

UNAUDITED SEMI-ANNUAL REPORT

# FRANKLIN TEMPLETON SERIES II FUNDS

société d'investissement à capital variable

April 30, 2024



FRANKLIN  
TEMPLETON



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## UNAUDITED SEMI-ANNUAL REPORT

For the period ended April 30, 2024

This report shall not constitute an offer or a solicitation of an offer to buy shares of Franklin Templeton Series II Funds (the "Company"). Subscriptions are to be made on the basis of the current prospectus and its addendum as the case may be, 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.



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## General Information

As at April 30, 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:**

#### **Chairwoman**

*Caroline Carroll*

Director

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

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

#### **Directors**

*A. Craig Blair*

Conducting Officer

FRANKLIN TEMPLETON INTERNATIONAL SERVICES

S.à r.l.

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

*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

### **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 Investment Managers

## Franklin Emerging Market Debt Opportunities II Fund

### Emerging market (EM) hard-currency government bonds<sup>1</sup>: 8.17%

- Global bond markets recorded positive total returns over the period under review, primarily supported by a late-year rally in 2023. This was driven by exuberance at the perceived end to the US Federal Reserve's (Fed's) monetary policy tightening cycle, which seemed to have been confirmed at the December Fed meeting, when accompanying statements indicated that a sufficiently restrictive policy stance had been reached. However, inflation in the United States showed signs of reaccelerating in early 2024, forcing the Fed to take a cautious tone on monetary policy easing, while financial markets re-evaluated their hopes for imminent rate cuts. US Treasury (UST) yields declined over the six months under review, with the yield on the benchmark 10-year UST note moving 25 basis points (bps) lower to 4.68%. Against this backdrop, the spread-to-worst on the EM hard-currency government bond index narrowed by 60 bps to 218 bps, while the yield-to-worst moved 84 bps lower to 6.98%.
- EM bond market performance was primarily driven by the lower-rated segment of the asset class, as financial conditions eased and global growth proved resilient. The first months of 2024 also witnessed a reopening of financial markets for lower-rated borrowers, with successful bond issues coming from countries such as Côte d'Ivoire, Benin, Kenya and El Salvador. In terms of growth, the International Monetary Fund (IMF) revised its World Economic Outlook global economic growth forecasts higher between October 2023 and the following April, by 0.3 percentage points to 3.2% for 2024. While advanced economies are expected to witness a 1.7% expansion this year, emerging market and developing economies are pencilled in for 4.2% growth. Another positive factor for EMs was a pickup in China's economic recovery, with the country recording a 5.2% year-on-year increase in its 2023 gross domestic product (GDP). However, this news was not all good, as China continued to struggle with deflationary pressures—a reflection of weak domestic demand.
- Energy prices ended the period relatively unchanged, as escalating violence in the Middle East and fears that the conflict could result in energy supply disruptions were offset by concerns over the energy demand outlook (especially due to worries around China's struggling property sector). The Brent crude spot price ended April at US \$87.86 per barrel, up slightly from US \$87.41 at the end of October 2023.

### EM hard-currency corporate bonds<sup>2</sup>: 6.85%

- Primarily due to their shorter duration, EM corporate bonds modestly underperformed EM hard-currency government debt over the period. The yield-to-worst on the index moved 103 bps lower to 6.61%, as spreads tightened by 85 bps to 181 bps.<sup>3</sup>

### EM local-currency government bonds<sup>4</sup>: 2.88%

- Local-currency government bond yields fell into year-end 2023, as declining inflation and high real interest rates allowed multiple EM central banks to ease monetary policy. This included (among others) Colombia, Chile, Peru, Mexico, Hungary and Czechia. However, during early 2024, a reacceleration of price pressures and further upside risks to the global inflation outlook due to rising energy prices led many EM central banks to follow the Fed's cautious lead and slow the pace of rate cuts. In light of this, EM local-currency bond yields ended the period 22 bps lower at 6.63%.
- The period saw heightened levels of volatility, but overall EM currencies were slightly weaker relative to the euro. This proved detrimental to EM local-currency debt, which underperformed the hard-currency universe.

## Investment Strategy

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

<sup>1</sup> JP Morgan Emerging Markets Bond Index Global Diversified ex GCC ex CCC Index hedged into euros

<sup>2</sup> JP Morgan CEMBI Broad Diversified ex CCC hedged, in euros

<sup>3</sup> Yield and spread data listed for the JP Morgan CEMBI Broad Diversified

<sup>4</sup> 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.

## Manager's Discussion

For the six-month period ending 30 April 2023, the fund returned 9.11% (I [Ydis] shares in euros), compared with an 8.01% return for the JP Morgan Emerging Markets Bond Index Global Diversified ex GCC ex CCC Index, hedged into euros, and a return of 2.88% for the JP Morgan GBI-EM Global Diversified Index, also in euros.

### Positives factors (in absolute terms)

#### 1. Egyptian US-dollar bonds

Egyptian US dollar-denominated government bonds contributed to fund returns for the period under review. The first months of 2024 saw multiple positive news for the country, including an announcement of an Emirati-funded real estate development worth US \$35 billion on a stretch of Egypt's coast along the Mediterranean Sea. Moreover, as the government devalued its local currency, the IMF confirmed a staff-level agreement expanding the current loan programme to US \$8 billion. The initial programme, an Extended Fund Facility for US \$3 billion, had been signed in December 2022. One of the agreed-upon conditions was the aforementioned currency devaluation and the sale of state-owned entities (SOEs). Therefore, the Egyptian government announced in December 2023 that it had sold multiple SOEs, raising US \$5.6 billion in the process. The IMF expects Egypt's GDP growth to slow to 3% for fiscal year 2023/2024 but then pick up to 4.5% the following year.

#### 2. Mexican US-dollar bonds

The fund's exposure to bonds issued by Braskem Idesa SA (BAKIDE), a Mexican petrochemicals manufacturer, also supported performance. Despite the company's Brazil-based parent company's credit rating being downgraded to high yield (HY) at the end of February, BAKIDE's bonds rallied over the period, helped by expectations of a potential buyout at the parent company level. The period also saw the release of fourth-quarter (Q4) 2023 earnings results, which marked a rebound from the previous three-month period. Furthermore, the company's cash position of US \$241 million increased notably, which should help to cover the next three years of upcoming debt maturities. BAKIDE's production is also expected to increase with the opening of a new ethane import terminal in Mexico, which should lead to a further improvement in earnings during 2024.

Additionally, the fund's position in Petroleos Mexicanos (PEMEX), a fully state-owned oil company, assisted returns for the period. Along with the support of higher oil prices—particularly over the first months of 2024—PEMEX also approved a sustainability plan through 2030 in March. The company is targeting a reduction of methane emissions by 30%, as well as an improvement across other environmental, social and governance metrics. This plan helps towards future refinancing efforts to meet certain investment funds' sustainability criteria. In February, PEMEX released its operating results for Q4 2023, which showed a net profit compared with a loss for the same period during the prior year and over the third quarter of 2023.

### Negatives factors (in absolute terms)

#### 1. Brazilian real (BRL)

The fund's exposure to the BRL hindered returns over the period under review as the currency depreciated against the euro. While price pressures in Brazil have been easing, progress has slowed, with monthly headline inflation for February 2024 coming in at 0.83%, a one-year high. In the 12 months to mid-March 2024, prices increased by 3.77%, in what marked the first reading below 4% since July 2023. Over the period, Brazil's central bank reduced its benchmark Selic rate four times, each time by 50 bps, taking it to 10.75% in March. In April, Brazil's finance minister, Fernando Haddad, indicated that conflict in the Middle East and persistent inflation in the United States were also to blame for the BRL's performance. Economic growth in the country continued to slow, with Q4 2023 GDP remaining unchanged from the prior quarter. Going forward, declining agricultural output and high borrowing costs are likely to keep economic activity subdued.

#### 2. Dominican peso (DOP)

The Dominican Republic has recorded relatively resilient economic performance over the recent quarters, witnessing 2.4% GDP growth in 2023. The central bank expects the Dominican economy to return to trend growth in 2024, i.e., expand by 5%. At the same time, inflation has returned to within its target range of 4%, plus or minus 1%, though rate setters believe that the



policy rate of 7% still lies above the estimated neutral rate. This means that there is room to further ease financing conditions. While economic data in general look positive, some investors believe that the central bank is willing to allow the DOP to depreciate in order to boost exports, particularly before the presidential election that is due in May.

## Main portfolio changes

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

## Outlook

Over recent months, EM fixed income assets have been supported by resilient global growth, which has been driven by US economic exceptionalism, together with a tailwind of EM sovereign supply in the first two months of the year, which was spurred by lower borrowing costs that stimulated green shoots of EM HY issuance. These favourable technical conditions were reset during April due to a reawakening in the higher-for-longer US interest-rate narrative amid intransigent US inflation, which pushed up borrowing costs and has resulted in lower levels of primary market activity.

Although US data have presented conflicting signals of late, we continue to believe that the broader macro backdrop remains supportive for EM fundamentals in the near term. The latest IMF World Economic Outlook (published in April 2024) projects a steady pace of global growth in 2024, which includes a slight upgrade from the January 2024 update. The IMF expects EM economies to maintain their outperformance versus advanced economies, which comes despite the impact of a slowing rate of growth in China and as several EM countries see a slight moderation in growth due to the lagged effects of tighter monetary policy and the impact of fiscal consolidation. Furthermore, economic data from other developed markets are seeing improvements, particularly in the eurozone, where the conditions are in place for potential central bank easing, possibly ahead of the Fed. With visibility on the US interest-rate and inflation outlooks somewhat clouded for the time being, the Fed will remain data dependent, and it will need to see further evidence of inflation sustainably moving towards its target before implementing a first rate cut.

While we believe EM hard-currency investment-grade sovereign bonds continue to provide attractive carry, with yields remaining above pre-pandemic levels, we nonetheless retain our preference for EM HY bonds, where we see more generous valuations that tend to overcompensate for credit risk. Idiosyncratic narratives continue to drive the tightening of risk premia in the higher yielding part of the market, thanks to external financing support, the pursuit of structural reforms in key countries where political risks have also diminished, and (more generally) progress towards debt restructuring agreements. Of course, selectivity remains important, with the dispersion of EM returns likely to persist, albeit more muted in 2024 than in 2023 as global liquidity conditions improve.

Moving through the year, we believe that November's US election will be the main risk event, with the potential for rising populist and protectionist rhetoric creating more uncertainty around US trade policy and the broader geopolitical landscape. Various EM elections are also due to take place, but we believe these risks should be relatively contained.

Meanwhile, EM local-currency bonds offer a reduced real yield advantage as several EM easing cycles mature and while US rates stay higher for longer. EM policymakers are maintaining a cautious and gradual approach towards monetary policy easing, mainly in response to global factors, given elevated levels of inflation in developed markets. Encouragingly, the El Niño impact is coming to an end and has been more moderate than feared across EM countries. In addition, China's changing role in the global economy is shifting from a country that drives demand to one that drives excess supply, thereby potentially exerting a deflationary impact on global manufactured goods prices. We also believe that the People's Bank of China will wait for the Fed to ease policy before taking more significant easing action, as it remains wary of undermining the renminbi's value. Elsewhere, we believe that BB and BBB rated EM hard-currency corporate bonds still offer attractive opportunities, but otherwise EM corporate spreads offer a limited cushion against an unforeseen risk event, or a partially expected one. Our focus remains on companies that demonstrate conservative balance sheet management, with a view to adding more risk when valuations are more compelling.

**THE INVESTMENT MANAGERS**

May 2024

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

## Fund Performance

Percentage change to April 30, 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	16.2	–	–	–	21.3
Franklin Emerging Market Debt Opportunities II Fund	I (Ydis) EUR-H2 (hedged)	30 Nov 12	9.1	11.1	(2.7)	1.2	26.3
Franklin Emerging Market Investment Grade Debt Fund*	I (acc) EUR	24 Feb 12	1.6	39.9	57.9	61.1	135.3
Franklin Emerging Market Investment Grade Debt Fund*	I (acc) EUR-H1 (hedged)	24 Feb 12	1.7	35.8	35.1	41.0	58.2
Franklin Emerging Market Investment Grade Debt Fund*	I (acc) USD	24 Feb 12	2.6	35.4	40.5	53.5	87.0
Franklin Emerging Market Investment Grade Debt Fund*	Y (Mdis) USD	12 Jan 18	2.6	35.5	42.6	58.3	61.8

\*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 period. Those net asset values reflect the market prices of the investments as of the last business day of the period. The performance is based on the change of the published net asset value per share.

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 April 30, 2024

	Total (USD)	Franklin Emerging Market Debt Opportunities II Fund (EUR)	Franklin Emerging Market Investment Grade Debt Fund' (USD)
<b>ASSETS</b>			
Investments in securities at market value (note 2(b))	794,848,469	744,681,820	12,500
Cash at bank and at brokers	55,231,027	51,497,947	264,705
Interest and dividends receivable, net	17,386,693	16,289,593	–
Unrealised profit on forward foreign exchange contracts (notes 2(c), 3)	164,119	153,763	–
Other receivables	287,284	269,156	–
<b>TOTAL ASSETS</b>	<b>867,917,592</b>	<b>812,892,279</b>	<b>277,205</b>
<b>LIABILITIES</b>			
Investment management fees payable (note 4)	491,968	460,925	–
Unrealised loss on forward foreign exchange contracts (notes 2(c), 3)	10,353,842	9,700,514	–
Taxes payable	110,465	103,495	–
Expenses payable	442,279	376,110	40,838
<b>TOTAL LIABILITIES</b>	<b>11,398,554</b>	<b>10,641,044</b>	<b>40,838</b>
<b>TOTAL NET ASSETS</b>	<b>856,519,038</b>	<b>802,251,235</b>	<b>236,367</b>
<b>THREE YEAR ASSET SUMMARY</b>			
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.

## Statement of Operations and Changes in Net Assets

For the period ended April 30, 2024

	Total (USD)	Franklin Emerging Market Debt Opportunities II Fund (EUR)	Franklin Emerging Market Investment Grade Debt Fund (USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	<b>792,670,382</b>	<b>749,014,276</b>	<b>230,393</b>
Currency translation adjustment	7,020,225	–	–
	799,690,607	749,014,276	230,393
<b>INCOME</b>			
Interest income on debt securities (net of withholding taxes) (note 2(h))	32,796,855	30,727,373	–
Bank interest (note 2(h))	101,519	89,494	5,998
<b>TOTAL INCOME</b>	<b>32,898,374</b>	<b>30,816,867</b>	<b>5,998</b>
<b>EXPENSES</b>			
Investment management fees (note 4)	2,922,802	2,738,373	–
Administration and transfer agency fees	699,398	655,266	–
Directors fees	7,247	6,790	–
Subscription tax (note 6)	42,856	40,152	–
Custodian fees	155,930	146,091	–
Audit fees	9,397	8,804	–
Printing and publishing expenses	5,012	4,696	–
Other charges (note 12)	67,846	63,565	–
<b>TOTAL EXPENSES</b>	<b>3,910,488</b>	<b>3,663,737</b>	<b>–</b>
Expenses reimbursement (note 9)	(152,773)	(143,133)	–
<b>NET EXPENSES</b>	<b>3,757,715</b>	<b>3,520,604</b>	<b>–</b>
<b>NET INCOME/(EXPENSES) FROM INVESTMENTS</b>	<b>29,140,659</b>	<b>27,296,263</b>	<b>5,998</b>
Net realised profit/(loss) on sale of investments (note 8)	(1,140,517)	(1,068,550)	–
Net realised profit/(loss) on forward foreign exchange contracts	3,011,374	2,821,356	–
Net realised profit/(loss) on foreign exchange transactions	(91,726)	(85,938)	–
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	<b>30,919,790</b>	<b>28,963,131</b>	<b>5,998</b>
Change in net unrealised appreciation/(depreciation) on:			
Investments (note 8)	44,971,079	42,133,404	–
Forward foreign exchange contracts	(4,360,967)	(4,085,790)	–
Foreign exchange transactions	4,215	3,972	(24)
Capital gains tax	(110,211)	(103,257)	–
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<b>71,423,906</b>	<b>66,911,460</b>	<b>5,974</b>
<b>MOVEMENT OF CAPITAL</b>			
Issue of shares	44,975,900	42,137,921	–
Redemption of shares	(5,822,606)	(5,455,200)	–
Equalisation (note 13)	(87,892)	(82,346)	–
	<b>39,065,402</b>	<b>36,600,375</b>	<b>–</b>
Dividends paid/accumulated	(53,660,877)	(50,274,876)	–
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<b>(14,595,475)</b>	<b>(13,674,501)</b>	<b>–</b>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<b>856,519,038</b>	<b>802,251,235</b>	<b>236,367</b>

\*Please refer Note 1 for fund events.

## Statistical Information

	Total Expense Ratio April 30, 2024 (See note 15)	Shares Outstanding as at April 30, 2024	Net Asset Value per share as at April 30, 2024	Net Asset Value per share as at October 31, 2023	Net Asset Value per share as at October 31, 2022
<b>Franklin Emerging Market Debt Opportunities II Fund - EUR</b>					
I (acc) EUR-H3 (hedged) <sup>#</sup>	0.89%	340.30	12.13	10.44	–
I (Ydis) EUR-H2 (hedged)	0.90%	127,810,273.00	6.28	6.17	6.21
<b>Franklin Emerging Market Investment Grade Debt Fund – USD*</b>					
I (acc) EUR	–	8.42	23.53	23.15	14.29
I (acc) EUR-H1 (hedged)	–	89.08	15.82	15.56	8.96
I (acc) USD	–	5.66	18.70	18.23	10.50
Y (Mdis) USD	–	18,490.98	12.68	12.36	7.24

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

\*Please refer Note 1 for fund events.

# Notes to Financial Statements

For the period ended April 30, 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 closures

- Franklin Emerging Market Investment Grade Debt Fund was put into liquidation effective April 11, 2023, but its portfolio cannot be fully liquidated because it holds Russian restricted assets. When the Russian securities are able to be disposed of, any remaining cash proceeds will be distributed to investors. The remaining amount of cash at bank is USD 281,490 as at April 30, 2024. The management company continues to monitor the cash balance which will be used to cover costs linked to liquidation.

- Franklin Floating Rate II Fund was put into liquidation effective August 11, 2020 and closed with a final NAV on November 29, 2022, this being due to illiquid positions held in the portfolio which prevented the complete sell-down of the remaining positions and thus the closure of the fund. As of April 30, 2024, there is no cash in balance and the bank accounts are being closed by the custodian.

## 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 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.

**Note 2 - Significant accounting policies (continued)****(b) Investment in securities (continued)**

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

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

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

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

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

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

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.

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. The Funds have no significant exposure to the Russian or Ukrainian markets and no 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 period ended April 30, 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 period ended April 30, 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 period ended April 30, 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 period-end. Gains and losses on foreign exchange transactions are recognised in the "Statement of Operations and Changes in Net Assets" in determining the results for the accounting period.

The reference currency of the Company as reflected in the financial statements is U.S. dollar. The principal exchange rates applied as at April 30, 2024 are as follows:

BRL	5.1920	GEL	2.6780	MXN	17.1267
COP	3,923.0000	HUF	366.7000	PEN	3.7687
DOP	58.5500	IDR	16,260.0000	PLN	4.0563
EGP	47.8500	JMD	156.0000	UYU	38.3150
EUR	0.9369	JPY	157.7150	UZS	12,620.0100
GBP	0.8002	KZT	442.0150	ZAR	18.8186

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

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



**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 fund upon receipt. Sundry income includes the reversal of prior period over accruals such as Audit Fee, Publication Fee, Printing Fee, Agent Fee, Legal Fee, Registration Fee and Tax Fee.

**(i) Charges and expenses**

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

**(j) Formation expenses**

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

**(k) Senior floating rate interest**

Senior secured corporate loans pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. These base lending rates are generally the prime rate offered by a designated U.S. bank or the other reference rates applicable in the market. Senior secured corporate loans often require prepayment of principal from excess cash flows or at the discretion of the borrower. As a result, actual maturity may be substantially less than the stated maturity. During the period ended April 30, 2024, the Company had no exposure.

**(l) Combined financial statements**

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

**(m) Swing pricing**

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

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

The Fund operates a swing pricing mechanism which is applied when the total 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.

## Note 2 - Significant accounting policies (continued)

### (m) Swing pricing (continued)

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

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

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

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

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

In the case of a swing pricing event on the last day of the semi-annual period, the net assets as disclosed in the "Statement of Net Assets", exclude the swing pricing adjustment, however, the Net Asset Value per Share as at semi-annual period end, as disclosed in the Statistical Information, would include the swing pricing adjustment. No swing pricing applied as at April 30, 2024.

During the period ended April 30, 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 April 30, 2024, the Company had entered into the following outstanding contracts:

### Franklin Emerging Market Debt Opportunities II Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:					
EUR	932,135	GBP	800,000	06/12/2024	(3,139)
EUR	2,460,405	JPY	396,000,000	06/12/2024	96,724
EUR	450,485,495	USD	492,000,000	06/12/2024	(9,697,375)
USD	14,300,000	EUR	13,318,195	06/12/2024	57,039
					<b>(9,546,751)</b>

The above contracts were opened with the below counterparties:

Barclays	(2,009,275)
Citibank	(1,595,473)
Deutsche Bank	(1,853,881)
Morgan Stanley	(2,095,322)
RBC	(1,992,800)
	<b>(9,546,751)</b>

## 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 period. The Investment Managers will be remunerated by the Management Company out of the investment management fee received from the Company. The following percentages apply in respect of the existing Funds as at April 30, 2024:

**Note 4 - Investment management fees (continued)**

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

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

**Note 5 - Connected party transactions**

Certain directors of the Company are or may also be officers and/or directors of the Management Company i.e. Franklin Templeton International Services S.à r.l. or of the Investment Manager, among others, Franklin Templeton Investment Management Limited.

The Investment Manager will be remunerated by the Management Company out of the investment management fee received from the Company, as detailed in note 4 to the financial statements.

There are no connected brokers in Franklin Templeton, and no transactions were entered into with connected brokers during the period ended April 30, 2024.

During the period ended April 30, 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 Fund. 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) on Investments

	<b>Franklin Emerging Market Debt Opportunities II Fund (EUR)</b>
Realised profit on sale of investments	13,728,718
Realised loss on sale of investments	(14,797,268)
<b>Net realised profit/(loss) on sale of investments</b>	<b>(1,068,550)</b>
Change in unrealised profit on investments	50,418,734
Change in unrealised loss on investments	(8,285,330)
<b>Change in net unrealised profit/(loss) on investments</b>	<b>42,133,404</b>

### Note 9 - Expenses reimbursement

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

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

### Note 10 - Statement of changes in the investment portfolio

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

### Note 11 - Transaction costs

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

### Note 12 - Other charges

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

**Note 13 - Equalisation**

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

**Note 14 - Global credit facility**

The Company together with other European and U.S. registered investment funds managed by Franklin Templeton Investments (individually, Borrower; collectively, Borrowers), entered into a joint syndicated revolving senior unsecured credit facility totaling USD 2,675 million (Global Credit Facility) with a group of banks to provide a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

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

During the financial period ended April 30, 2024, the Company did not use the Global Credit Facility.

**Note 15 - Total Expense Ratio**

The Total Expense Ratio ("TER"), expressed as a percentage, represents how the total annualised expenses of each share class relate to the average net assets of each share class for the period ended April 30, 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 16 - Abbreviations****Countries**

AGO	Angola	EGY	Egypt	MEX	Mexico	SRB	Serbia
ARM	Armenia	GEO	Georgia	MKD	Macedonia	TTO	Trinidad And Tobago
AZE	Azerbaijan	GHA	Ghana	MNE	Montenegro	TUN	Tunisia
BEN	Benin	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	USA	United States of America
CMR	Cameroon	IRQ	Iraq	PRY	Paraguay	UZB	Uzbekistan
COL	Colombia	JAM	Jamaica	ROU	Romania	VEN	Venezuela
CRI	Costa Rica	JEY	Jersey	RUS	Russia	ZAF	South Africa
CZE	Czech Republic	JOR	Jordan	SLV	El Salvador		
DOM	Dominican Republic	KAZ	Kazakhstan	SP	Supranational		

**Currencies**

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

**Note 17 - Subsequent events**

There have been no subsequent events since the period end.

## Schedule of Investments, April 30, 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					
<b>SHARES</b>					
2,156,091	<b>Metals &amp; Mining</b> Petra Diamonds Ltd.	ZAF	GBP	1,229,413	0.15
				<u>1,229,413</u>	<u>0.15</u>
	<b>TOTAL SHARES</b>			<u>1,229,413</u>	<u>0.15</u>
<b>BONDS</b>					
<b>Corporate Bonds</b>					
13,700,000	Frigorifico Concepcion SA, Reg. S 7.7% 07/21/2028	PRY	USD	11,229,908	1.40
110,710,000,000	Ipoteka-Bank ATIB, Reg. S 20.5% 04/25/2027	UZB	UZS	8,219,443	1.03
7,300,000	Banca Transilvania SA, Reg. S 8.875% 04/27/2027	ROU	EUR	7,728,656	0.96
8,450,000	Kosmos Energy Ltd., Reg. S 7.75% 05/01/2027	GHA	USD	7,716,807	0.96
8,500,000	Braskem Idesa SAPI, Reg. S 7.45% 11/15/2029	MEX	USD	6,295,718	0.79
5,964,581	Petra Diamonds US Treasury plc, Reg. S 9.75% 03/08/2026	ZAF	USD	4,191,358	0.52
4,150,000	IHS Netherlands Holdco BV, Reg. S 8% 09/18/2027	NGA	USD	3,673,487	0.46
2,900,000	Ardshinbank CJSC, Reg. S 6.5% 01/28/2025	ARM	USD	2,709,746	0.34
44,478,000	Red de Carreteras de Occidente SAB de CV, Reg. S 9% 06/10/2028	MEX	MXN	2,328,698	0.29
6,750,000	Sri Rejeki Isman Tbk. PT, Reg. S 7.25% 01/16/2025 <sup>s</sup>	IDN	USD	189,731	0.02
				<u>54,283,552</u>	<u>6.77</u>
<b>Government and Municipal Bonds</b>					
153,097,000	Brazil Notas do Tesouro Nacional 10% 01/01/2029	BRA	BRL	26,383,168	3.29
22,850,000	Iraq Government Bond, Reg. S 5.8% 01/15/2028	IRQ	USD	20,052,894	2.50
455,750,000	South Africa Government Bond 7% 02/28/2031	ZAF	ZAR	18,226,514	2.27
21,450,000	Ivory Coast Government Bond, Reg. S 4.875% 01/30/2032	CIV	EUR	17,939,493	2.24
20,650,000	Angola Government Bond, Reg. S 8% 11/26/2029	AGO	USD	17,661,429	2.20
21,000,000	Romania Government Bond, Reg. S 1.375% 12/02/2029	ROU	EUR	17,288,124	2.15
385,070,000	Mexican Bonos Desarr Fixed Rate 8% 11/07/2047	MEX	MXN	17,264,167	2.15
5,515,280,000	Hungary Government Bond 9.5% 10/21/2026	HUN	HUF	14,774,993	1.84
839,000,000	Dominican Republic Government Bond, Reg. S 9.75% 06/05/2026	DOM	DOP	13,528,998	1.69
15,400,000	Serbia Government Bond, Reg. S 1.5% 06/26/2029	SRB	EUR	12,926,067	1.61
14,560,000	Benin Government International Bond, Reg. S 4.875% 01/19/2032	BEN	EUR	12,373,452	1.54
12,800,000	Brazil Government Bond 4.5% 05/30/2029	BRA	USD	11,183,507	1.39
51,200,000	Peru Government Bond 5.4% 08/12/2034	PER	PEN	11,008,737	1.37
14,696,000	Paraguay Government Bond, Reg. S 2.739% 01/29/2033	PRY	USD	10,853,670	1.35
11,250,000	Southern Gas Corridor CJSC, Reg. S 6.875% 03/24/2026	AZE	USD	10,606,812	1.32
10,200,000	Costa Rica Government Bond, Reg. S 7.158% 03/12/2045	CRI	USD	9,881,867	1.23
9,000,000	Jamaica Government Bond 7.875% 07/28/2045	JAM	USD	9,686,796	1.21
10,900,000	Dominican Republic Government Bond, Reg. S 6.4% 06/05/2049	DOM	USD	9,250,330	1.15
122,510,000,000	Uzbekistan Government Bond, Reg. S 14% 07/19/2024	UZB	UZS	9,012,497	1.12
547,000,000	Egypt Treasury Bill 0% 03/18/2025	EGY	EGP	8,756,183	1.09
9,600,000	Indonesia Government Bond 4.15% 09/20/2027	IDN	USD	8,669,427	1.08
333,834,575	Uruguay Government Bond 3.7% 06/26/2037	URY	UYU	8,602,275	1.07
10,450,000	Honduras Government Bond, Reg. S 5.625% 06/24/2030	HND	USD	8,415,145	1.05
9,000,000	Colombia Government Bond 7.5% 02/02/2034	COL	USD	8,314,402	1.04
7,800,000	North Macedonia Government Bond, Reg. S 6.96% 03/13/2027	MKD	EUR	8,169,460	1.02
12,600,000	Egypt Government Bond, Reg. S 7.5% 02/16/2061	EGY	USD	8,071,355	1.01
34,700,000,000	Colombia Government Bond 9.85% 06/28/2027	COL	COP	7,948,323	0.99
8,500,000	Angola Government Bond, Reg. S 8.75% 04/14/2032	AGO	USD	7,223,742	0.90
7,300,000	Jordan Government Bond, Reg. S 7.5% 01/13/2029	JOR	USD	6,756,895	0.84
8,900,000	Pakistan Government Bond, Reg. S 7.375% 04/08/2031	PAK	USD	6,638,343	0.83
7,750,000	Jordan Government Bond, Reg. S 5.85% 07/07/2030	JOR	USD	6,537,942	0.81
8,300,000	Egypt Government Bond, Reg. S 7.625% 05/29/2032	EGY	USD	6,468,557	0.81
8,000,000	Armenia Government Bond, Reg. S 3.95% 09/26/2029	ARM	USD	6,372,387	0.79
945,000,000	Jamaica Government Bond 9.625% 11/03/2030	JAM	JMD	6,004,909	0.75
2,470,000,000	Kazakhstan Government Bond 14.5% 04/28/2025	KAZ	KZT	5,385,571	0.67
5,200,000	BOI Finance BV, Reg. S 7.5% 02/16/2027	NGA	EUR	4,950,036	0.62
5,575,000	Turkey Government Bond 5.95% 01/15/2031	TUR	USD	4,792,003	0.60
2,314,000,000	Kazakhstan Government Bond 7.2% 05/27/2025	KAZ	KZT	4,715,970	0.59
6,100,000	Mexico Government Bond 4.6% 01/23/2046	MEX	USD	4,371,276	0.54
4,900,000	Panama Government Bond, Reg. S, 144A 6.375% 07/25/2033	PAN	USD	4,214,560	0.53
2,072,000,000	Kazakhstan Treasury Bill 0% 04/11/2025	KAZ	KZT	3,975,965	0.50
187,000,000	Dominican Republic Government Bond, Reg. S 13.625% 02/03/2033	DOM	DOP	3,578,968	0.45
5,500,000	Turkey Government Bond 4.875% 04/16/2043	TUR	USD	3,536,377	0.44
3,590,000	Serbia Government Bond, Reg. S 3.125% 05/15/2027	SRB	EUR	3,437,246	0.43

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
4,250,000	Cameroon Government Bond, Reg. S 5.95% 07/07/2032	CMR	EUR	3,339,416	0.42
6,550,000	Ukraine Government Bond, Reg. S, FRN 7.75% 08/01/2041 <sup>§</sup>	UKR	USD	3,290,300	0.41
1,667,200,000	Kazakhstan Treasury Bill 0% 01/11/2025	KAZ	KZT	3,280,150	0.41
4,400,000	Armenia Government Bond, Reg. S 3.6% 02/02/2031	ARM	USD	3,275,170	0.41
3,000,000	Costa Rica Government Bond, Reg. S 7.3% 11/13/2054	CRI	USD	2,931,450	0.37
1,317,854,000	Kazakhstan Government Bond 13.9% 09/16/2026	KAZ	KZT	2,921,915	0.36
3,550,000	El Salvador Government Bond, Reg. S 7.65% 06/15/2035	SLV	USD	2,410,535	0.30
2,000,000	Montenegro Government Bond, Reg. S 7.25% 03/12/2031	MNE	USD	1,876,698	0.23
				<u>449,136,466</u>	<u>55.98</u>
<b>Quasi-Sovereign Bonds</b>					
20,700,000	KazMunayGas National Co. JSC, Reg. S 5.75% 04/19/2047	KAZ	USD	16,100,597	2.01
10,600,000	Huarong Finance II Co. Ltd., Reg. S 4.625% 06/03/2026	CHN	USD	9,477,928	1.18
8,240,000	SOCAR Turkey Enerji A/S, Reg. S 7.23% 03/17/2026	AZE	USD	7,676,835	0.96
6,950,000	Istanbul Metropolitan Municipality, Reg. S 10.75% 04/12/2027 <sup>*</sup>	TUR	USD	6,983,666	0.87
6,875,000	Istanbul Metropolitan Municipality, Reg. S 10.5% 12/06/2028	TUR	USD	6,915,131	0.86
23,250,000,000	Bogota Distrito Capital, Reg. S 9.75% 07/26/2028 <sup>*</sup>	COL	COP	5,151,501	0.64
23,159,431,639	PA Autopista Rio Magdalena, Reg. S 6.05% 06/15/2036	COL	COP	4,176,084	0.52
				<u>56,481,742</u>	<u>7.04</u>
<b>Supranational</b>					
308,000,000,000	European Bank for Reconstruction & Development 6.17% 03/10/2025	SP	IDR	17,632,523	2.20
72,600,000	Asian Development Bank 8.175% 09/15/2024	SP	PLN	16,871,664	2.10
7,950,000	Banque Ouest Africaine de Developpement, Reg. S 4.7% 10/22/2031	SP	USD	6,366,630	0.79
126,000,000	Corp. Andina de Fomento, Reg. S 7.5% 06/10/2030	SP	MXN	5,618,688	0.70
2,600,000	Banque Ouest Africaine de Developpement, Reg. S 5% 07/27/2027	SP	USD	2,305,505	0.29
				<u>48,795,010</u>	<u>6.08</u>
<b>TOTAL BONDS</b>				<u>608,696,770</u>	<u>75.87</u>
<b>TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</b>				609,926,183	76.02
TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET					
<b>BONDS</b>					
<b>Corporate Bonds</b>					
11,900,000	Telecommunications Services of Trinidad & Tobago Ltd., Reg. S 8.875% 10/18/2029	TTO	USD	10,816,647	1.35
11,203,010	UEP Penonome II SA, Reg. S 6.5% 10/01/2038	PAN	USD	8,696,126	1.08
10,637,000	Adani Electricity Mumbai Ltd., Reg. S 3.949% 02/12/2030	IND	USD	8,241,259	1.03
8,800,000	Ambipar Lux SARL, Reg. S 9.875% 02/06/2031	BRA	USD	8,167,324	1.02
8,650,000	Energopro A/S, Reg. S 8.5% 02/04/2027	CZE	USD	8,146,302	1.01
9,507,514	MC Brazil Downstream Trading SARL, Reg. S 7.25% 06/30/2031	BRA	USD	7,724,288	0.96
5,400,000	Fidelity Bank plc, Reg. S 7.625% 10/28/2026	NGA	USD	4,817,399	0.60
3,600,000	Energopro A/S, Reg. S 11% 11/02/2028	CZE	USD	3,657,067	0.46
3,400,000	Aegea Finance SARL, Reg. S 9% 01/20/2031	BRA	USD	3,335,855	0.41
3,600,000	Braskem Idesa SAPI, Reg. S 6.99% 02/20/2032	MEX	USD	2,535,237	0.32
24,000,000	Country Garden Holdings Co. Ltd., Reg. S 7.25% 04/08/2026 <sup>§</sup>	CHN	USD	1,517,849	0.19
				<u>67,655,353</u>	<u>8.43</u>
<b>Government and Municipal Bonds</b>					
16,500,000	Georgia Treasury 9.125% 05/30/2025	GEO	GEL	5,871,327	0.73
580,000,000	Tunisia Government Bond 4.2% 03/17/2031	TUN	JPY	2,124,230	0.26
1,681,525	Peru Enhanced Pass-Through Finance Ltd., Reg. S 0% 06/02/2025	PER	USD	1,496,688	0.19
100,000,000	Tunisia Government Bond 3.28% 08/09/2027	TUN	JPY	404,708	0.05
306,528	IIRSA Norte Finance Ltd., Reg. S 8.75% 05/30/2024	PER	USD	288,635	0.04
				<u>10,185,588</u>	<u>1.27</u>
<b>Quasi-Sovereign Bonds</b>					
15,275,000	Petroleos Mexicanos 6.7% 02/16/2032	MEX	USD	11,711,861	1.46
18,388,331	Rutas 2 & 7 Finance Ltd., Reg. S 0% 09/30/2036	PRY	USD	11,682,156	1.46
8,500,000	Heritage Petroleum Co. Ltd., Reg. S 9% 08/12/2029	TTO	USD	8,366,205	1.04
5,800,000	Ecopetrol SA 4.625% 11/02/2031	COL	USD	4,391,545	0.55
17,789,961,696	Fideicomiso PA Costera, Reg. S 6.25% 01/15/2034	COL	COP	3,760,214	0.47
3,350,000	CITGO Petroleum Corp., Reg. S 7% 06/15/2025	VEN	USD	3,137,882	0.39

**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
2,400,000	CITGO Petroleum Corp., Reg. S 8.375% 01/15/2029	VEN	USD	2,329,119	0.29
				45,378,982	5.66
	<b>TOTAL BONDS</b>			123,219,923	15.36
	<b>TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET</b>			123,219,923	15.36
	TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET				
	<b>BONDS</b>				
	<b>Corporate Bonds</b>				
13,500,000	Alfa Bank AO, Reg. S 5.95% 04/15/2030**§	RUS	USD	–	–
				–	–
	<b>Quasi-Sovereign Bonds</b>				
11,535,714	TER Finance Jersey Ltd., Reg. S 8.85% 06/20/2028**	JEY	EUR	11,535,714	1.44
				11,535,714	1.44
	<b>TOTAL BONDS</b>			11,535,714	1.44
	<b>TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET</b>			11,535,714	1.44
	<b>TOTAL INVESTMENTS</b>			<b>744,681,820</b>	<b>92.82</b>

§ These Bonds are currently in default

\* Could also be classified as Municipals

\*\* These securities are submitted to a Fair Valuation



## Schedule of Investments, April 30, 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 ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING				
	<b>BONDS</b>				
	<b>Quasi-Sovereign Bonds</b>				
250,000	Russian Railways, Reg. S 5.7% 04/05/2022 <sup>§</sup>	RUS	USD	12,500	5.29
				12,500	5.29
	<b>TOTAL BONDS</b>			12,500	5.29
	<b>TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</b>			12,500	5.29
	<b>TOTAL INVESTMENTS</b>			<b>12,500</b>	<b>5.29</b>

§ These Bonds are currently in default

## Additional Information

### Portfolio Turnover Ratio

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

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

Fund	Portfolio Turnover Ratio
Franklin Emerging Market Debt Opportunities II Fund	31.98%
Franklin Emerging Market Investment Grade Debt Fund*	(0.22)%

\*Please refer Note 1 for fund events.

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

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) and it had no exposure to total return swap contracts during the period.

### Collateral

As at April 30, 2024, Franklin Emerging Market Debt Opportunities II Fund reported cash collateral pledged on OTC derivatives which amounted to a nominal value of USD 6,980,000 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](http://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**

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



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TEMPLETON**

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