds[3]: 5.89%

• EM currencies were generally weaker against the euro, reducing overall local-currency bond returns in euro terms. The unwinding of the carry trade, accentuated by the sharp appreciation of the Japanese yen in response to a Bank of Japan interest-rate hike in July, particularly pressured the performance of higher-yielding Latin American currencies. In addition, the Turkish lira declined sharply versus the euro, as the authorities pursued policies to restore credibility and de-dollarize the economy. In contrast, Asian currencies outperformed, mainly in response to Fed easing expectations but also benefiting from JPY strength.

• In local-currency bond markets, the yield on the index declined 47 bps to 6.38%. South Africa was the top index performer, driven by reform momentum as the Government of National Unity came to power following May's election. Türkiye also outperformed as the central bank significantly tightened interest rates to 50%, leading to a significant fall in inflation and expectations of policy easing in 2025. Disinflationary momentum and high real rates provided the opportunity for EM central banks to reduce monetary policy, including the initiation of easing cycles in Colombia and Mexico. Policymakers generally maintained a cautious approach towards rate reductions, primarily on concerns about upside inflation risks. Furthermore, several central banks reached a mature phase in their easing cycles, including Peru, Chile and Hungary.

Portfolio Performance: 12.94%, net of fees

The portfolio outperformed the benchmark, which returned 11.09%, in euros.

Positives (relative to the benchmark)
1. Off-benchmark exposure to Pakistan US-dollar bonds

Pakistan's hard-currency sovereign bond market was one of the strongest performers within the JP Morgan Emerging Markets Bond Index Global Diversified (EMBIGD) index. After February's 2024 general election, Pakistan's hard-currency bond prices rallied sharply on the announcement that a coalition government would be formed between the Pakistan Muslim League-Nawaz and the Pakistan's People's Party. The two parties combined would have a majority of parliamentary seats to rival former Prime Minister Imran Khan's Pakistan Tehreek-e-Insaf party, which performed better than expected in the parliamentary elections. The coalition outcome increased the prospect of the country retaining the International Monetary Fund (IMF's) support, and the continuation of the economic reform programme, as the US$ 3 billion bailout programme that was agreed in the second half of 2023 was due to expire in April. In July, a staff-level agreement with the IMF was reached for a three-year US$7 billion Extended Fund Facility programme, with approval given in September. Moody's upgraded Pakistan's sovereign credit rating to Caa2 and changed the outlook to positive on a better external funding outlook.

2. Off-benchmark exposure to Ukraine US-dollar bonds

The portfolio holds off-benchmark exposure to GDP warrants maturing in 2041. While these securities were not included in Ukraine's debt restructuring negotiations in July, the price of the warrants repriced significantly higher following the talks as investors perceived their greater value relative to the newly exchanged bonds based on expectations that GDP growth would surpass IMF baseline forecasts. Ukraine's economy has outperformed expectations so far in 2024, leading to expectations that the country might deliver 5% growth for the full year, which is above the government's projection of 3.5%. External funding commitments from the European Union, US and World Bank have also helped to ease near-term funding pressures, while optimism increased that Ukrainian President Volodymyr Zelensky would aim for a peace deal in 2025.

[3] JP Morgan Government Bond Index–Emerging Markets (GBI–EM) Global 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.

Negatives (relative to the benchmark)

1. Overweight exposure to Dominican Republic peso (DOP)

The Dominican peso weakened in line with a loosening in global financial conditions, as the Fed and the ECB signalled a shift away from restrictive monetary policy. The Central Bank of the Dominican Republic (BCRD) reduced rates 100 bps over the period to 6.25%, with the reductions (except one) implemented after July on growing confidence that the Fed would initiate its easing cycle. Growth has remained close to potential at around 5%, while inflation has fallen to around the target range of 4% (+/- 1%).

2. Security selection in Paraguayan US-dollar bonds

A large detractor to portfolio returns was an off-benchmark exposure to Frigorifico Concepción (FRICON), a meat processing company. Bond prices fell sharply on the news of a qualified audit that raised questions about FRICON's working capital management practices. In particular, the audit revealed the company's stretched liquidity position, as well as concerns about financial transparency and governance. FRICON has seen rapid expansion in the last few years, which has been supported by high capital expenditure. During May, Fitch Ratings downgraded the credit rating from B+ to B and cited concerns about stressed liquidity, due to US$178 million of short-term debt on the company's balance sheet, alongside plans to raise additional financing for capital expenditure. Bond prices stabilised towards the end of the period on some reassurance from second-quarter earnings results, which indicated that the company was committed to reducing pressure on working capital and easing liquidity concerns.

Portfolio Changes

Please see our monthly commentaries for details on the main portfolio changes.

Outlook

Shortly after the reporting period, financial markets started to digest the confirmation of Donald Trump as US president and the prospect of a Republican-controlled Congress in both houses. The immediate market reaction materialised within our expectations, with fears of expansionary fiscal policy and tariff-driven inflation resulting in higher UST yields and a steepening of the UST yield curve; however, relief rallies have subsequently taken several markets back to pre-election levels, as of this writing. In terms of EM hard-currency performance, Asia has underperformed since the election due to its combination of tighter spreads and exposure to tariff risks. Those markets that appear to be more insulated from external events have included higher-yielding countries in the distressed part of the market. Furthermore, we expected a Trump victory, and especially a red sweep, to lead to a strong US dollar and weaker EM local currencies. This has been the initial reaction, although some EM foreign exchange has subsequently rebounded. We continue to think that the expected trade tariffs will lead to higher US and global inflation, and that global growth is likely to adjust lower as tariffs disrupt trade and investments, which could be negative for local markets. Within EM corporates, we see the cyclical and basic resources sectors relatively more exposed to trade and demand-related issues, whereas regulated sectors such as utilities and banks should be better protected.

Looking forward, we expect an increased dispersion of returns among EM countries, which would benefit our active approach to investing in the market. From an all-in yield perspective, we see increasing value in longer-dated bonds following the UST selloff, while acknowledging that in many cases spreads remain tight, and we continue to look for opportunities to lock in attractive levels. Although a red sweep could be damaging to certain areas of EM debt, such as those countries with a higher beta to oil and commodities, we continue to see the most value in higher-spread hard-currency positions, where there is some cushion to absorb UST volatility. Further supporting this view, we expect a Trump administration to shift US bilateral relations in favour of certain countries with nationalist and populist leaders. With US rates repricing, those countries needing to refinance in the short term could be vulnerable as market access remains limited at higher rates. We expect weak performance and increased volatility in local-currency bond markets, particularly as visibility increases around the trade tariff strategy.

Despite greater uncertainty, it is worth reminding ourselves that the overall EM asset class has made significant fundamental improvements over the years. It is more resilient to fluctuations in the global economy, supported by a growing middle class and enhanced regional dependence. In recent months, upwards credit rating momentum has been another indicator showing the underlying strength of the asset class, with several sovereigns on the cusp of being upgraded to IG status, while sovereign default risk remains low. As well as improving fundamentals post-COVID, the longer-maturity profile of most government borrowings, the lack of near-term rollovers and countries' ability to source alternative funding avenues away from financial markets should help to maintain a stable outlook.

THE INVESTMENT MANAGERS
November, 2024

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

Audit report

To the Shareholders of
Franklin Templeton Series II Funds

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Franklin Templeton Series II Funds (the “Fund”) and of each of its sub-funds as at 31 October 2024, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund’s financial statements comprise:

- the statement of net assets as at 31 October 2024;
- the statement of operations and changes in net assets for the year then ended;
- the schedule of investments as at 31 October 2024; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

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

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

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

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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or close any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;

- conclude on the appropriateness of the Board of Directors of the Fund’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund’s or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund or any of its sub-funds (except for Franklin Emerging Market Investment Grade Debt Fund where a decision to liquidate exists) to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 6 February 2025

Electronically signed by:
Laurent Butticè

Laurent Butticè

Fund Performance

Percentage change to October 31, 2024

	Reference Share Class	Launch Date	6 Months %	1 Year %	3 Years %	5 Years %	Since Launch %
Franklin Emerging Market Debt Opportunities II Fund	I (acc) EUR-H3 (hedged)#	11 May 23	3.1	19.7	–	–	25.0
Franklin Emerging Market Debt Opportunities II Fund	I (Ydis) EUR-H2 (hedged)	30 Nov 12	3.5	12.9	(1.1)	3.3	30.8
Franklin Emerging Market Investment Grade Debt Fund*	I (acc) EUR	24 Feb 12	(4.7)	(3.2)	43.7	45.7	124.2
Franklin Emerging Market Investment Grade Debt Fund*	I (acc) EUR-H1 (hedged)	24 Feb 12	(4.7)	(3.1)	28.3	30.3	50.7
Franklin Emerging Market Investment Grade Debt Fund*	I (acc) USD	24 Feb 12	(2.9)	(0.4)	35.6	42.4	81.6
Franklin Emerging Market Investment Grade Debt Fund*	Y (Mdis) USD	12 Jan 18	(2.9)	(0.4)	37.1	46.3	57.1

*Please refer Note 1 for fund events.

#Share class renamed from I (acc) EUR effective December 01, 2023.

The performance is based on the published net asset values as calculated on the last business day of the year. Those net asset values reflect the market prices of the investments as of the last business day of the year. The performance is based on the change of the published net asset value per share. The performance for Franklin Emerging Market Investment Grade Debt Fund does not take into account the impact of adjusting the value of the Russian bonds holding to the selling price (see Note 18).

Information on other share classes is available on request. 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 prospectus, where available the relevant Key Information Documents ("KIDs"), 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 October 31, 2024

	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))	843,915,689	775,702,529	118,750
Cash at bank and at brokers[1]	58,874,742	53,911,321	230,860
Interest and dividends receivable, net	17,407,351	16,002,578	–
Unrealised profit on forward foreign exchange contracts (notes 2(c), 3)	188,450	173,242	–
Other receivables	273,685	251,598	–
TOTAL ASSETS	**920,659,917**	**846,041,268**	**349,610**
LIABILITIES			
Amounts payable on purchases of investments	9,648,303	8,869,685	–
Investment management fees payable (note 4)	822,515	756,138	–
Unrealised loss on forward foreign exchange contracts (notes 2(c), 3)	11,679,691	10,737,140	–
Taxes payable	151,761	139,514	–
Expenses payable	315,418	288,694	1,381
TOTAL LIABILITIES	**22,617,688**	**20,791,171**	**1,381**
TOTAL NET ASSETS	**898,042,229**	**825,250,097**	**348,229**
THREE YEAR ASSET SUMMARY			
October 31, 2023	792,670,382	749,014,276	230,393
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

*Please refer Note 1 for fund events.

[1]Includes also the holding in Federal Home Loan Banks bonds classified as money market instruments held overnight with a total market value of EUR 36,722,614. The restricted cash balance is valued at zero.

Statement of Operations and Changes in Net Assets

For the year ended October 31, 2024

	Total (USD)	Franklin Emerging Market Debt Opportunities II Fund (EUR)	Franklin Emerging Market Investment Grade Debt Fund* (USD)
NET ASSETS AT THE BEGINNING OF THE YEAR	**792,670,382**	**749,014,276**	**230,393**
Currency translation adjustment	**22,325,891**	**–**	**–**
	814,996,273	749,014,276	230,393
INCOME			
Interest income on debt securities (net of withholding taxes) (note 2(h))	69,120,298	63,542,290	–
Bank interest (note 2(h))	225,933	197,048	11,587
Sundry income (note 2(h))	325,090	298,854	–
TOTAL INCOME	**69,671,321**	**64,038,192**	**11,587**
EXPENSES			
Investment management fees (note 4)	6,094,520	5,602,692	–
Administration and transfer agency fees	1,457,772	1,340,130	–
Directors fees (note 13)	22,914	21,065	–
Subscription tax (note 6)	88,591	81,442	–
Custodian fees	46,454	42,705	–
Audit fees	44,391	40,809	–
Printing and publishing expenses	14	13	–
Other charges (note 12)	209,787	192,857	–
TOTAL EXPENSES	**7,964,443**	**7,321,713**	**–**
Expenses reimbursement (note 9)	(128,809)	(118,414)	–
NET EXPENSES	**7,835,634**	**7,203,299**	**–**
NET INCOME/(EXPENSES) FROM INVESTMENTS	**61,835,687**	**56,834,893**	**11,587**
Net realised profit/(loss) on sale of investments	(6,705,941)	(6,164,775)	4
Net realised profit/(loss) on forward foreign exchange contracts	8,523,910	7,836,031	–
Net realised profit/(loss) on foreign exchange transactions	(1,096,510)	(1,008,022)	–
NET REALISED PROFIT/(LOSS) FOR THE YEAR (note 8)	**62,557,146**	**57,498,127**	**11,591**
Change in net unrealised appreciation/(depreciation) on:			
Investments (note 8)	46,791,397	42,917,656	106,250
Forward foreign exchange contracts (note 8)	(5,550,894)	(5,102,937)	–
Foreign exchange transactions (note 8)	(137,798)	(126,673)	(5)
Capital gains tax	(284,484)	(261,525)	–
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	**103,375,367**	**94,924,648**	**117,836**
MOVEMENT OF CAPITAL			
Issue of shares	46,837,952	43,058,129	–
Redemption of shares	(12,153,093)	(11,172,338)	–
Equalisation (note 14)	(326,055)	(299,742)	–
	34,358,804	**31,586,049**	**–**
Dividends paid/accumulated	(54,688,215)	(50,274,876)	–
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	(20,329,411)	(18,688,827)	–
NET ASSETS AT THE END OF THE YEAR	**898,042,229**	**825,250,097**	**348,229**

*Please refer Note 1 for fund events.

Statistical Information

	Total Expense Ratio October 31, 2024 (See note 16)	Shares Outstanding as at October 31, 2024	Net Asset Value per share as at October 31, 2024	Net Asset Value per share as at October 31, 2023	Net Asset Value per share as at October 31, 2022
Franklin Emerging Market Debt Opportunities II Fund - EUR					
I (acc) EUR-H3 (hedged)#	0.89%	100.46	12.50	10.44	–
I (Ydis) EUR-H2 (hedged)	0.90%	127,011,098.16	6.50	6.17	6.21
Franklin Emerging Market Investment Grade Debt Fund - USD*					
I (acc) EUR	–	8.42	34.02	23.15	14.29
I (acc) EUR-H1 (hedged)	–	89.08	22.87	15.56	8.96
I (acc) USD	–	5.66	27.55	18.23	10.50
Y (Mdis) USD	–	18,490.98	18.69	12.36	7.24

#Share class renamed from I (acc) EUR effective December 01, 2023.
*Please refer Note 1 for fund events.

Notes to Financial Statements
For the year ended October 31, 2024

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 closure

-Franklin Emerging Market Investment Grade Debt Fund was put into liquidation effective April 11, 2023, but its portfolio could not be fully liquidated because it held restricted Russian assets, which were only disposed of in January 2025 (see more details in Note 18). The net cash proceeds from the sale will be distributed to investors. The remaining amount of cash at bank is USD 247,625 as at October 31, 2024 which also includes restricted cash of USD 16,765 from interest income on Russian bonds. The restricted cash is valued at zero in the Statement of Net Assets. The Management Company continues to monitor the cash balance which will be used to cover costs linked to liquidation.

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 Emerging Market Investment Grade Debt Fund which was put into liquidation effective April 11, 2023, hence the financial statements for this sub-fund have been prepared on a liquidation basis. The application of the non-going concern basis of accounting has not led to material adjustments to the sub-fund published net asset value.

(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 year 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. As of October 31, 2024, there was no Market Level Fair Valuation applied.

Tensions between Russia and Ukraine, and Israel and Palestine, may result in the global economy being adversely affected, along with the economies of certain nations and individual issuers. As at October 31, 2024, the Funds hold positions in Russian assets which are listed in the Schedule of Investments. The Russian positions held in Franklin Emerging Market Debt Opportunities II Fund portfolio are sanctioned securities that are no longer tradable and are therefore valued at zero. Settlement for Russian positions held in Franklin Emerging Market Investment Grade Debt Fund portfolio was reopened as of December 2, 2024 and the entire holding could be sold on January 9, 2025. As a result, these positions are valued based on the sale price. The Funds have no significant exposure to the Israeli or Palestinian markets.

(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 year ended October 31, 2024, the Company had no exposure.

Note 2 - Significant accounting policies (continued)

(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.

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 fulfil its obligations under the agreement, which may be in excess of the amount reflected in the “Statement of Net Assets”. During the year ended October 31, 2024, 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 fulfil its obligations under the agreement. During the year ended October 31, 2024, 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 year 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 year.

The reference currency of the Company as reflected in the financial statements is U.S. dollar. The principal exchange rates applied as at October 31, 2024 are as follows:

BRL	5.7814	GEL	2.7400	MXN	20.0155
COP	4425.2500	HUF	375.2650	PLN	4.0028
DOP	60.3750	IDR	15695.0000	UYU	41.4150
EGP	48.9500	JMD	158.5100	UZS	12780.0900
EUR	0.9193	JPY	151.9250	ZAR	17.6296
GBP	0.7756	KZT	488.1500		

The above exchange rates have been rounded to four decimal places.

The list of the currency abbreviations is available in note 17.

Note 2 - Significant accounting policies (continued)

(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 Consent Fees.

(i) Charges and expenses

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

(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 year ended October 31, 2024, the Company had no exposure.

(l) Combined financial statements

The accounts of the Fund are expressed in U.S. dollar and the accounts of the sub-funds are kept in the currency of each sub-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 sub-fund converted into the currency of the Fund using exchange rates prevailing at year-end.

(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 estimated capital activity (aggregate of estimated 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.

Note 2 - Significant accounting policies (continued)

(m) Swing pricing (continued)

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.

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 year end, 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 year end, as disclosed in the Statistical Information, would include the swing pricing adjustment. No swing pricing applied as at October 31, 2024.

During the year ended October 31, 2024, swing pricing adjustments affected only the net asset value per share for Franklin Emerging Market Debt Opportunities II Fund.

Note 3 - Forward foreign exchange contracts

As at October 31, 2024, the Funds 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	3,080,277	JPY	486,000,000	12/09/2024	130,163
EUR	489,557,541	USD	545,000,000	12/09/2024	(10,737,140)
USD	7,000,000	EUR	6,382,724	12/09/2024	43,079
					(10,563,898)

The above contracts were opened with the below counterparties:	
Barclays	(1,972,261)
Citibank	(2,474,691)
Deutsche Bank	(1,962,085)
Morgan Stanley	(2,191,385)
RBC	(1,963,476)
	(10,563,898)

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 accounting year. 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 different Funds as at year end.

- 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:

Note 4 - Investment management fees (continued)

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

*Please refer Note 1 for Fund events.

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.

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 year ended October 31, 2024.

During the year ended October 31, 2024, 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. All transactions with connected parties were entered into in the ordinary course of business and under normal commercial terms.

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).

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).

Note 7 - Share classes (continued)

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) for the year

	Franklin Emerging Market Debt Opportunities II Fund (EUR)	Franklin Emerging Market Investment Grade Debt Fund (USD)
Realised profit on sale of investments	25,214,503	4
Realised loss on sale of investments	(31,379,278)	–
Realised profit on Derivatives	46,073,293	–
Realised loss on Derivatives	(39,245,284)	–
Net realised profit/(loss) for the year	**663,234**	**4**
Change in unrealised profit on Investments	69,984,512	106,250
Change in unrealised loss on Investments	(27,066,856)	–
Change in unrealised profit on Derivatives	571,527	–
Change in unrealised loss on Derivatives	(5,801,136)	(5)
Change in net unrealized profit/(loss) for the year	**37,688,047**	**106,245**

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 year 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. For debt securities and derivatives, transaction costs are not separately identifiable from the purchase price of the security and therefore cannot be disclosed separately. Fund holding equity securities did not incur any transaction cost during the year.

Note 12 - Other charges

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

Note 13 - Directors Fees

For their role and services, the independent and non-executive directors on the Board of Directors are remunerated an aggregate gross amount of EUR 18,000 per annum. This amount may be prorated based on the actual duration of their service within a given financial year. The rest of the Board of Directors waive any right to remuneration.

Note 14 - 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 15 - Global credit facility

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 year ended October 31, 2024, the Company did not use the Global Credit Facility.

Note 16 - 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 year ended October 31, 2024. 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 17 - Abbreviations

Countries

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

Currencies

BRL	Brazilian Real	GBP	British Pound Sterling	JPY	Japanese Yen	UYU	Uruguayan Peso
COP	Colombian Peso	GEL	Georgian Lari	KZT	Kazakhstani Tenge	UZS	Uzbekistani Som
DOP	Dominican Peso	HUF	Hungarian Forint	MXN	Mexican Peso	ZAR	South African Rand
EGP	Egyptian Pound	IDR	Indonesian Rupiah	PLN	Polish Zloty		
EUR	Euro	JMD	Jamaican Dollar	USD	US Dollar		

Note 18 - Subsequent events

Following the reopening of settlement for “mature foreign corporate Eurobonds subject to Russian Decree No. 430 and Federal Law 292” effective December 2, 2024, the Investment Manager was able to dispose of the entire holding of bonds in Russian Railways of Franklin Emerging Market Investment Grade Debt Fund. The transaction had a trade date of January 9, 2025 and a settlement date of January 16, 2025, and cash proceeds amounted to USD 118,750 to be distributed to investors.

Effective December 31, 2024, Hans-J. Wisser has resigned from his role as Director on the Board of Directors of the Company.

Schedule of Investments, October 31, 2024

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	914,868	0.11
				914,868	0.11
	TOTAL SHARES			914,868	0.11
	BONDS				
	Corporate Bonds				
13,700,000	Frigorifico Concepcion SA, Reg. S 7.7% 07/21/2028	PRY	USD	8,874,745	1.08
110,710,000,000	Ipoteka-Bank ATIB, Reg. S 20.5% 04/25/2027	UZB	UZS	7,961,464	0.97
7,300,000	Banca Transilvania SA, Reg. S 8.875% 04/27/2027	ROU	EUR	7,735,445	0.94
8,500,000	Braskem Idesa SAPI, Reg. S 7.45% 11/15/2029	MEX	USD	6,204,489	0.75
5,964,581	Petra Diamonds US Treasury plc, Reg. S 9.75% 03/08/2026	ZAF	USD	4,503,781	0.55
4,150,000	IHS Netherlands Holdco BV, Reg. S 8% 09/18/2027	NGA	USD	3,819,528	0.46
2,900,000	Ardshinbank CJSC, Reg. S 6.5% 01/28/2025	ARM	USD	2,653,280	0.32
39,536,000	Red de Carreteras de Occidente SAB de CV, Reg. S 9% 06/10/2028	MEX	MXN	1,768,861	0.21
1,600,000	Banca Transilvania SA, Reg. S 5.125% 09/30/2030	ROU	EUR	1,601,900	0.19
6,750,000	Sri Rejeki Isman Tbk. PT, Reg. S 7.25% 01/16/2025§	IDN	USD	349,058	0.04
				45,472,551	5.51
	Government and Municipal Bonds				
160,997,000	Brazil Notas do Tesouro Nacional 10% 01/01/2029	BRA	BRL	23,426,542	2.84
22,848,438	Iraq Government Bond, Reg. S 5.8% 01/15/2028	IRQ	USD	20,239,326	2.45
21,450,000	Ivory Coast Government Bond, Reg. S 4.875% 01/30/2032	CIV	EUR	18,816,498	2.28
21,000,000	Romania Government Bond, Reg. S 1.375% 12/02/2029	ROU	EUR	18,134,550	2.20
516,044,000	South Africa Government Bond 6.5% 02/28/2041	ZAF	ZAR	17,713,466	2.15
20,650,000	Angola Government Bond, Reg. S 8% 11/26/2029	AGO	USD	17,445,743	2.11
425,870,000	Mexican Bonos Desarr Fixed Rate 8% 11/07/2047	MEX	MXN	15,639,792	1.90
14,560,000	Benin Government International Bond, Reg. S 4.875% 01/19/2032	BEN	EUR	13,027,778	1.58
839,000,000	Dominican Republic Government Bond, Reg. S 9.75% 06/05/2026	DOM	DOP	12,975,579	1.57
13,650,000	Serbia Government Bond, Reg. S 1.5% 06/26/2029	SRB	EUR	12,294,390	1.49
14,550,000	Cameroon Government Bond, Reg. S 5.95% 07/07/2032	CMR	EUR	11,740,031	1.42
12,800,000	Brazil Government Bond 4.5% 05/30/2029	BRA	USD	11,333,235	1.37
14,696,000	Paraguay Government Bond, Reg. S 2.739% 01/29/2033	PRY	USD	11,190,036	1.36
11,250,000	Southern Gas Corridor CJSC, Reg. S 6.875% 03/24/2026	AZE	USD	10,557,702	1.28
9,000,000	Jamaica Government Bond 7.875% 07/28/2045	JAM	USD	9,928,752	1.20
10,900,000	Dominican Republic Government Bond, Reg. S 6.4% 06/05/2049	DOM	USD	9,739,223	1.18
11,000,000	Mexico Government Bond 6.338% 05/04/2053	MEX	USD	9,421,825	1.14
9,600,000	Indonesia Government Bond 4.15% 09/20/2027	IDN	USD	8,732,417	1.06
10,450,000	Honduras Government Bond, Reg. S 5.625% 06/24/2030	HND	USD	8,649,127	1.05
8,200,000	Bulgaria Government Bond, Reg. S 4.25% 09/05/2044	BGR	EUR	8,248,880	1.00
9,000,000	Colombia Government Bond 7.5% 02/02/2034	COL	USD	8,209,257	0.99
12,600,000	Egypt Government Bond, Reg. S 7.5% 02/16/2061	EGY	USD	8,204,219	0.99
8,500,000	Costa Rica Government Bond, Reg. S 7.158% 03/12/2045	CRI	USD	8,173,753	0.99
7,800,000	North Macedonia Government Bond, Reg. S 6.96% 03/13/2027	MKD	EUR	8,129,603	0.99
112,950,000,000	Uzbekistan Government Bond, Reg. S 16.625% 05/29/2027	UZB	UZS	8,055,593	0.98
11,000,000	South Africa Government Bond 5.75% 09/30/2049	ZAF	USD	7,922,983	0.96
2,800,700,000	Hungary Government Bond 9.5% 10/21/2026	HUN	HUF	7,242,348	0.88
8,500,000	Angola Government Bond, Reg. S 8.75% 04/14/2032	AGO	USD	7,101,241	0.86
34,700,000,000	Colombia Government Bond 9.85% 06/28/2027	COL	COP	7,065,767	0.86
8,900,000	Pakistan Government Bond, Reg. S 7.375% 04/08/2031	PAK	USD	6,939,975	0.84
7,300,000	Jordan Government Bond, Reg. S 7.5% 01/13/2029	JOR	USD	6,850,155	0.83
7,750,000	Jordan Government Bond, Reg. S 5.85% 07/07/2030	JOR	USD	6,756,687	0.82
8,000,000	Armenia Government Bond, Reg. S 3.95% 09/26/2029	ARM	USD	6,527,051	0.79
968,000,000	Jamaica Government Bond 9.625% 11/03/2030	JAM	JMD	5,966,514	0.72
5,900,000	Montenegro Government Bond, Reg. S 7.25% 03/12/2031	MNE	USD	5,642,901	0.68
283,000,000	Egypt Government Bond 25.318% 08/13/2027	EGY	EGP	5,271,991	0.64
5,200,000	BOI Finance BV, Reg. S 7.5% 02/16/2027	NGA	EUR	4,979,442	0.60
5,575,000	Turkiye Government Bond 5.95% 01/15/2031	TUR	USD	4,900,356	0.59
2,674,248,000	Kazakhstan Government Bond 7.2% 05/27/2025	KAZ	KZT	4,898,539	0.59
277,800,000	Egypt Treasury Bill 0% 03/18/2025	EGY	EGP	4,719,203	0.57
2,470,000,000	Kazakhstan Government Bond 14.5% 04/28/2025	KAZ	KZT	4,697,933	0.57
6,550,000	Ukraine Government Bond, Reg. S, FRN 7.75% 08/01/2041§	UKR	USD	4,367,509	0.53
4,900,000	Panama Government Bond, Reg. S, 144A 6.375% 07/25/2033	PAN	USD	4,284,701	0.52
5,100,000	Jordan Government Bond, Reg. S 7.375% 10/10/2047	JOR	USD	4,279,194	0.52

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
229,825,000	Egypt Government Bond 24.458% 10/01/2027	EGY	EGP	4,237,817	0.51
179,094,208	Uruguay Government Bond 3.7% 06/26/2037	URY	UYU	4,138,524	0.50
2,072,000,000	Kazakhstan Treasury Bill 0% 04/11/2025	KAZ	KZT	3,708,659	0.45
5,500,000	Turkiye Government Bond 4.875% 04/16/2043	TUR	USD	3,645,396	0.44
3,590,000	Serbia Government Bond, Reg. S 3.125% 05/15/2027	SRB	EUR	3,540,831	0.43
187,000,000	Dominican Republic Government Bond, Reg. S 13.625% 02/03/2033	DOM	DOP	3,445,685	0.42
4,400,000	Armenia Government Bond, Reg. S 3.6% 02/02/2031	ARM	USD	3,398,014	0.41
1,667,200,000	Kazakhstan Treasury Bill 0% 01/11/2025	KAZ	KZT	3,079,888	0.37
3,550,000	El Salvador Government Bond, Reg. S 7.65% 06/15/2035	SLV	USD	2,851,560	0.35
4,000,000	Mexico Government Bond 4.6% 01/23/2046	MEX	USD	2,803,521	0.34
1,317,854,000	Kazakhstan Government Bond 13.9% 09/16/2026	KAZ	KZT	2,529,865	0.31
45,404,000	South Africa Government Bond 7% 02/28/2031	ZAF	ZAR	2,074,622	0.25
1,940,000	Serbia Government Bond, Reg. S 1.65% 03/03/2033	SRB	EUR	1,553,415	0.19
1,600,000	Egypt Government Bond, Reg. S 7.625% 05/29/2032	EGY	USD	1,293,716	0.16
				462,743,320	56.07
	Quasi-Sovereign Bonds				
20,700,000	KazMunayGas National Co. JSC, Reg. S 5.75% 04/19/2047	KAZ	USD	16,825,870	2.04
9,600,000	ICA ICTAS Altyapi Yavuz Sultan Selim Koprusu ve Kuzey Cevre Otoyolu Yatirim ve I, Reg. S 7.536% 10/31/2027	TUR	USD	8,869,685	1.07
8,240,000	SOCAR Turkey Enerji A/S, Reg. S 7.23% 03/17/2026	AZE	USD	7,559,841	0.92
6,875,000	Istanbul Metropolitan Municipality, Reg. S 10.5% 12/06/2028	TUR	USD	6,914,360	0.84
6,950,000	Istanbul Metropolitan Municipality, Reg. S 10.75% 04/12/2027*	TUR	USD	6,913,661	0.84
23,614,798,422	PA Autopista Rio Magdalena, Reg. S 6.05% 06/15/2036	COL	COP	4,145,469	0.50
				51,228,886	6.21
	Supranational				
308,000,000,000	European Bank for Reconstruction & Development 6.17% 03/10/2025	SP	IDR	18,027,141	2.18
70,000,000	Asian Development Bank 5.55% 09/12/2025	SP	PLN	16,088,339	1.95
7,950,000	Banque Ouest Africaine de Developpement, Reg. S 4.7% 10/22/2031	SP	USD	6,670,299	0.81
126,000,000	Corp. Andina de Fomento, Reg. S 7.5% 06/10/2030	SP	MXN	4,993,168	0.61
2,600,000	Banque Ouest Africaine de Developpement, Reg. S 5% 07/27/2027	SP	USD	2,343,640	0.28
				48,122,587	5.83
	TOTAL BONDS			607,567,344	73.62
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			608,482,212	73.73
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	BONDS				
	Corporate Bonds				
15,437,000	Adani Electricity Mumbai Ltd., Reg. S 3.949% 02/12/2030	IND	USD	12,520,733	1.52
11,900,000	Telecommunications Services of Trinidad & Tobago Ltd., Reg. S 8.875% 10/18/2029	TTO	USD	11,029,722	1.34
10,809,593	UEP Penonome II SA, Reg. S 6.5% 10/01/2038	PAN	USD	8,864,048	1.07
8,500,000	Banco de Occidente SA, Reg. S 10.875% 08/13/2034	COL	USD	8,556,927	1.04
8,800,000	Ambipar Lux SARL, Reg. S 9.875% 02/06/2031	BRA	USD	8,281,967	1.00
9,300,000	GDZ Elektrik Dagitim A/S, Reg. S 9% 10/15/2029	TUR	USD	8,203,234	0.99
8,650,000	Energo-Pro A/S, Reg. S 8.5% 02/04/2027	CZE	USD	8,011,065	0.97
8,450,000	Kosmos Energy Ltd., Reg. S 7.75% 05/01/2027	GHA	USD	7,628,078	0.93
9,357,946	MC Brazil Downstream Trading SARL, Reg. S 7.25% 06/30/2031	BRA	USD	7,294,140	0.88
5,400,000	Fidelity Bank plc, Reg. S 7.625% 10/28/2026	NGA	USD	4,916,212	0.60
3,800,000	LD Celulose International GmbH, Reg. S 7.95% 01/26/2032	BRA	USD	3,577,729	0.43
3,600,000	Energo-Pro A/S, Reg. S 11% 11/02/2028	CZE	USD	3,560,351	0.43
2,940,000	Aegea Finance SARL, Reg. S 9% 01/20/2031	BRA	USD	2,883,526	0.35
3,600,000	Braskem Idesa SAPI, Reg. S 6.99% 02/20/2032	MEX	USD	2,460,364	0.30
24,000,000	Country Garden Holdings Co. Ltd., Reg. S 7.25% 04/08/2026§	CHN	USD	2,202,639	0.27
				99,990,735	12.12
	Government and Municipal Bonds				
11,900,000	Georgia Treasury 9.125% 05/30/2025	GEO	GEL	4,041,102	0.49
580,000,000	Tunisia Government Bond 4.2% 03/17/2031	TUN	JPY	2,621,524	0.32
1,121,017	Peru Enhanced Pass-Through Finance Ltd., Reg. S 0% 06/02/2025	PER	USD	1,005,019	0.12
100,000,000	Tunisia Government Bond 3.28% 08/09/2027	TUN	JPY	499,111	0.06
				8,166,756	0.99
	Quasi-Sovereign Bonds				
15,275,000	Petroleos Mexicanos 6.7% 02/16/2032	MEX	USD	12,497,795	1.52

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
17,652,797	Rutas 2 & 7 Finance Ltd., Reg. S 0% 09/30/2036	PRY	USD	11,585,011	1.40
8,500,000	Heritage Petroleum Co. Ltd., Reg. S 9% 08/12/2029	TTO	USD	8,201,104	0.99
5,800,000	Ecopetrol SA 4.625% 11/02/2031	COL	USD	4,399,916	0.53
18,139,752,561	Fideicomiso PA Costera, Reg. S 6.25% 01/15/2034	COL	COP	3,401,036	0.41
3,500,000	FIEMEX Energia - Banco Actinver SA Institucion de Banca Multiple, Reg. S 7.25% 01/31/2041	MEX	USD	3,231,326	0.39
3,350,000	CITGO Petroleum Corp., Reg. S 7% 06/15/2025	VEN	USD	3,085,637	0.38
2,400,000	CITGO Petroleum Corp., Reg. S 8.375% 01/15/2029	VEN	USD	2,296,900	0.28
				48,698,725	5.90
	TOTAL BONDS			156,856,216	19.01
	TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET			156,856,216	19.01
	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				
10,178,572	TER Finance Jersey Ltd., Reg. S 8.85% 06/20/2028**	JEY	EUR	10,364,101	1.26
				10,364,101	1.26
	TOTAL BONDS			10,364,101	1.26
	TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET			10,364,101	1.26
	TOTAL INVESTMENTS			**775,702,529**	**94.00**

§ These Bonds are currently in default
* Could also be classified as Municipals
** These securities are submitted to a Fair Valuation

Schedule of Investments, October 31, 2024

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 NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET				
	BONDS				
	Quasi-Sovereign Bonds				
250,000	Russian Railways, Reg. S 5.7% 04/05/2022**§	RUS	USD	118,750	34.10
				118,750	34.10
	TOTAL BONDS			118,750	34.10
	TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET			118,750	34.10
	TOTAL INVESTMENTS			**118,750**	**34.10**

** These securities are submitted to a Fair Valuation

§ Bonds in default at the year-end. Euroclear reopened settlement for such Russian bonds starting December 02, 2024.

Additional Information - Unaudited

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Report from the Alternative Investment Fund Manager - Unaudited

The purpose of this section is to provide supplemental information to shareholders in the context of the Alternative Investment Fund Managers Directive ("AIFMD").

Risk profile / Risk management systems

The potential nature of the key risks to which the Funds could be exposed as a result of the financial instruments held, are described in detail within the Prospectus of the Funds. The purpose of this section is to provide additional information about risk mitigation and the sensitivity of the Funds to certain risks.

The AIFM of the Company has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor the risks and compliance with risk limits. The AIFM has a risk management process document filed with the regulator of the AIFM and risk management policies which cover the risks associated with the AIF. Regular reporting is prepared and reviewed by the AIFM's Senior Management and the Board of FTSIIF SICAV is informed regularly about the risk profile, the risk measures monitored.

For each relevant risk area, risk limits which take into account the objectives, strategy and risk profile of the AIF are set by the AIFM. These limits are monitored regularly, as required by the nature of the risk area, and the sensitivity of the portfolio to key risks is undertaken periodically, as appropriate, to ascertain the impact of changes in key variables to the AIF. For the detailed risks the Funds could be exposed to please refer to the investment policy as disclosed in the Funds' prospectus.

Amongst other measures regularly considered by the Investment Manager, the AIFM is assessing and monitoring market risk through relative Value at Risk (VaR) calculated using the Monte Carlo approach. Value at Risk (VaR) is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis. VaR can be defined as the predicted loss a portfolio can experience at a specified confidence level (e.g. 99%) over a given period of time (e.g. 20 days).

The VaR calculations are based on a confidence level of 99% with a holding period of 1 month (20 days) and a historical observation period of not less than 1 year (250 days). A 99% 1-month VaR means that the expectation is that 99% of the time over a 1 month period the Fund will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk.

It is noted that the use of this VaR methodology, as any other statistical risk measure, has limitations. There is some probability that the loss could be greater than the VaR amounts and therefore the AIFM can neither guarantee that losses will not exceed the VaR indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The AIFM uses the relative VaR methodology which is the absolute VaR of the portfolio divided by the absolute VaR of the benchmark. The benchmark that is used is the one that is most representative of the AIF's strategy and likely risk exposures.

No risk limits have been exceeded or were likely to be exceeded during the year.

Liquidity Risk

As at October 31, 2024, the Company did not hold any assets subject to special arrangements arising from their illiquid nature.

There are no new arrangements for managing the liquidity risk of the Fund.

Leverage under AIFMD considerations

In accordance with the EU Commission Delegated Regulation (EU) No 231/13 (the "AIFM Regulation") leverage is any method which increases a Fund's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of a Fund's exposure to its net asset value and is calculated on both a gross and commitment method.

Under the gross method, exposure represents the sum of a Fund's positions (including all holdings) after deduction of cash balances and cash equivalents, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and cash equivalents and after certain hedging and netting positions are offset against each other if applicable.

There was no change to the maximum level of leverage applied for AIFMD monitoring and reporting purposes since October 31, 2023.

Account	Gross Method as of October 31, 2024	Max leverage under gross method	Commitment method as of October 31, 2024	Max leverage under commitment method
Franklin Emerging Market Debt Opportunities II Fund	100.67%	210%	100.00%	170%

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 12 months 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	41.74%
Franklin Emerging Market Investment Grade Debt Fund*	N/A

*Please refer Note 1 for fund events.

Sustainable Finance Disclosure Regulation (SFDR)

The investments underlying this financial product do not take into account the EU Criteria for environmentally sustainable economic activities, including enabling or transitional activities, within the meaning of the Taxonomy Regulation.

Remuneration

FTIS, as AIFM, has a remuneration policy in place which applies to all Alternative Investment Funds under its management. The policy has been designed to discourage excessive risk taking, integrating in its performance management systems risk criteria specific to the business units it covers. The policy has a governance structure aimed at preventing internal conflicts of interest.

There are defined procedures in place for the creation, update, review and approval of the policy as well as for communication and implementation of the policy. Senior Management, Human Resources, Internal Audit and other functions are all involved in this process and the Policy is approved by Senior Management and the Board of Directors of the Management Company.

Fixed remuneration is defined as base salary plus other benefits which may include pension contributions, life assurance premiums or private medical insurance premiums. Levels of fixed remuneration are set with reference to job complexity, level of responsibility, performance and market benchmarking data. These levels are reviewed on a regular basis.

Variable remuneration is defined as annual bonuses, long term awards in the form of performance share grants or Sales Bonus payments. Levels of variable remuneration are set with reference to overall corporate and business unit performance as well as individual performance.

Full Remuneration policy is available at the registered office of the Management Company.

Quantitative information relevant to the Franklin Templeton Series II Funds is outlined below.

Total amount of fixed remuneration paid by FTIS and its delegates during the year ended September 30, 2024*,**,***	€	598,582
Total amount of variable remuneration paid by FTIS and its delegates during the year ended September 30, 2024*,**,***	€	509,159
Number of staff of FTIS and in its delegates as at September 30, 2024		601
Total amount of compensation paid by FTIS and its delegates to Senior managers/Material risk takers during the year ended September 30, 2024*,**,***	€	293,253
Total amount paid by FTIS and its delegates to other members of staff who have a material impact on the profile of UCITS/AIFM during year ended September 30, 2024*,**,***	€	-

** The total amount of compensation paid by FTIS has been allocated to FTSIIF based on its pro rata share of the average month end total net assets of the funds under management of FTIS for the year ended September 30, 2024.*

*** The total amount of compensation paid by the FTIS delegates has been allocated to FTSIIF based on its pro rata share of the average month end total net assets of the funds under management of the FTIS delegates for the year ended September 30, 2024.*

****Delegates are Investment Management entities which are subject to regulatory requirements that are equally as effective as those under Article 69(3)(a) of the UCITS Directive.*

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 year.

Collateral

As at October 31, 2024, Franklin Emerging Market Debt Opportunities II Fund reported cash collateral pledged on OTC derivatives which amounted to a nominal value of USD 11,970,000 and this balance is included in the cash account.

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 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 27 94 0990 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

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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