

AUDITED ANNUAL REPORT

# FRANKLIN TEMPLETON OPPORTUNITIES FUNDS

société d'investissement à capital variable

March 31, 2023



FRANKLIN  
TEMPLETON



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société d'investissement à capital variable

## AUDITED ANNUAL REPORT

For the year ended March 31, 2023

This report shall not constitute an offer or a solicitation of an offer to buy shares of Franklin Templeton Opportunities 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 Investor Information Documents ("KIIDs"), a copy of the latest available audited annual report and, if published thereafter, the latest unaudited semi-annual report.

The auditor's report refers only to the English version of the Annual Report and not to any translated versions.

# Contents

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<b>General Information</b> .....	<b>5</b>
<b>Report of the Board of Directors</b> .....	<b>6</b>
<b>Report of the Investment Managers</b> .....	<b>7</b>
<b>Audit Report</b> .....	<b>9</b>
<b>Fund Performance</b> .....	<b>13</b>
<b>Statement of Net Assets</b> .....	<b>14</b>
<b>Statement of Operations and Changes in Net Assets</b>	<b>16</b>
<b>Statistical Information</b> .....	<b>18</b>
<b>Notes to Financial Statements</b> .....	<b>19</b>
<b>Schedule of Investments</b> .....	<b>29</b>
Franklin ESG-Focused Balanced Fund .....	29
Franklin Global Target Euro Income 2025 Fund .....	37
Franklin Green Target Income 2024 Fund .....	39
Franklin Target Income 2024 Fund .....	42
Franklin U.S. Managed Income 2028 Fund .....	44
Franklin USD Diversified Bond Series I 2025 Fund .....	48
<b>Additional Information - Unaudited</b> .....	<b>50</b>
<b>Franklin Templeton Office Directory</b> .....	<b>73</b>

# General Information

As at March 31, 2023

## **société d'investissement à capital variable**

8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg  
(Registered with the registre de commerce et des sociétés, Luxembourg, under number B 212 724)

### **BOARD OF DIRECTORS:**

#### **Chairwoman**

*Caroline Carroll*

Director

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

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

#### **Directors**

*A. Craig Blair*

Director

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.

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

*William Jackson*

Director

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

5 Morrison Street  
Edinburgh EH3 8BH, Scotland  
United Kingdom

*Hans-J. Wisser*

Independent Director

Kalberstucksweg 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

### **INVESTMENT MANAGERS:**

FRANKLIN ADVISERS INC.

One Franklin Parkway  
San Mateo, CA 94403-1906  
USA

FRANKLIN TEMPLETON AUSTRALIA LIMITED

120 Collins Street, Level 47  
Melbourne VIC 3000  
Australia

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

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

### **DEPOSITARY AND ADMINISTRATIVE AGENT:**

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

### **REGISTRAR AND TRANSFER AGENT:**

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l. (Until October 2, 2022)

VIRTUS PARTNERS FUND SERVICES LUXEMBOURG S.à r.l. (With effect October 3, 2022)

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

### **AUDITOR:**

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

### **LEGAL ADVISER:**

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

## Report of the Board of Directors

At March 31, 2023, Franklin Templeton Opportunities Funds (“FTOF”, or the “Company”) had assets under management of EUR 923.6 million, down from EUR 1,077.2 million a year earlier.

The Company will continue to make changes to the range of sub-funds when this is in the best interest of investors. We remain committed to retaining investment techniques that have been shown, over time, to increase shareholder value.

Thank you for investing with Franklin Templeton. Please be advised that the prospectus, the Key Investor Information Documents (KIIDs) of FTOF 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.

### **Fund Launch**

Franklin U.S. Managed Income 2028 Fund launched on July 27, 2022.

### **Fund Closure**

Franklin Multi Bond 2022 Fund closed on October 03, 2022.

**THE BOARD OF DIRECTORS**

Luxembourg, April 2023

# Report of the Investment Managers

## Year to March 31, 2023

Over the 12 months under review, European and US bond indices registered significantly negative returns, while global equities were also down.

In Europe, data released in April underlined that while the European Central Bank (ECB) would likely raise rates later in 2022, it would have to balance slowing growth against rising inflation. Indeed, average professional forecasts of eurozone inflation rose to 6% (year-on-year) for 2022, while growth was revised down from 4.2% to 2.9%. The energy crisis - resulting from the conflict in Ukraine - saw eurozone inflation reach 8.1% year-on-year in May, against a backdrop of increasingly restrictive sanctions on Russia. This increased pressure on the ECB to raise interest rates. In the same month, the region's manufacturing Purchasing Managers' Index (PMI) fell to its lowest reading in 18 months and business confidence also plummeted, owing to sustained concerns about the outlook for prices, supply chains and demand. The ECB bolstered its increasingly hawkish positioning in June by committing to raise interest rates by 25 basis points (bps) at its July meeting, followed by a gradual and sustained increase in rates as appropriate. The move was prompted by surging energy prices, which pushed eurozone inflation up to 8.6% (year-on-year) in June. Meanwhile, eurozone economic growth for the month deteriorated sharply to a 16-month low, according to leading business surveys. Manufacturing output contracted for the first time in two years and service sector growth cooled considerably, most notably for consumer-facing services.

After rising steadily in the first quarter of 2022, US inflation maintained its upward trend over the second quarter. This caused the US Federal Reserve (Fed) to raise its base rate by 50 bps in early May, then again in June by an unexpected 75 bps, the largest increase since 1994, as it sought to contain rising prices. Overall, US economic data released in the second quarter lacked lustre. US gross domestic product for the first quarter of 2022 was revised down slightly. Consumer spending waned and sentiment fell significantly. Industrial production and surveys of business sentiment also finished the quarter lower.

With eurozone inflation reaching 8.9% (year-on-year) in July, the ECB raised rates by a higher-than-anticipated 50 bps during the month, whilst also unveiling new tools designed to ensure the effective transmission of monetary policy to all member states via sovereign debt purchases. However, PMI data showed that the eurozone economy contracted in July, with both output and new orders falling for the first time since early 2021. In August, although economic growth continued to slow in the region, worryingly high inflation data put increasing pressure on the ECB to raise rates further at its September meeting. Meanwhile, business activity in the eurozone declined for the second successive month, according to PMI data, as cost of living pressures sapped demand in the service sector. The central bank moved into full inflation-fighting mode in September, hiking its base rate by 75 bps in response to data showing that inflation in the eurozone had reached 9.1% (year-on-year) in August. Economic growth for 2023 was also revised down to 0.9%, emphasising the difficult path the ECB had to tread on monetary policy.

Persistently rising inflation persuaded the Fed to raise rates by a further 75 bps in July. August saw a hawkish Jackson Hole address from Fed Chair Jerome Powell. With core inflation rising by 6.3% (year-on-year) in August, up from 5.9% in July, the Fed raised the federal funds rate by another 75 bps in September. The central bank also updated its 2023 economic projections, revising growth down to 1.2%, and unemployment and core inflation up to 4.4% and 3.1%, respectively.

The European economic outlook darkened in October, as the potential for a winter energy crisis fuelled already heightened fears about inflation, which reached 10.7% (year-on-year) in October. As a result, the ECB again raised interest rates by 75 bps. In November, European bonds were helped by growing expectations that the central bank would slow the pace of its monetary policy tightening. During the month, investors welcomed a decline in inflation, while economic sentiment rose over the month. Nonetheless, business activity in the eurozone continued to fall. The ECB raised rates in December by 50 bps to 2%. Although investors welcomed evidence of moderating inflation, the outlook across the region remained bleak. However, declines in manufacturing and factory sales slowed, signalling that the economic downturn could be less harsh than expected.

In the US, the Fed raised rates by 75 bps early in November but by only 50 bps in December, a move anticipated by investors. The central bank's actions were taken amid signs of easing inflation, helped by reduced energy costs. Despite this softer stance, Fed Chair Powell stated that the central bank remained "strongly committed" to returning inflation to its 2% target and pushed back on investor expectations of a rate cut towards the end of 2023. Data released over the fourth quarter were also largely encouraging. The US economy grew at an annualised rate of 3.1% during the third quarter, which, in tandem with moderating inflation, fuelled hopes that a deep recession could be avoided.

In January, investor sentiment was supported by signs that eurozone inflation was on a downward trend. The ECB's first meeting of the year at the start of February concluded with a policy rate hike of 50 bps. The tone of the accompanying statement was hawkish, with a similar increase planned for March. Data released early in 2023 showed that the eurozone economy was remarkably buoyant, growing marginally in the fourth quarter of 2022, despite consensus expectations that the region had entered a recession. As expected, the ECB raised its policy rate by a further 50 bps to 3.0% at its March meeting. The central bank did, however, lower its forward guidance in a shift towards data dependence. Although headline inflation slowed significantly both in February and March, primarily driven by easing energy prices, core inflation—excluding more volatile food and energy prices—remained elevated.

In the first quarter of 2023, although the Fed raised rates in its February meeting by only 25 bps, increasing investor concerns that US inflation was reaccelerating, and therefore rates would stay elevated for longer than previously expected, precipitated a wide sell-off in bonds. March saw further volatility amid concerns about the banking sector, after the collapse of a tech-oriented bank in the US and subsequent worries about a large Swiss lender, which led to its acquisition by a rival Swiss bank. Nonetheless, rapid responses from the relevant authorities helped stabilise the financial system. In the face of concerns about contagion across the banking sector, the Fed raised rates by a further 25 bps in March.

The significant rise in inflation in most parts of the world, especially during the first half of the period, weighed on global bond and equity markets over the 12 months, with negative returns widely seen across these asset classes. Benchmark 10-year US Treasury yields showed extreme volatility but rose by over 100 bps overall, while benchmark 10-year German Bund yields were up almost 170 bps for the 12-month period. Global equities were also down, though most stock markets recovered a portion of their losses in the second half of the period as inflation pressures eased and investors began to anticipate a potential end to the rate-hiking cycles of the major developed market central banks.

**THE INVESTMENT MANAGERS**  
**April 2023**





## **Audit report**

To the Shareholders of  
**Franklin Templeton Opportunities Funds**

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### **Our opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Franklin Templeton Opportunities Funds (the “Fund”) and of each of its sub-funds as at 31 March 2023, 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 March 2023;
- the statement of operations and changes in net assets for the year then ended;
- the schedule of investments as at 31 March 2023; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### **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.

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### **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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*PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg  
T : +352 494848 1, F : +352 494848 2900, [www.pwc.lu](http://www.pwc.lu)*

*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.

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#### **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.

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#### **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 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, 13 July 2023

Laurent Butticè

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## Fund Performance\*

Percentage change to March 31, 2023

	<b>Reference Share Class</b>	<b>Launch Date</b>	<b>1 Month %</b>	<b>3 Months %</b>	<b>6 Months %</b>	<b>1 Year %</b>	<b>Since Launch %</b>
Franklin ESG-Focused Balanced Fund	A (acc) EUR	15 July 21	0.9	3.4	4.6	(7.5)	(8.6)
Franklin Global Target Euro Income 2025 Fund	E1 (acc) EUR	17 Feb 20	0.4	2.4	6.8	(2.3)	(1.2)
Franklin Green Target Income 2024 Fund	A (acc) EUR	10 May 19	(1.2)	0.5	2.0	(6.9)	(3.2)
Franklin Target Income 2024 Fund	A (acc) EUR	5 Apr 19	(1.7)	0.3	2.2	(7.5)	(2.7)
Franklin U.S. Managed Income 2028 Fund	D4 (acc) EUR**	28 July 22	0.5	1.1	3.5	-	(4.5)
Franklin USD Diversified Bond Series I 2025 Fund	E (acc) USD	16 Sep 20	0.6	1.7	5.3	0.8	1.5

\*The performance is based on the 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 net asset value per share. The year to date performance includes the year from April 01, 2022 until March 31, 2023.

\*\*This Fund / Share class was launched on July 27, 2022.

The Fund Performance disclosed in this table is the performance of the reference share class in base currency of the Fund.

Where Class D2 distribution "D2 (Ydis)" Share is disclosed, the performance is calculated with all the income reinvested (total return).

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 Investor Information Documents ("KIIDs"), 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 March 31, 2023

	Total	Franklin ESG- Focused Balanced Fund	Franklin Global Target Euro Income 2025 Fund
	(EUR)	(EUR)	(EUR)
<b>ASSETS</b>			
Investments in securities at market value (note 2(b))	890,110,701	19,592,178	21,329,532
Cash at bank and at brokers	28,544,876	556,633	1,125,362
Time deposits (note 3)	300,000	–	–
Amounts receivable on sale of investments	2,977,500	–	–
Interest and dividends receivable, net	11,538,166	83,133	246,314
Unrealised profit on forward foreign exchange contracts (notes 2(c), 4)	1,033,847	1,687	–
Unrealised profit on financial future contracts (notes 2(d), 5)	82,978	3,394	–
Other receivables	418,632	28,472	3,047
<b>TOTAL ASSETS</b>	<b>935,006,700</b>	<b>20,265,497</b>	<b>22,704,255</b>
<b>LIABILITIES</b>			
Amounts payable on purchases of investments	9,941,180	–	100,000
Amounts payable on redemptions	273,395	–	–
Investment management fees payable (note 6)	212,099	8,216	4,796
Unrealised loss on forward foreign exchange contracts (notes 2(c), 4)	139,229	89,132	–
Unrealised loss on financial future contracts (notes 2(d), 5)	25,878	25,878	–
Taxes and expenses payable	827,969	10,391	7,284
<b>TOTAL LIABILITIES</b>	<b>11,419,750</b>	<b>133,617</b>	<b>112,080</b>
<b>TOTAL NET ASSETS</b>	<b>923,586,950</b>	<b>20,131,880</b>	<b>22,592,175</b>
<b>THREE YEAR ASSET SUMMARY</b>			
March 31, 2022	1,077,247,039	19,335,555	25,184,551
March 31, 2021	1,249,729,915	–	27,946,583
March 31, 2020	848,302,016	–	17,744,139

This Fund was launched on July 27, 2022

## Statement of Net Assets

As at March 31, 2023

Franklin Green Target Income 2024 Fund	Franklin Target Income 2024 Fund	Franklin U.S. Managed Income 2028 Fund*	Franklin USD Diversified Bond Series I 2025 Fund
(EUR)	(EUR)	(EUR)	(USD)
288,633,778	336,749,926	36,305,571	203,352,817
9,323,655	15,601,278	1,237,707	759,446
–	–	300,000	–
2,977,500	–	–	–
3,997,976	4,785,513	275,819	2,331,144
162,923	171,902	537,758	173,069
–	–	79,584	–
139,253	243,613	4,247	–
<b>305,235,085</b>	<b>357,552,232</b>	<b>38,740,686</b>	<b>206,616,476</b>
7,875,010	1,966,170	–	–
158,583	85,635	29,177	–
63,280	75,665	19,531	44,045
32,666	13,966	1,967	1,625
–	–	–	–
227,281	403,963	43,171	147,367
<b>8,356,820</b>	<b>2,545,399</b>	<b>93,846</b>	<b>193,037</b>
<b>296,878,265</b>	<b>355,006,833</b>	<b>38,646,840</b>	<b>206,423,439</b>
356,889,064	422,771,970	–	267,656,659
408,991,789	495,690,864	–	348,381,940
341,971,772	463,486,211	–	–

## Statement of Operations and Changes in Net Assets

For the year ended March 31, 2023

	Total (EUR)	Franklin ESG- Focused Balanced Fund (EUR)	Franklin Global Target Euro Income 2025 Fund (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	<b>1,077,247,039</b>	<b>19,335,555</b>	<b>25,184,551</b>
Currency translation adjustment	4,873,794	–	–
	1,082,120,833	19,335,555	25,184,551
<b>INCOME</b>			
Dividends (net of withholding taxes) (note 2(g))	1,599,735	193,356	–
Interest on bonds (net of withholding taxes) (note 2(g))	31,240,643	141,254	771,727
Bank interest (note 2(g))	55,728	–	–
Sundry income	7,117	–	–
<b>TOTAL INCOME</b>	<b>32,903,223</b>	<b>334,610</b>	<b>771,727</b>
<b>EXPENSES</b>			
Investment management fees (note 6)	2,557,361	96,624	57,842
Administration and transfer agency fees	995,766	38,334	23,137
Directors fees	12,331	238	296
Subscription tax (note 9)	457,188	6,063	11,224
Custodian fees	61,654	3,587	1,299
Audit fees	76,179	13,920	4,311
Printing and publishing expenses	184,176	4,877	10,602
Bank charges	18,904	3,929	2,151
Maintenance and service charges (note 10)	4,521,864	19,220	56,733
Other charges (note 12)	230,843	7,930	7,980
<b>TOTAL EXPENSES</b>	<b>9,116,266</b>	<b>194,722</b>	<b>175,575</b>
Expenses reimbursement (note 11)	(949,818)	(37,612)	(36,752)
<b>NET EXPENSES</b>	<b>8,166,448</b>	<b>157,110</b>	<b>138,823</b>
<b>NET INCOME/(EXPENSES) FROM INVESTMENTS</b>	<b>24,736,775</b>	<b>177,500</b>	<b>632,904</b>
Net realised profit/(loss) on sale of investments	(16,343,058)	(1,014,965)	(313,340)
Net realised profit/(loss) on forward foreign exchange contracts	5,261,459	251,659	–
Net realised profit/(loss) on financial future contracts	231,204	268,983	–
Net realised profit/(loss) on option contracts	80,391	–	–
Net realised profit/(loss) on foreign exchange transactions	(38,813)	105,241	28
<b>NET REALISED PROFIT/(LOSS) FOR THE YEAR</b>	<b>13,927,958</b>	<b>(211,582)</b>	<b>319,592</b>
Change in net unrealised appreciation/(depreciation) on:			
Investments	(64,034,126)	(665,389)	(978,398)
Forward foreign exchange contracts	(517,883)	(42,542)	–
Financial future contracts	(36,254)	(115,838)	–
Foreign exchange transactions	7,928	(55)	–
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<b>(50,652,377)</b>	<b>(1,035,406)</b>	<b>(658,806)</b>
<b>MOVEMENT OF CAPITAL</b>			
Issue of shares	42,198,660	2,059,083	100,253
Redemption of shares	(129,719,767)	(140,840)	(1,636,300)
Equalisation (note 15)	(979,370)	14,462	(24,825)
	(88,500,477)	1,932,705	(1,560,872)
Dividends paid/accumulated	(19,381,029)	(100,974)	(372,698)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<b>(107,881,506)</b>	<b>1,831,731</b>	<b>(1,933,570)</b>
<b>NET ASSETS AT THE END OF THE YEAR</b>	<b>923,586,950</b>	<b>20,131,880</b>	<b>22,592,175</b>

\*This Fund was launched on July 27, 2022

†This Fund was closed on October 03, 2022



## Statement of Operations and Changes in Net Assets

For the year ended March 31, 2023

Franklin Green Target Income 2024 Fund (EUR)	Franklin Multi Bond 2022 Fund <sup>1</sup> (EUR)	Franklin Target Income 2024 Fund (EUR)	Franklin U.S. Managed Income 2028 Fund <sup>2</sup> (EUR)	Franklin USD Diversified Bond Series I 2025 Fund (USD)
356,889,064	11,149,171	422,771,970	–	267,656,659
–	–	–	–	–
356,889,064	11,149,171	422,771,970	–	267,656,659
–	–	1,209,795	196,584	–
9,437,863	85,548	12,557,568	627,396	8,263,498
–	–	–	2,650	57,565
–	–	–	7,117	–
<b>9,437,863</b>	<b>85,548</b>	<b>13,767,363</b>	<b>833,747</b>	<b>8,321,063</b>
795,013	13,505	932,106	131,577	575,564
318,005	5,402	372,843	25,767	230,226
4,058	98	4,773	154	2,943
153,140	2,458	170,939	12,263	109,649
18,703	326	30,319	1,281	6,658
17,380	6,210	20,294	2,555	12,482
59,345	955	67,563	6,489	37,249
3,650	2,648	6,526	–	–
994,669	37,814	2,712,342	170,392	575,564
74,520	1,628	80,261	9,581	53,081
<b>2,438,483</b>	<b>71,044</b>	<b>4,397,966</b>	<b>360,059</b>	<b>1,603,416</b>
(333,182)	(3,875)	(379,938)	(36,791)	(131,955)
<b>2,105,301</b>	<b>67,169</b>	<b>4,018,028</b>	<b>323,268</b>	<b>1,471,461</b>
<b>7,332,562</b>	<b>18,379</b>	<b>9,749,335</b>	<b>510,479</b>	<b>6,849,602</b>
(6,558,247)	(227,072)	(6,141,546)	(115,451)	(2,139,206)
2,442,016	–	2,469,861	(123,829)	240,501
–	–	–	(37,779)	–
–	–	–	80,391	–
79,271	61	(1,271)	(40,403)	(197,106)
<b>3,295,602</b>	<b>(208,632)</b>	<b>6,076,379</b>	<b>273,408</b>	<b>4,753,791</b>
(22,882,517)	(39,430)	(33,142,589)	(1,790,852)	(4,918,381)
(563,154)	–	(577,468)	535,791	140,439
–	–	–	79,584	–
(25,387)	–	35,501	(2,101)	(33)
<b>(20,175,456)</b>	<b>(248,062)</b>	<b>(27,608,177)</b>	<b>(904,170)</b>	<b>(24,184)</b>
20,290	–	–	40,019,034	–
(36,425,029)	(10,899,235)	(31,538,411)	(565,169)	(52,616,708)
(376,865)	(1,874)	(338,167)	97,145	(378,775)
<b>(36,781,604)</b>	<b>(10,901,109)</b>	<b>(31,876,578)</b>	<b>39,551,010</b>	<b>(52,995,483)</b>
(3,053,739)	–	(8,280,382)	–	(8,213,553)
(39,835,343)	(10,901,109)	(40,156,960)	39,551,010	(61,209,036)
<b>296,878,265</b>	<b>–</b>	<b>355,006,833</b>	<b>38,646,840</b>	<b>206,423,439</b>

## Statistical Information

	Total Expense Ratio March 31, 2023 (See note 16)	Shares Outstanding as at March 31, 2023	Net Asset Value per share as at March 31, 2023	Net Asset Value per share as at March 31, 2022	Net Asset Value per share as at March 31, 2021
<b>Franklin ESG-Focused Balanced Fund - EUR</b>					
A (acc) EUR	1.25%	220,606.964	9.14	9.88	–
A (Ydis) EUR	1.25%	226,970.310	9.08	9.88	–
A (Ydis) USD-H1 (hedged)	1.25%	259,508.743	9.40	9.93	–
I (Ydis) EUR	0.60%	531,048.051	9.18	9.92	–
I (Ydis) USD-H1 (hedged)	0.60%	259,503.125	9.50	9.97	–
R (acc) EUR	0.35%	255,911.798	9.29	9.94	–
W (Ydis) EUR	0.65%	218,750.000	9.18	9.92	–
W (Ydis) USD-H1 (hedged)	0.65%	259,503.125	9.49	9.97	–
<b>Franklin Global Target Euro Income 2025 Fund - EUR</b>					
E (Ydis) EUR	1.30%	8,995.785	99.28	103.21	105.88
E1 (acc) EUR	0.65%	3,672.211	98.76	101.08	102.39
E1 (Ydis) EUR	0.65%	161,155.173	95.01	98.95	101.70
WE (acc) EUR	0.35%	1,090.750	99.48	101.73	102.95
WE (Ydis) EUR	0.35%	62,063.278	95.34	99.22	101.90
<b>Franklin Green Target Income 2024 Fund - EUR</b>					
A (acc) EUR	1.30%	99,892.960	96.76	103.98	106.87
A (Ydis) EUR	1.30%	185,648.527	94.21	102.00	105.53
A1 (acc) EUR	0.75%	141,755.709	98.86	105.65	107.99
A1 (acc) USD-H1 (hedged)	0.75%	1,442.000	106.55	110.81	112.35
A1 (Ydis) CZK-H1 (hedged)	0.75%	461,044.981	983.73	1,008.47	1,023.55
A1 (Ydis) EUR	0.75%	1,370,303.596	94.46	102.29	105.80
A1 (Ydis) USD-H1 (hedged)	0.75%	1,240.527	102.09	107.52	110.15
D1 (Ydis) EUR	1.30%	11,019.375	90.38	97.87	101.29
W (acc) EUR	0.35%	545,582.272	100.41	106.88	108.81
W (Ydis) EUR	0.35%	524,316.691	94.65	102.52	106.00
W (Ydis) USD-H1 (hedged)	0.35%	13,564.905	102.71	108.15	110.70
<b>Franklin Multi Bond 2022 Fund - EUR<sup>1</sup></b>					
D2 (Ydis) EUR <sup>2</sup>	–	–	–	99.81	100.76
<b>Franklin Target Income 2024 Fund - EUR</b>					
A (acc) EUR	1.30%	338,817.911	97.31	105.20	107.66
A (Ydis) EUR	1.30%	685,833.716	91.59	101.03	105.41
A1 (acc) EUR	0.75%	5,350.000	99.47	106.94	108.85
A1 (Ydis) CZK-H1 (hedged)	0.75%	472,227.740	1,007.36	1,051.50	1,076.13
A1 (Ydis) EUR	0.75%	1,016,504.859	92.08	101.56	105.93
D1 (Ydis) EUR	1.30%	1,382,802.269	91.59	101.03	105.41
W (acc) EUR	0.35%	67,913.335	101.07	108.23	109.72
W (Ydis) EUR	0.35%	122,399.430	92.44	101.96	106.31
<b>Franklin U.S. Managed Income 2028 Fund - EUR<sup>1</sup></b>					
D4 (acc) EUR <sup>2</sup>	1.48%	92,881.613	95.51	–	–
D4 (Ydis) EUR <sup>2</sup>	1.48%	311,867.811	95.48	–	–
<b>Franklin USD Diversified Bond Series I 2025 Fund - USD</b>					
E (acc) USD	0.65%	130,260.907	101.52	100.75	104.65
E (Qdis) SGD-H1 (hedged)	0.65%	204,639.929	91.92	95.42	102.79
E (Qdis) USD	0.65%	1,931,856.873	92.69	95.60	102.87

<sup>1</sup>This Fund / share class was launched on July 27, 2022

<sup>2</sup>This Fund / share class was closed on October 03, 2022

# Notes to Financial Statements

## For the year ended March 31, 2023

### Note 1 - The Company

Franklin Templeton Opportunities Funds ("FTOF" or the "Company") is a collective investment undertaking pursuant to Part I of the amended Luxembourg law of December 17, 2010 on undertakings for collective investment and qualifies as a société d'investissement à capital variable. The Company was incorporated in Luxembourg on February 15, 2017, for an undetermined period. At the date of this report, it offers shares in 6 sub-funds of the Company (the "Funds"). The Board of Directors of the Company may authorise the creation of additional Funds in future with different investment objectives.

The Company aims to provide investors with a choice of Funds investing in a wide range of transferable securities and other eligible assets on a worldwide basis and featuring a diverse array of investment objectives, including capital growth and income. The overall objective of the Company is to seek to minimise investment exposure through diversification and to provide Shareholders with the benefit of a portfolio managed by Franklin Templeton, according to its successful time-tested investment selection methods.

#### Fund launch:

Franklin U.S. Managed Income 2028 Fund launched on July 27, 2022.

#### Fund closure:

Franklin Multi Bond 2022 Fund was closed on October 03, 2022. The remaining amount of overdraft at bank is EUR (381) as at March 31, 2023, and the estimated overdraft balance as at July 12, 2023 is EUR (381) and any further liquidation costs including this overdraft will be monitored by the management company.

As of March 31, 2023, the above cash balance is still open and there is no Shareholder in the Fund. The cash accounts will be closed as soon as all invoices are paid. In case of remaining cash, the amount will be distributed to Shareholders that were still invested at closure.

### Note 2 - Significant accounting policies

#### (a) General

The financial statements are prepared in accordance with the regulations of the Grand Duchy of Luxembourg relating to investment funds under the going concern basis of accounting.

#### (b) Investment in securities

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.

In accordance with the provisions of the current prospectus, Market Level Fair Valuation may be implemented to protect the interests of the Company'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.

The Company's directors are using several methods to reduce the risk of market timing. As at March 31, 2023, a Market Level Fair Valuation was applied to the following Funds:

- Franklin ESG-Focused Balanced Fund
- Franklin U.S. Managed Income 2028 Fund

## **Note 2 - Significant accounting policies (continued)**

### **(b) Investment in securities (continued)**

The 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, gains and losses on investment securities sold were computed on the average cost basis.

During the accounting year under review, discounts and premiums were amortised to income over the period to maturity.

For mortgage-backed and other similar holdings with scheduled debt paydowns, the Company record accruals, based on their historical experience, for anticipated paydowns. Such accruals 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".

Money market instruments are valued at market value.

On February 24, 2022, Russia began military operations in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine has increased market volatility and the economic risk of investing in securities in these countries and other impacted countries within the region. Due to the sanctions, actions by governments, developments in Ukraine itself and other circumstances, the Manager continues to assess the impact on valuation and liquidity and will take any potential actions needed, in accordance with the Funds' valuation policies and procedures. However, as at March 31, 2023 there is no significant exposure.

### **(c) Forward foreign exchange contracts**

Forward foreign exchange contracts are valued at the forward rate applicable at the "Statement of Net Assets" date for the remaining period, until maturity. Gains or losses resulting from forward foreign exchange contracts are recognised in the "Statement of Operations and Changes in Net Assets".

### **(d) Financial future contracts**

The Company may enter into financial future contracts to gain exposure to market changes. A financial future contract is an agreement between two parties to buy or sell a security for a set price on a future date. Required initial margin deposits of cash or securities are maintained by a broker in a segregated account. Subsequent payments, known as variation margin, are made or received by the Company depending on the fluctuations in the value of the underlying securities. Such variation margin is accounted for as unrealised gains or losses until the contract is closed, at which time the gains or losses are reclassified to realised gains or losses. Realised and unrealised gains and losses are included in the "Statement of Operations and Changes in Net Assets".

### **(e) Option contracts**

Options are contracts entitling the holder to purchase or sell a specified number of shares or units of a particular security at a specified price at any time until the contract-stated expiration date. Options purchased are recorded as investments; options written (sold) are recorded as liabilities. When the exercise of an option results in a cash settlement, the difference between the premium (original option value) and the settlement proceeds is accounted for as a realised gain or loss. When securities are acquired or delivered upon exercise of an option, the acquisition cost or sale proceeds are adjusted by the amount of the premium. When an option is closed, the difference between the premium and the cost to close the position is accounted for as a realised gain or loss. When an option expires, the premium is accounted for as a realised gain for options written or as a realised loss for options purchased.

The risks include price movements in the underlying securities, the possibility there may be an illiquid options market, or the inability of the counterparties to fulfil their obligations under the contract.

**Note 2 - Significant accounting policies (continued)****(e) Option contracts (continued)**

The Company writes options on securities, futures and interest rate swaps (“swaptions”). These options are settled in cash and subject the Company to unlimited risk of loss. The Company, however, is not subject to credit risk on written options as the counterparty has already performed its obligation by paying the premium at the inception of the contract.

The market values are recorded under “Option Contracts at Market Value” in the “Statement of Net Assets”. As at March 31, 2023, the Fund had no exposure.

**(f) 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 designated 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 Euro. The principal exchange rates applied as at March 31, 2023, are as follows:

AUD	1.6224	DKK	7.4500	JPY	143.9794	SGD	1.4433
CAD	1.4659	GBP	0.8791	NOK	11.3504	USD	1.0846
CHF	0.9923	HKD	8.5137	NZD	1.7342		
CZK	23.4686	ILS	3.9027	SEK	11.2567		

The above exchange rates have been rounded to 4 decimal places.

The list of the currency abbreviations is available in note 18.

**(g) 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.

**(h) Formation expenses**

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

**(i) 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.

## Note 2 - Significant accounting policies (continued)

### (i) Swing pricing (continued)

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 the 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.

On certain share classes, the Management Company may be entitled to a Performance Fee which will be based on the unswung NAV.

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 annual year end, as disclosed in the Statistical Information, would include the swing pricing adjustment. No swing pricing applied as at March 31, 2023.

During the year ended March 31, 2023, swing pricing adjustments affected the net asset value per share of the following Funds:

- Franklin ESG-Focused Balanced Fund
- Franklin Multi Bond 2022 Fund
- Franklin U.S. Managed Income 2028 Fund

### Note 3 - Time deposits ("TDs")

As at March 31, 2023, the Company had the following cash on time deposits:

Fund Counterparty	Value of TDs in Fund	
	Currency	Currency
Franklin U.S. Managed Income 2028 Fund		
Toronto-Dominion Bank (The)	EUR	300,000

### Note 4 - Forward foreign exchange contracts

As at March 31, 2023, the Company had entered into the following outstanding contracts:

#### Franklin ESG-Focused Balanced Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss)
			EUR
Forward foreign exchange contracts used for efficient portfolio management:			
EUR	838,294	DKK	6,231,100
		04/26/2023	1,687
			1,687

**Note 4 - Forward foreign exchange contracts (continued)**

**Franklin ESG-Focused Balanced Fund (continued)**

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:					
USD	7,274,102	EUR	6,792,513	04/14/2023	(89,132)
					<u>(89,132)</u>
					<b><u>(87,445)</u></b>

The above contracts were opened with the below counterparties:

Barclays					1,687
J.P. Morgan					(89,132)
					<b><u>(87,445)</u></b>

**Franklin Green Target Income 2024 Fund**

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:					
CZK	467,593,828	EUR	19,740,379	04/14/2023	162,397
EUR	640,346	CZK	15,325,754	04/14/2023	(11,983)
EUR	45,492	USD	48,794	04/14/2023	526
USD	1,718,547	EUR	1,604,394	04/14/2023	(20,683)
					<u>130,257</u>

The above contracts were opened with the below counterparties:

J.P. Morgan					130,257
					<b><u>130,257</u></b>

**Franklin Target Income 2024 Fund**

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:					
CZK	491,365,556	EUR	20,742,700	04/14/2023	171,902
EUR	716,262	CZK	17,155,904	04/14/2023	(13,966)
					<u>157,936</u>

The above contracts were opened with the below counterparties:

J.P. Morgan					157,936
					<b><u>157,936</u></b>

**Franklin U.S. Managed Income 2028 Fund**

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for efficient portfolio management:					
EUR	9,917,946	USD	10,186,560	04/28/2023	537,758
USD	203,560	EUR	189,413	04/28/2023	(1,967)
					<u>535,791</u>
					<b><u>535,791</u></b>

The above contracts were opened with the below counterparties:

Barclays					535,791
					<b><u>535,791</u></b>

#### Note 4 - Forward foreign exchange contracts (continued)

##### Franklin USD Diversified Bond Series I 2025 Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
SGD	19,021,032	USD	14,124,179	04/14/2023	173,069
USD	200,713	SGD	269,191	04/14/2023	(1,625)
					<b>171,444</b>

The above contracts were opened with the below counterparties:

J.P. Morgan	171,444
	<b>171,444</b>

#### Note 5 - Open positions on financial future contracts

As at March 31, 2023, the Company had entered into the following outstanding contracts:

##### Franklin ESG-Focused Balanced Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment EUR	Unrealised profit/(loss) EUR
Bond Future					
(6)	Euro-BTP, 06/08/2023	J.P. Morgan	EUR	(692,100)	(17,356)
(14)	Euro-Bund, 06/08/2023	J.P. Morgan	EUR	(1,901,760)	3,394
(2)	Euro-OAT, 06/08/2023	J.P. Morgan	EUR	(260,460)	(8,522)
					<b>(22,484)</b>

##### Franklin U.S. Managed Income 2028 Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment EUR	Unrealised profit/(loss) EUR
Index Future					
7	S&P 500 Emini Index, 06/16/2023	J.P. Morgan	USD	1,335,312	79,584
					<b>79,584</b>

#### Note 6 - 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 average 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 March 31, 2023.

	Classes A, A1, E and E1	Class D1	Class D4	Classes I	Class R	Classes W and WE
Franklin ESG-Focused Balanced Fund	0.70%	–	–	0.45%	up to 0.20%	0.45%
Franklin Global Target Euro Income 2025 Fund	0.25%	–	–	–	–	0.25%
Franklin Green Target Income 2024 Fund	0.25%	0.25%	–	–	–	0.25%
Franklin Target Income 2024 Fund	0.25%	0.25%	–	–	–	0.25%
Franklin U.S. Managed Income 2028 Fund	–	–	0.60%	–	–	–
Franklin USD Diversified Bond Series I 2025 Fund	up to 0.25%	–	–	–	–	–

When Funds invest in other Franklin Templeton funds, a management fee is not applied to the amounts invested. Franklin Target Income 2024 Fund invests in a target fund managed by Franklin Templeton ("related party"). The investment management fee borne by the related party target fund is as follows:

Related party target fund	Investment management fee
FTIF- Franklin Gulf Wealth Bond Fund – Y (Ydis) EUR-H1	0.00%



### Note 7 - Soft commission

Consistent with obtaining best execution, brokerage commissions on portfolio transactions for the Company may be directed by the Investment Managers to broker-dealers in recognition of research services furnished by them as well as for services rendered in the execution of orders by such broker-dealers.

The receipt of investment research and information and related services permits the Investment Managers to supplement their own research and analysis and makes available to them the views and information of individuals and research staffs of other firms.

Such services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payment, which are paid for directly by the Investment Managers.

### Note 8 - Connected party transactions

Certain directors of the Company are or may also be officers and/or directors of the Management Company. All transactions with connected parties were entered into in the ordinary course of business and under normal commercial terms.

The investment management fees that are accrued by the Company in respect of the Management Company are detailed in note 6 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 March 31, 2023.

During the year ended March 31, 2023, the Company accrued administration and transfer agency fees and shares' maintenance and service charges in respect of Franklin Templeton International Services S.à r.l. as Management Company and Principal Distributor of the Company.

### Note 9 - Taxation

Under current tax laws and practice, the Company is not liable in the Grand Duchy of Luxembourg to any taxes on income or on realised or unrealised capital gains.

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. A reduced tax rate of 0.01% may apply to Share Classes reserved for 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.

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 law.

### Note 10 - Share classes

Class A shares: are offered at the applicable net asset value, plus an entry charge of up to 3.00% of the total amount invested varying per asset class. In addition, a maintenance charge of up to 0.95% per annum of the applicable average net asset value is deducted and paid to the Principal Distributor. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor.

Class A1 shares: are offered at the applicable net asset value, plus an entry charge of up to 3.00% of the total amount invested varying per asset class. In addition, a maintenance charge of up to 0.40% per annum of the applicable average net asset value is deducted and paid to the Principal Distributor. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor.

### Note 10 - Share classes (continued)

Class D1 shares: are offered at the applicable net asset value. A maintenance charge of up to 0.75% per annum of the applicable average net asset value and a servicing charge of 0.20% per annum of the applicable average net asset value are applied. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor. A contingent deferred sales charge of up to 3.00%, retained by the Principal Distributor, applies to redemptions within five years of purchase.

Class D4 shares: are offered at the applicable net asset value. A maintenance charge of up to 0.45% per annum of the applicable average net asset value and a servicing charge of 0.33% per annum of the applicable average net asset value are applied. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor. A contingent deferred sales charge of up to 2.00%, retained by the Principal Distributor, applies to redemptions within six years of purchase.

Class E Shares: are offered at the applicable net asset value, plus an entry charge of up to 2.00% of the total amount invested varying per asset class. In addition, a maintenance charge of up to 0.95% per annum of the applicable average net asset value is deducted and paid to the Principal Distributor. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor. An exit charge of up to 1.00% applies to redemptions within five years of purchase.

Class E1 Shares: are offered at the applicable net asset value, plus an entry charge of up to 2.00% of the total amount invested varying per asset class. In addition, a maintenance charge of up to 0.30% per annum of the applicable average net asset value is deducted and paid to the Principal Distributor. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor. An exit charge of up to 1.00% applies to redemptions within five years of purchase.

Class I Shares: are offered at the applicable net asset value and are not subject to a contingent deferred sales charge nor any maintenance or servicing charge. Intermediaries or distributors selling Class I Shares may apply their own selling charges, but which should not exceed 3.00%. Class I shares are offered to institutional investors as more fully described in the current prospectus of the Company. Purchases of Class I Shares are neither subject to an entry charge, nor exit charge.

Class R shares: are offered at the applicable net asset value and are not subject to a contingent deferred sales charge nor any maintenance or servicing charge. Intermediaries or distributors selling Class R Shares may apply their own selling charges, but which should not exceed 3.00%. Class R shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company.

Class W shares: are offered at the applicable net asset value and are not subject to a contingent deferred sales charge nor any maintenance or servicing charge. Intermediaries or distributors selling Class W Shares may apply their own selling charges, but which should not exceed 1.50%. Class W shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company. Purchases of Class W Shares are neither subject to an entry charge, nor exit charge.

Class WE shares: are offered at the applicable net asset value and are not subject to a contingent deferred sales charge nor any maintenance or servicing charge. Intermediaries or distributors selling Class WE Shares may apply their own selling charges, but which should not exceed 2.00%. Class WE shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company. An exit charge of up to 1.00% may be applied to redemptions.

Accumulating shares (acc): do not distribute any dividends but the income attributable is reflected in the increased value of the shares. All other terms and conditions are the same as those which apply to distributing share classes.

Distributing shares: may have different frequencies. (Ydis) share classes distribute annually and (Qdis) share classes distribute quarterly.

Hedged share classes: in order to reduce exchange rate fluctuations and return fluctuations, the Company offers H1 classes. The base currency exposure of the hedged share class is hedged into a specified alternative currency.

### Note 11 - Expenses reimbursement

On a daily basis, 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 12 - Other charges**

Other expenses mainly consists of registration & filing fees, paying agent fees and tax fees.

**Note 13 - 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 14 - Transaction costs**

Transaction costs are costs incurred to acquire and dispose of financial assets or liabilities. They include fees and commissions paid to agents, brokers and dealers. During the year ended March 31, 2023, the Company incurred the following transaction costs:

<b>Fund Name</b>	<b>Currency</b>	<b>Amount</b>
Franklin ESG-Focused Balanced Fund	EUR	5,677*
Franklin Global Target Euro Income 2025 Fund	EUR	-*
Franklin Green Target Income 2024 Fund	EUR	-*
Franklin Multi Bond 2022 Fund <sup>a</sup>	EUR	-*
Franklin Target Income 2024 Fund	EUR	-*
Franklin U.S. Managed Income 2028 Fund	EUR	4,660*
Franklin USD Diversified Bond Series I 2025 Fund	USD	-*

<sup>a</sup> This Fund was closed on October 03, 2022.

\* 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 15 - Equalisation**

The Funds use an accounting practice known as equalisation, by which a portion of the proceeds from issue and costs of redemption of shares, equivalent on a per share basis to the amount of undistributed investment income on the date of the transaction, is credited or charged to undistributed income which is disclosed as equalisation in the "Statement of Operations and Changes in Net Assets". As a result, undistributed investment income per share is unaffected by issue or redemptions of shares. However, in respect of any Fund offering only Accumulation Shares, the Board of Directors and/or the Management Company reserve the right not to apply equalisation.

**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 March 31, 2023. The total expenses comprise the investment management fees, the administration and transfer agency fees, the custodian fees and other expenses as summarised in the "Statement of Operations and Changes in Net Assets".

For the share classes launched during the year, the TER is annualised.

**Note 17 - Global credit facility**

Effective February 3, 2023, the Company together with other European and U.S. registered investment funds managed by Franklin Templeton Investments (individually, "Borrower"; collectively, "Borrowers"), entered into a joint syndicated senior unsecured credit facility totalling USD 2,675 million (Global Credit Facility) 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, the Company will, in addition to interest charged on any borrowings made by the company and other costs incurred by the Company, 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 March 31, 2023, the Company did not use the Global Credit Facility.

## Note 18 - Abbreviations

### Countries

AUS	Australia	ESP	Spain	ISL	Iceland	NOR	Norway
AUT	Austria	EST	Estonia	ISR	Israel	NZL	New Zealand
BEL	Belgium	FIN	Finland	ITA	Italy	POL	Poland
BRA	Brazil	FRA	France	JPN	Japan	PRT	Portugal
CAN	Canada	GBR	United Kingdom	KOR	South Korea	ROU	Romania
CHE	Switzerland	GRC	Greece	LTU	Lithuania	SGP	Singapore
CHN	China	HKG	Hong Kong	LUX	Luxembourg	SP	Supranational
CZE	Czech Republic	HRV	Croatia	LVA	Latvia	SVK	Slovakia
DEU	Germany	IDN	Indonesia	MEX	Mexico	SWE	Sweden
DNK	Denmark	IND	India	MKD	Macedonia	USA	United States
EGY	Egypt	IRL	Ireland	NLD	Netherlands	ZAF	South Africa

### Currency

AUD	Australian Dollar	DKK	Danish Krone	ILS	Israeli Shekel	SEK	Swedish Krona
CAD	Canadian Dollar	EUR	Euro	JPY	Japanese Yen	SGD	Singapore Dollar
CHF	Swiss Franc	GBP	British Pound Sterling	NOK	Norwegian Krone	USD	US Dollar
CZK	Czech Koruna	HKD	Hong Kong Dollar	NZD	New Zealand Dollar		

## Note 19 - Subsequent events

There have been no subsequent events since the year end.

## Schedule of Investments, March 31, 2023

## Franklin ESG-Focused Balanced 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>				
	<b>Air Freight &amp; Logistics</b>				
324	Expeditors International of Washington, Inc.	USA	USD	32,897	0.16
79	United Parcel Service, Inc. 'B'	USA	USD	14,131	0.07
				47,028	0.23
	<b>Automobile Components</b>				
300	BorgWarner, Inc.	USA	USD	13,584	0.07
300	Bridgestone Corp.	JPN	JPY	11,238	0.06
900	Sumitomo Electric Industries Ltd.	JPN	JPY	10,663	0.05
				35,485	0.18
	<b>Automobiles</b>				
1,522	Mercedes-Benz Group AG	DEU	EUR	107,927	0.54
441	Bayerische Motoren Werke AG	DEU	EUR	44,567	0.22
500	Yamaha Motor Co. Ltd.	JPN	JPY	12,067	0.06
714	Stellantis NV	USA	EUR	11,973	0.06
298	Renault SA	FRA	EUR	11,199	0.05
400	Honda Motor Co. Ltd.	JPN	JPY	9,757	0.05
				197,490	0.98
	<b>Banks</b>				
1,838	BNP Paribas SA	FRA	EUR	101,209	0.50
8,717	Banco Bilbao Vizcaya Argentaria SA	ESP	EUR	57,465	0.29
600	Bank of Montreal	CAN	CAD	49,273	0.24
1,583	Societe Generale SA	FRA	EUR	32,888	0.16
3,637	HSBC Holdings plc	GBR	GBP	22,794	0.11
354	KBC Group NV	BEL	EUR	22,428	0.11
600	DBS Group Holdings Ltd.	SGP	SGD	13,754	0.07
381	Erste Group Bank AG	AUT	EUR	11,639	0.06
3,143	CaixaBank SA	ESP	EUR	11,308	0.06
648	UniCredit SpA	ITA	EUR	11,262	0.06
200	Toronto-Dominion Bank (The)	CAN	CAD	11,045	0.05
19,337	Lloyds Banking Group plc	GBR	GBP	10,484	0.05
1,357	Bank Hapoalim BM	ISR	ILS	10,406	0.05
500	United Overseas Bank Ltd.	SGP	SGD	10,340	0.05
3,376	NatWest Group plc	GBR	GBP	10,158	0.05
4,213	Intesa Sanpaolo SpA	ITA	EUR	9,970	0.05
957	Commerzbank AG	DEU	EUR	9,290	0.05
700	Mizuho Financial Group, Inc.	JPN	JPY	9,145	0.05
149	Commonwealth Bank of Australia	AUS	AUD	9,072	0.05
1,900	Resona Holdings, Inc.	JPN	JPY	8,453	0.04
1,027	Svenska Handelsbanken AB 'A'	SWE	SEK	8,201	0.04
574	FinecoBank Banca Fineco SpA	ITA	EUR	8,109	0.04
				448,693	2.23
	<b>Beverages</b>				
828	PepsiCo, Inc.	USA	USD	139,177	0.69
719	Diageo plc	GBR	GBP	29,590	0.15
402	Coca-Cola Europacific Partners plc	GBR	USD	21,939	0.11
238	Coca-Cola Co. (The)	USA	USD	13,612	0.07
700	Kirin Holdings Co. Ltd.	JPN	JPY	10,213	0.05
				214,531	1.07
	<b>Biotechnology</b>				
1,347	Gilead Sciences, Inc.	USA	USD	103,048	0.51
296	Amgen, Inc.	USA	USD	65,980	0.33
67	Regeneron Pharmaceuticals, Inc.	USA	USD	50,760	0.25
69	AbbVie, Inc.	USA	USD	10,139	0.05
				229,927	1.14
	<b>Broadline Retail</b>				
1,101	Wesfarmers Ltd.	AUS	AUD	34,314	0.17
315	Amazon.com, Inc.	USA	USD	30,000	0.15
247	eBay, Inc.	USA	USD	10,105	0.05
				74,419	0.37

**Franklin ESG-Focused Balanced Fund** (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
<b>Building Products</b>					
400	Trane Technologies plc	USA	USD	67,855	0.34
189	Owens Corning	USA	USD	16,695	0.08
				<u>84,550</u>	<u>0.42</u>
<b>Capital Markets</b>					
6,413	UBS Group AG	CHE	CHF	125,132	0.62
1,461	Bank of New York Mellon Corp. (The)	USA	USD	61,212	0.31
698	State Street Corp.	USA	USD	48,713	0.24
212	Deutsche Boerse AG	DEU	EUR	38,062	0.19
1,887	3i Group plc	GBR	GBP	36,268	0.18
148	LPL Financial Holdings, Inc.	USA	USD	27,620	0.14
38	Ameriprise Financial, Inc.	USA	USD	10,739	0.05
1,032	Deutsche Bank AG	DEU	EUR	9,677	0.05
95	Raymond James Financial, Inc.	USA	USD	8,170	0.04
				<u>365,593</u>	<u>1.82</u>
<b>Chemicals</b>					
300	Linde plc	USA	USD	98,319	0.49
700	Nutrien Ltd.	CAN	CAD	47,662	0.23
828	Dow, Inc.	USA	USD	41,852	0.21
399	CF Industries Holdings, Inc.	USA	USD	26,669	0.13
293	Yara International ASA	BRA	NOK	11,746	0.06
68	Ecolab, Inc.	USA	USD	10,379	0.05
91	Solvay SA	BEL	EUR	9,596	0.05
				<u>246,223</u>	<u>1.22</u>
<b>Commercial Services &amp; Supplies</b>					
220	Waste Management, Inc.	USA	USD	33,099	0.16
209	Republic Services, Inc.	USA	USD	26,058	0.13
				<u>59,157</u>	<u>0.29</u>
<b>Communications Equipment</b>					
2,500	Cisco Systems, Inc.	USA	USD	120,499	0.60
				<u>120,499</u>	<u>0.60</u>
<b>Construction &amp; Engineering</b>					
200	WSP Global, Inc.	CAN	CAD	24,153	0.12
				<u>24,153</u>	<u>0.12</u>
<b>Construction Materials</b>					
496	CRH plc	IRL	EUR	23,106	0.11
				<u>23,106</u>	<u>0.11</u>
<b>Consumer Finance</b>					
200	American Express Co.	USA	USD	30,418	0.15
				<u>30,418</u>	<u>0.15</u>
<b>Consumer Staples Distribution &amp; Retail</b>					
1,012	Sysco Corp.	USA	USD	72,064	0.36
1,170	Kroger Co. (The)	USA	USD	53,260	0.27
898	Koninklijke Ahold Delhaize NV	NLD	EUR	28,290	0.14
494	Jeronimo Martins SGPS SA	PRT	EUR	10,692	0.05
450	Kesko OYJ 'B'	FIN	EUR	8,917	0.04
				<u>173,223</u>	<u>0.86</u>
<b>Containers &amp; Packaging</b>					
477	Smurfit Kappa Group plc	IRL	EUR	15,953	0.08
				<u>15,953</u>	<u>0.08</u>
<b>Diversified Telecommunication Services</b>					
3,291	Orange SA	FRA	EUR	36,051	0.18
1,314	Deutsche Telekom AG	DEU	EUR	29,360	0.15
48	Swisscom AG	CHE	CHF	28,246	0.14
3,789	Koninklijke KPN NV	NLD	EUR	12,346	0.06
300	Nippon Telegraph & Telephone Corp.	JPN	JPY	8,267	0.04
				<u>114,270</u>	<u>0.57</u>
<b>Electric Utilities</b>					
652	Eversource Energy	USA	USD	47,048	0.23
1,941	SSE plc	GBR	GBP	39,938	0.20
2,756	Terna - Rete Elettrica Nazionale	ITA	EUR	20,857	0.10

Franklin ESG-Focused Balanced Fund (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
600	Hydro One Ltd., Reg. S, 144A	CAN	CAD	15,750	0.08
797	Red Electrica Corp. SA	ESP	EUR	12,932	0.07
				136,525	0.68
	<b>Electrical Equipment</b>				
1,550	ABB Ltd.	CHE	CHF	49,168	0.24
299	Eaton Corp. plc	USA	USD	47,237	0.24
74	Schneider Electric SE	USA	EUR	11,404	0.06
				107,809	0.54
	<b>Electronic Equipment, Instruments &amp; Components</b>				
348	Keysight Technologies, Inc.	USA	USD	51,814	0.26
400	Yokogawa Electric Corp.	JPN	JPY	6,007	0.03
				57,821	0.29
	<b>Energy Equipment &amp; Services</b>				
411	Baker Hughes Co.	USA	USD	10,937	0.05
309	Halliburton Co.	USA	USD	9,014	0.05
				19,951	0.10
	<b>Entertainment</b>				
550	Electronic Arts, Inc.	USA	USD	61,083	0.30
1,000	Nintendo Co. Ltd.	JPN	JPY	35,819	0.18
137	Activision Blizzard, Inc.	USA	USD	10,812	0.05
300	Capcom Co. Ltd.	JPN	JPY	9,901	0.05
				117,615	0.58
	<b>Equity Real Estate Investment Trusts (REITs)</b>				
157	Public Storage	USA	USD	43,738	0.22
176	AvalonBay Communities, Inc.	USA	USD	27,273	0.13
1,856	Goodman Group	AUS	AUD	21,718	0.11
4,665	Stockland	AUS	AUD	11,519	0.06
1,800	Link REIT	HKG	HKD	10,672	0.05
214	Unibail-Rodamco-Westfield	FRA	EUR	10,617	0.05
7,711	Mirvac Group	AUS	AUD	9,959	0.05
2,115	Dexus	AUS	AUD	9,860	0.05
201	Iron Mountain, Inc.	USA	USD	9,806	0.05
161	Realty Income Corp.	USA	USD	9,400	0.05
597	Host Hotels & Resorts, Inc.	USA	USD	9,077	0.04
6,500	CapitaLand Integrated Commercial Trust	SGP	SGD	8,938	0.04
1,168	Land Securities Group plc	GBR	GBP	8,268	0.04
2	Japan Real Estate Investment Corp.	JPN	JPY	7,350	0.04
				198,195	0.98
	<b>Financial Services</b>				
2,300	ORIX Corp.	JPN	JPY	34,971	0.17
737	Equitable Holdings, Inc.	USA	USD	17,254	0.09
597	Investor AB 'B'	SWE	SEK	10,965	0.06
32	Mastercard, Inc. 'A'	USA	USD	10,723	0.05
50	Visa, Inc. 'A'	USA	USD	10,394	0.05
700	Element Fleet Management Corp.	CAN	CAD	8,476	0.04
57	Jack Henry & Associates, Inc.	USA	USD	7,921	0.04
				100,704	0.50
	<b>Food Products</b>				
1,033	General Mills, Inc.	USA	USD	81,398	0.40
275	Hershey Co. (The)	USA	USD	64,509	0.32
300	Ajinomoto Co., Inc.	JPN	JPY	9,624	0.05
108	Bunge Ltd.	USA	USD	9,512	0.05
				165,043	0.82
	<b>Gas Utilities</b>				
2,173	Snam SpA	ITA	EUR	10,624	0.05
				10,624	0.05
	<b>Ground Transportation</b>				
400	Canadian National Railway Co.	CAN	CAD	43,515	0.22
150	JB Hunt Transport Services, Inc.	USA	USD	24,267	0.12
2,000	MTR Corp. Ltd.	HKG	HKD	8,900	0.04
44	Norfolk Southern Corp.	USA	USD	8,601	0.04
				85,283	0.42

**Franklin ESG-Focused Balanced Fund** (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
<b>Health Care Equipment &amp; Supplies</b>					
1,209	Edwards Lifesciences Corp.	USA	USD	92,223	0.46
2,300	Olympus Corp.	JPN	JPY	37,251	0.18
493	Hologic, Inc.	USA	USD	36,683	0.18
99	Sonova Holding AG	CHE	CHF	26,929	0.13
635	Fisher & Paykel Healthcare Corp. Ltd.	NZL	NZD	9,789	0.05
98	Abbott Laboratories	USA	USD	9,150	0.05
				<u>212,025</u>	<u>1.05</u>
<b>Health Care Providers &amp; Services</b>					
391	Elevance Health, Inc.	USA	USD	165,770	0.82
247	McKesson Corp.	USA	USD	81,088	0.40
252	AmerisourceBergen Corp.	USA	USD	37,202	0.19
21	Humana, Inc.	USA	USD	9,400	0.05
				<u>293,460</u>	<u>1.46</u>
<b>Hotels, Restaurants &amp; Leisure</b>					
302	McDonald's Corp.	USA	USD	77,859	0.39
535	Yum! Brands, Inc.	USA	USD	65,154	0.32
1,657	Compass Group plc	GBR	GBP	38,400	0.19
230	Hilton Worldwide Holdings, Inc.	USA	USD	29,874	0.15
130	Sodexo SA	FRA	EUR	11,708	0.06
				<u>222,995</u>	<u>1.11</u>
<b>Household Durables</b>					
1,200	Sekisui House Ltd.	JPN	JPY	22,554	0.11
700	Sekisui Chemical Co. Ltd.	JPN	JPY	9,168	0.05
100	Sony Group Corp.	JPN	JPY	8,400	0.04
				<u>40,122</u>	<u>0.20</u>
<b>Household Products</b>					
1,576	Colgate-Palmolive Co.	USA	USD	109,204	0.54
77	Kimberly-Clark Corp.	USA	USD	9,529	0.05
				<u>118,733</u>	<u>0.59</u>
<b>Independent Power and Renewable Electricity Producers</b>					
400	Northland Power, Inc.	CAN	CAD	9,245	0.05
				<u>9,245</u>	<u>0.05</u>
<b>Industrial Conglomerates</b>					
226	3M Co.	USA	USD	21,903	0.11
400	Hitachi Ltd.	JPN	JPY	20,273	0.10
300	Toshiba Corp.	JPN	JPY	9,290	0.05
2,100	Keppel Corp. Ltd.	SGP	SGD	8,215	0.04
				<u>59,681</u>	<u>0.30</u>
<b>Insurance</b>					
259	Zurich Insurance Group AG	CHE	CHF	114,443	0.57
878	MetLife, Inc.	USA	USD	46,905	0.23
2,041	Assicurazioni Generali SpA	ITA	EUR	37,498	0.19
497	Principal Financial Group, Inc.	USA	USD	34,057	0.17
416	AXA SA	FRA	EUR	11,706	0.06
151	Hartford Financial Services Group, Inc. (The)	USA	USD	9,703	0.05
1,000	AIA Group Ltd.	HKG	HKD	9,670	0.05
29	Muenchener Rueckversicherungs-Gesellschaft AG	DEU	EUR	9,349	0.05
1,200	Japan Post Holdings Co. Ltd.	JPN	JPY	8,981	0.04
500	Tokio Marine Holdings, Inc.	JPN	JPY	8,874	0.04
56	Travelers Cos., Inc. (The)	USA	USD	8,851	0.04
200	Sun Life Financial, Inc.	CAN	CAD	8,615	0.04
244	NN Group NV	NLD	EUR	8,169	0.04
104	Prudential Financial, Inc.	USA	USD	7,934	0.04
				<u>324,755</u>	<u>1.61</u>
<b>Interactive Media &amp; Services</b>					
2,816	Alphabet, Inc. 'A'	USA	USD	269,332	1.34
886	Alphabet, Inc. 'C'	USA	USD	84,960	0.42
				<u>354,292</u>	<u>1.76</u>
<b>IT Services</b>					
698	Accenture plc 'A'	USA	USD	183,943	0.91
400	Fujitsu Ltd.	JPN	JPY	49,846	0.25



Franklin ESG-Focused Balanced Fund (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
157	Gartner, Inc.	USA	USD	47,159	0.24
300	NEC Corp.	JPN	JPY	10,680	0.05
				291,628	1.45
<b>Leisure Products</b>					
159	Hasbro, Inc.	USA	USD	7,871	0.04
				7,871	0.04
<b>Life Sciences Tools &amp; Services</b>					
588	Agilent Technologies, Inc.	USA	USD	75,002	0.37
39	Mettler-Toledo International, Inc.	USA	USD	55,026	0.27
33	Thermo Fisher Scientific, Inc.	USA	USD	17,537	0.09
34	Waters Corp.	USA	USD	9,707	0.05
				157,272	0.78
<b>Machinery</b>					
1,700	Komatsu Ltd.	JPN	JPY	38,918	0.19
174	Cummins, Inc.	USA	USD	38,325	0.19
362	Xylem, Inc.	USA	USD	34,947	0.17
2,935	Atlas Copco AB 'B'	SWE	SEK	31,128	0.15
1,998	CNH Industrial NV	GBR	EUR	28,190	0.14
1,447	Atlas Copco AB 'A'	SWE	SEK	16,902	0.08
588	Volvo AB 'B'	SWE	SEK	11,172	0.06
229	GEA Group AG	DEU	EUR	9,632	0.05
497	Epiroc AB 'A'	SWE	SEK	9,096	0.05
40,078	Sembcorp Marine Ltd.	SGP	SGD	3,317	0.02
				221,627	1.10
<b>Marine Transportation</b>					
500	Nippon Yusen KK	JPN	JPY	10,770	0.05
				10,770	0.05
<b>Media</b>					
770	Interpublic Group of Cos., Inc. (The)	USA	USD	26,439	0.13
326	Publicis Groupe SA	FRA	EUR	23,465	0.12
1,270	WPP plc	GBR	GBP	13,914	0.07
				63,818	0.32
<b>Metals &amp; Mining</b>					
2,735	Fortescue Metals Group Ltd.	AUS	AUD	37,909	0.19
369	Rio Tinto Ltd.	AUS	AUD	27,340	0.14
4,279	South32 Ltd.	AUS	AUD	11,564	0.06
1,562	Norsk Hydro ASA	NOR	NOK	10,753	0.05
				87,566	0.44
<b>Multi-Utilities</b>					
4,989	National Grid plc	GBR	GBP	62,230	0.31
68	Sempra Energy	USA	USD	9,478	0.05
				71,708	0.36
<b>Oil, Gas &amp; Consumable Fuels</b>					
977	Marathon Petroleum Corp.	USA	USD	121,460	0.60
711	Valero Energy Corp.	USA	USD	91,518	0.45
882	Phillips 66	USA	USD	82,446	0.41
453	Cheniere Energy, Inc.	USA	USD	65,827	0.33
797	ONEOK, Inc.	USA	USD	46,693	0.23
1,283	Williams Cos., Inc. (The)	USA	USD	35,324	0.18
1,000	Pembina Pipeline Corp.	CAN	CAD	29,866	0.15
				473,134	2.35
<b>Paper &amp; Forest Products</b>					
284	UPM-Kymmene OYJ	FIN	EUR	8,796	0.04
674	Stora Enso OYJ 'R'	FIN	EUR	8,085	0.04
				16,881	0.08
<b>Personal Care Products</b>					
184	L'Oreal SA	FRA	EUR	75,813	0.38
39	Estee Lauder Cos., Inc. (The) 'A'	USA	USD	8,863	0.04
				84,676	0.42
<b>Pharmaceuticals</b>					
2,390	Merck & Co., Inc.	USA	USD	234,449	1.17
633	Novo Nordisk A/S 'B'	DNK	DKK	92,699	0.46

**Franklin ESG-Focused Balanced Fund** (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
4,789	GSK plc	USA	GBP	78,028	0.39
397	Pfizer, Inc.	USA	USD	14,935	0.07
84	AstraZeneca plc	GBR	GBP	10,732	0.05
800	Astellas Pharma, Inc.	JPN	JPY	10,481	0.05
142	Bristol-Myers Squibb Co.	USA	USD	9,075	0.05
60	Johnson & Johnson	USA	USD	8,575	0.04
				<u>458,974</u>	<u>2.28</u>
	<b>Professional Services</b>				
3,217	RELX plc	GBR	GBP	96,074	0.48
200	Automatic Data Processing, Inc.	USA	USD	41,055	0.20
626	Computershare Ltd.	USA	AUD	8,385	0.04
				<u>145,514</u>	<u>0.72</u>
	<b>Real Estate Management &amp; Development</b>				
1,500	Sun Hung Kai Properties Ltd.	HKG	HKD	19,376	0.10
800	Mitsubishi Estate Co. Ltd.	JPN	JPY	8,775	0.04
122	CBRE Group, Inc. 'A'	USA	USD	8,190	0.04
700	Hulic Co. Ltd.	JPN	JPY	5,310	0.03
				<u>41,651</u>	<u>0.21</u>
	<b>Semiconductors &amp; Semiconductor Equipment</b>				
914	Texas Instruments, Inc.	USA	USD	156,759	0.78
1,145	QUALCOMM, Inc.	USA	USD	134,691	0.67
151	ASML Holding NV	NLD	EUR	94,881	0.47
714	Applied Materials, Inc.	USA	USD	80,864	0.40
300	Advantest Corp.	JPN	JPY	25,647	0.13
1,200	Renesas Electronics Corp.	JPN	JPY	16,025	0.08
289	STMicroelectronics NV	SGP	EUR	14,199	0.07
				<u>523,066</u>	<u>2.60</u>
	<b>Software</b>				
1,930	Microsoft Corp.	USA	USD	513,041	2.55
343	Adobe, Inc.	USA	USD	121,877	0.61
524	Cadence Design Systems, Inc.	USA	USD	101,505	0.50
280	Synopsys, Inc.	USA	USD	99,719	0.49
52	Autodesk, Inc.	USA	USD	9,981	0.05
				<u>846,123</u>	<u>4.20</u>
	<b>Specialty Retail</b>				
1,104	Lowe's Cos., Inc.	USA	USD	203,556	1.01
395	Home Depot, Inc. (The)	USA	USD	107,485	0.53
29	AutoZone, Inc.	USA	USD	65,729	0.33
454	Zalando SE, Reg. S, 144A	DEU	EUR	17,545	0.09
128	TJX Cos., Inc. (The)	USA	USD	9,248	0.04
				<u>403,563</u>	<u>2.00</u>
	<b>Technology Hardware, Storage &amp; Peripherals</b>				
1,911	Apple, Inc.	USA	USD	290,557	1.44
1,958	HP, Inc.	USA	USD	52,987	0.26
2,592	Hewlett Packard Enterprise Co.	USA	USD	38,072	0.19
256	Dell Technologies, Inc. 'C'	USA	USD	9,491	0.05
200	FUJIFILM Holdings Corp.	JPN	JPY	9,363	0.05
				<u>400,470</u>	<u>1.99</u>
	<b>Textiles, Apparel &amp; Luxury Goods</b>				
128	Kering SA	FRA	EUR	77,004	0.38
464	Burberry Group plc	GBR	GBP	13,700	0.07
83	Cie Financiere Richemont SA	CHE	CHF	12,273	0.06
300	Gildan Activewear, Inc.	CAN	CAD	9,189	0.05
				<u>112,166</u>	<u>0.56</u>
	<b>Trading Companies &amp; Distributors</b>				
84	WW Grainger, Inc.	USA	USD	53,349	0.27
100	United Rentals North America, Inc.	USA	USD	36,491	0.18
				<u>89,840</u>	<u>0.45</u>
	<b>Transportation Infrastructure</b>				
1,460	Transurban Group	AUS	AUD	12,855	0.06
				<u>12,855</u>	<u>0.06</u>

Franklin ESG-Focused Balanced Fund (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
<b>Water Utilities</b>					
302	Severn Trent plc	GBR	GBP	9,892	0.05
67	American Water Works Co., Inc.	USA	USD	9,050	0.04
				<u>18,942</u>	<u>0.09</u>
<b>Wireless Telecommunication Services</b>					
15,613	Vodafone Group plc	GBR	GBP	15,881	0.08
900	SoftBank Corp.	JPN	JPY	9,581	0.05
				<u>25,462</u>	<u>0.13</u>
	<b>TOTAL SHARES</b>			<u>9,705,173</u>	<u>48.21</u>
<b>BONDS</b>					
<b>Corporate Bonds</b>					
4,046,695	Nykredit Realkredit A/S, Reg. S 5% 10/01/2053	DNK	DKK	540,414	2.68
1,692,119	Nykredit Realkredit A/S, Reg. S 4% 10/01/2053	DNK	DKK	216,682	1.08
200,000	Citigroup, Inc., Reg. S 4.112% 09/22/2033	USA	EUR	195,034	0.97
200,000	Credit Suisse Group AG, Reg. S 3.25% 04/02/2026	CHE	EUR	189,041	0.94
200,000	Enel Finance International NV, Reg. S 0.375% 05/28/2029	ITA	EUR	163,077	0.81
200,000	AXA SA, Reg. S 1.875% 07/10/2042	FRA	EUR	149,243	0.74
150,000	Goldman Sachs Group, Inc. (The), Reg. S 1.25% 02/07/2029	USA	EUR	127,585	0.63
125,000	Standard Chartered plc, Reg. S 2.5% 09/09/2030	GBR	EUR	117,325	0.58
125,000	AT&T, Inc. 2.05% 05/19/2032	USA	EUR	107,708	0.53
100,000	ASR Nederland NV, Reg. S 7% 12/07/2043	NLD	EUR	103,858	0.52
100,000	Cooperatieve Rabobank UA, Reg. S 4.625% 01/27/2028	NLD	EUR	101,656	0.50
100,000	UBS Group AG, Reg. S 4.75% 03/17/2032	CHE	EUR	100,684	0.50
100,000	Elia Group SA/NV, Reg. S 5.85% Perpetual	BEL	EUR	100,492	0.50
100,000	Thames Water Utilities Finance plc, Reg. S 4% 04/18/2027	GBR	EUR	100,427	0.50
100,000	ABN AMRO Bank NV, Reg. S 5.125% 02/22/2033	NLD	EUR	99,807	0.50
100,000	Crelan SA, Reg. S 5.75% 01/26/2028	BEL	EUR	99,790	0.50
100,000	Elia Transmission Belgium SA, Reg. S 3.625% 01/18/2033	BEL	EUR	99,633	0.49
100,000	Orange SA, Reg. S 3.625% 11/16/2031	FRA	EUR	99,602	0.49
100,000	Sage Group plc (The), Reg. S 3.82% 02/15/2028	GBR	EUR	99,395	0.49
100,000	Coca-Cola HBC Finance BV, Reg. S 2.75% 09/23/2025	ITA	EUR	98,737	0.49
100,000	Danske Bank A/S, Reg. S 1.625% 03/15/2024	DNK	EUR	97,920	0.49
100,000	Lloyds Banking Group plc, Reg. S 4.5% 03/18/2030	GBR	EUR	97,901	0.49
100,000	Medtronic Global Holdings SCA 3% 10/15/2028	USA	EUR	97,816	0.49
100,000	John Deere Bank SA, Reg. S 2.5% 09/14/2026	USA	EUR	97,564	0.48
100,000	Siemens Financieringsmaatschappij NV, Reg. S 2.5% 09/08/2027	DEU	EUR	97,040	0.48
100,000	Carrefour SA, Reg. S 2.625% 12/15/2027	FRA	EUR	95,844	0.48
100,000	Thermo Fisher Scientific, Inc. 1.45% 03/16/2027	USA	EUR	93,266	0.46
100,000	Smiths Group plc, Reg. S 2% 02/23/2027	GBR	EUR	92,772	0.46
100,000	Erste Group Bank AG, Reg. S 4% 06/07/2033	AUT	EUR	91,666	0.46
100,000	Banco Santander SA, Reg. S 0.5% 03/24/2027	ESP	EUR	89,448	0.44
100,000	Nestle Finance International Ltd., Reg. S 1.5% 04/01/2030	USA	EUR	89,404	0.44
100,000	Stellantis NV, Reg. S 0.625% 03/30/2027	USA	EUR	88,457	0.44
100,000	La Banque Postale SA, Reg. S 0.875% 01/26/2031	FRA	EUR	88,397	0.44
100,000	GSK Consumer Healthcare Capital NL BV, Reg. S 1.75% 03/29/2030	USA	EUR	87,740	0.44
100,000	International Business Machines Corp. 1.75% 01/31/2031	USA	EUR	87,131	0.43
100,000	Acciona Energia Financiacion Filiales SA, Reg. S 0.375% 10/07/2027	ESP	EUR	87,098	0.43
100,000	American Medical Systems Europe BV 1.625% 03/08/2031	USA	EUR	85,841	0.43
100,000	Vinci SA, Reg. S 0% 11/27/2028	FRA	EUR	85,000	0.42
100,000	Fiserv, Inc. 1.625% 07/01/2030	USA	EUR	84,318	0.42
100,000	ING Groep NV, Reg. S 1.75% 02/16/2031	NLD	EUR	84,203	0.42
100,000	Iberdrola Finanzas SA, Reg. S 1.575% Perpetual	ESP	EUR	83,023	0.41
100,000	Macquarie Group Ltd., Reg. S 0.35% 03/03/2028	AUS	EUR	82,770	0.41
100,000	Coca-Cola Europacific Partners plc, Reg. S 0.2% 12/02/2028	GBR	EUR	82,209	0.41
100,000	CNP Assurances, Reg. S 1.25% 01/27/2029	FRA	EUR	82,032	0.41
100,000	Allianz SE, Reg. S 2.121% 07/08/2050	DEU	EUR	81,644	0.41
100,000	ASTM SpA, Reg. S 1.5% 01/25/2030	ITA	EUR	80,517	0.40
100,000	Deutsche Bahn Finance GmbH, Reg. S 1.6% Perpetual	DEU	EUR	79,907	0.40
100,000	Barclays plc, Reg. S 1.106% 05/12/2032	GBR	EUR	74,543	0.37
495,239	Nykredit Realkredit A/S, Reg. S 3.5% 10/01/2053	DNK	DKK	61,988	0.31
				<u>5,437,649</u>	<u>27.01</u>
<b>Government and Municipal Bonds</b>					
750,000	Spain Government Bond, Reg. S, 144A 1.25% 10/31/2030	ESP	EUR	658,034	3.27
500,000	Bundesrepublik Deutschland, Reg. S 0.1% 04/15/2023	DEU	EUR	621,173	3.08
650,000	Bundesobligation Deutschland, Reg. S 0% 10/10/2025	DEU	EUR	611,283	3.04

**Franklin ESG-Focused Balanced Fund** (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
300,000	Societe Du Grand Paris EPIC, Reg. S 0% 11/25/2030	FRA	EUR	237,061	1.18
200,000	State of the Grand-Duchy of Luxembourg, Reg. S 3% 03/02/2033	LUX	EUR	201,452	1.00
200,000	Bundesrepublik Deutschland, Reg. S 0% 08/15/2030	DEU	EUR	170,174	0.84
150,000	Spain Government Bond, Reg. S, 144A 2.55% 10/31/2032	ESP	EUR	141,308	0.70
200,000	Latvia Government Bond, Reg. S 1.875% 02/19/2049	LVA	EUR	141,023	0.70
150,000	Austria Government Bond, Reg. S, 144A 0.9% 02/20/2032	AUT	EUR	126,628	0.63
150,000	Iceland Government Bond, Reg. S 0% 04/15/2028	ISL	EUR	125,295	0.62
150,000	Estonia Government Bond, Reg. S 0.125% 06/10/2030	EST	EUR	119,180	0.59
200,000	Romania Government Bond, Reg. S 2.625% 12/02/2040	ROU	EUR	116,353	0.58
200,000	Bundesrepublik Deutschland, Reg. S 0% 08/15/2052	DEU	EUR	102,831	0.51
100,000	Orsted A/S, Reg. S 4.125% 03/01/2035	DNK	EUR	101,900	0.51
100,000	Belfius Bank SA, Reg. S 5.25% 04/19/2033	BEL	EUR	98,512	0.49
100,000	AIB Group plc, Reg. S 4.625% 07/23/2029	IRL	EUR	98,008	0.49
100,000	Croatia Government Bond, Reg. S 1.5% 06/17/2031	HRV	EUR	84,322	0.42
100,000	Power Finance Corp. Ltd., Reg. S 1.841% 09/21/2028	IND	EUR	81,834	0.41
100,000	Slovakia Government Bond, Reg. S 1% 05/14/2032	SVK	EUR	80,485	0.40
140,000	Bundesrepublik Deutschland, Reg. S 0% 08/15/2050	DEU	EUR	75,759	0.38
110,000	Bundesrepublik Deutschland, Reg. S 0% 08/15/2050	DEU	EUR	59,330	0.29
55,000	Lithuania Government Bond, Reg. S 0.75% 05/06/2030	LTU	EUR	44,816	0.22
				4,096,761	20.35
	<b>Supranational</b>				
400,000	European Union, Reg. S 0% 07/04/2035	SP	EUR	273,860	1.36
100,000	European Union, Reg. S 0% 07/04/2031	SP	EUR	78,735	0.39
				352,595	1.75
	<b>TOTAL BONDS</b>			9,887,005	49.11
	<b>TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</b>			19,592,178	97.32
	<b>TOTAL INVESTMENTS</b>			<b>19,592,178</b>	<b>97.32</b>

## Schedule of Investments, March 31, 2023

## Franklin Global Target Euro Income 2025 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>BONDS</b>				
	<b>Corporate Bonds</b>				
500,000	Banjay Entertainment SASU, Reg. S 3.5% 03/01/2025	FRA	EUR	488,092	2.16
500,000	Autostrade per l'Italia SpA, Reg. S 1.875% 11/04/2025	ITA	EUR	471,688	2.09
500,000	Techem Verwaltungsgesellschaft 675 mbH, Reg. S 2% 07/15/2025	DEU	EUR	467,575	2.07
500,000	IQVIA, Inc., Reg. S 1.75% 03/15/2026	USA	EUR	466,979	2.07
500,000	Grifols SA, Reg. S 3.2% 05/01/2025	ESP	EUR	456,230	2.02
400,000	Parts Europe SA, Reg. S 6.5% 07/16/2025	FRA	EUR	403,378	1.78
400,000	Axalta Coating Systems Dutch Holding B BV, Reg. S 3.75% 01/15/2025	USA	EUR	396,000	1.75
400,000	Crown European Holdings SA, Reg. S 3.375% 05/15/2025	USA	EUR	394,800	1.75
400,000	Loxam SAS, Reg. S 3.25% 01/14/2025	FRA	EUR	389,937	1.73
400,000	Darling Global Finance BV, Reg. S 3.625% 05/15/2026	USA	EUR	389,881	1.73
400,000	Telecom Italia SpA, Reg. S 2.75% 04/15/2025	ITA	EUR	382,893	1.69
400,000	Adevinta ASA, Reg. S 2.625% 11/15/2025	FRA	EUR	381,757	1.69
400,000	Spectrum Brands, Inc., Reg. S 4% 10/01/2026	USA	EUR	377,568	1.67
400,000	Faurecia SE, Reg. S 3.125% 06/15/2026	FRA	EUR	376,491	1.67
400,000	Matterhorn Telecom SA, Reg. S 3.125% 09/15/2026	LUX	EUR	371,800	1.65
400,000	SPCM SA, Reg. S 2% 02/01/2026	FRA	EUR	371,626	1.64
400,000	Nexi SpA, Reg. S 1.625% 04/30/2026	ITA	EUR	363,559	1.61
400,000	WMG Acquisition Corp., Reg. S 2.75% 07/15/2028	USA	EUR	358,996	1.59
411,000	Standard Industries, Inc., Reg. S 2.25% 11/21/2026	USA	EUR	357,691	1.58
300,000	Motion Finco SARL, Reg. S 7% 05/15/2025	GBR	EUR	304,592	1.35
300,000	Heineken NV, Reg. S 3.875% 09/23/2024	NLD	EUR	301,784	1.34
300,000	Netflix, Inc. 3.625% 05/15/2027	USA	EUR	297,796	1.32
300,000	Netflix, Inc., Reg. S 3% 06/15/2025	USA	EUR	295,760	1.31
300,000	Trivium Packaging Finance BV, Reg. S, FRN 6.404% 08/15/2026	NLD	EUR	295,081	1.31
300,000	Kraft Heinz Foods Co., Reg. S 1.5% 05/24/2024	USA	EUR	294,044	1.30
300,000	Orano SA, Reg. S 3.375% 04/23/2026	FRA	EUR	291,915	1.29
300,000	Iliad Holding SASU, Reg. S 5.125% 10/15/2026	FRA	EUR	289,864	1.28
300,000	Avantor Funding, Inc., Reg. S 2.625% 11/01/2025	USA	EUR	289,427	1.28
300,000	Cemex SAB de CV, Reg. S 3.125% 03/19/2026	MEX	EUR	288,259	1.28
300,000	Energia Group NI FinanceCo plc, Reg. S 4% 09/15/2025	GBR	EUR	287,025	1.27
300,000	Berry Global, Inc., Reg. S 1% 01/15/2025	USA	EUR	285,452	1.26
300,000	Mundys SpA, Reg. S 1.625% 02/03/2025	ITA	EUR	284,796	1.26
300,000	ProGroup AG, Reg. S 3% 03/31/2026	DEU	EUR	280,615	1.24
300,000	INEOS Finance plc, Reg. S 2.875% 05/01/2026	LUX	EUR	280,571	1.24
300,000	Altice France SA, Reg. S 2.125% 02/15/2025	FRA	EUR	277,890	1.23
300,000	Renault SA, Reg. S 2.375% 05/25/2026	FRA	EUR	275,069	1.22
300,000	Encore Capital Group, Inc., Reg. S 4.875% 10/15/2025	USA	EUR	274,019	1.21
300,000	Quatrim SASU, Reg. S 5.875% 01/15/2024	FRA	EUR	273,717	1.21
300,000	Itelyum Regeneration SpA, Reg. S 4.625% 10/01/2026	ITA	EUR	265,566	1.18
300,000	Cellnex Finance Co. SA, Reg. S 0.75% 11/15/2026	ESP	EUR	265,219	1.17
300,000	IMA Industria Macchine Automatiche SpA, Reg. S 3.75% 01/15/2028	ITA	EUR	264,910	1.17
300,000	Ardagh Packaging Finance plc, Reg. S 2.125% 08/15/2026	USA	EUR	263,508	1.17
300,000	Consolidated Energy Finance SA, Reg. S 5% 10/15/2028	CHE	EUR	261,906	1.16
300,000	MPT Operating Partnership LP 3.325% 03/24/2025	USA	EUR	249,917	1.11
300,000	CAB SELAS, Reg. S 3.375% 02/01/2028	FRA	EUR	247,031	1.09
300,000	Garfunkelux Holdco 3 SA, Reg. S 6.75% 11/01/2025	LUX	EUR	230,738	1.02
300,000	Vivion Investments SARL, Reg. S 3% 08/08/2024	LUX	EUR	220,920	0.98
200,000	Rossini SARL, Reg. S, FRN 6.343% 10/30/2025	ITA	EUR	199,500	0.88
200,000	Teva Pharmaceutical Finance Netherlands II BV 4.5% 03/01/2025	ISR	EUR	197,901	0.88
198,464	Lincoln Financing SARL, Reg. S 3.625% 04/01/2024	NLD	EUR	197,462	0.87
200,000	Jaguar Land Rover Automotive plc, Reg. S 5.875% 11/15/2024	GBR	EUR	197,190	0.87
200,000	Multiversity SRL, Reg. S, FRN 6.718% 10/30/2028	ITA	EUR	196,750	0.87
200,000	OI European Group BV, Reg. S 2.875% 02/15/2025	USA	EUR	195,161	0.86
200,000	Nokia OYJ, Reg. S 2.375% 05/15/2025	FIN	EUR	194,620	0.86
200,000	ArcelorMittal SA, Reg. S 1.75% 11/19/2025	LUX	EUR	189,227	0.84
200,000	Naturgy Finance BV, Reg. S 1.25% 01/15/2026	ESP	EUR	187,154	0.83
200,000	Goldstory SASU, Reg. S 5.375% 03/01/2026	FRA	EUR	185,253	0.82
200,000	Teollisuuden Voima OYJ, Reg. S 1.125% 03/09/2026	FIN	EUR	182,333	0.81
200,000	Volvo Car AB, Reg. S 2.5% 10/07/2027	SWE	EUR	179,883	0.80
200,000	Picard Groupe SAS, Reg. S 3.875% 07/01/2026	FRA	EUR	179,036	0.79
200,000	Altice France SA, Reg. S 5.875% 02/01/2027	FRA	EUR	177,172	0.78
200,000	TeamSystem SpA, Reg. S 3.5% 02/15/2028	ITA	EUR	176,991	0.78

**Franklin Global Target Euro Income 2025 Fund** (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
200,000	Samhallsbyggnadsbolaget i Norden AB, Reg. S 1.75% 01/14/2025	SWE	EUR	175,975	0.78
200,000	Paprec Holding SA, Reg. S 3.5% 07/01/2028	FRA	EUR	175,202	0.78
200,000	PCF GmbH, Reg. S 4.75% 04/15/2026	DEU	EUR	174,204	0.77
200,000	Q-Park Holding I BV, Reg. S 2% 03/01/2027	NLD	EUR	167,336	0.74
200,000	MAS Securities BV, Reg. S 4.25% 05/19/2026	ROU	EUR	166,747	0.74
200,000	Blackstone Property Partners Europe Holdings SARL, Reg. S 1% 10/20/2026	LUX	EUR	164,520	0.73
200,000	Victoria plc, Reg. S 3.625% 08/24/2026	GBR	EUR	162,447	0.72
200,000	Energizer Gamma Acquisition BV, Reg. S 3.5% 06/30/2029	USA	EUR	161,374	0.71
200,000	TI Automotive Finance plc, Reg. S 3.75% 04/15/2029	CHN	EUR	153,263	0.68
200,000	Maxeda DIY Holding BV, Reg. S 5.875% 10/01/2026	NLD	EUR	150,796	0.67
150,000	Catalent Pharma Solutions, Inc., Reg. S 2.375% 03/01/2028	USA	EUR	135,348	0.60
100,000	Verisure Holding AB, Reg. S 9.25% 10/15/2027	SWE	EUR	107,566	0.48
100,000	Nexans SA, Reg. S 5.5% 04/05/2028	FRA	EUR	102,195	0.45
100,000	Azelis Finance NV, Reg. S 5.75% 03/15/2028	BEL	EUR	101,555	0.45
100,000	Stena International SA, Reg. S 7.25% 02/15/2028	SWE	EUR	100,646	0.45
100,000	Smurfit Kappa Acquisitions ULC, Reg. S 2.75% 02/01/2025	IRL	EUR	97,790	0.43
100,000	Italmatch Chemicals SpA, Reg. S, FRN 8.515% 02/06/2028	ITA	EUR	96,438	0.43
100,000	Cellnex Finance Co. SA, Reg. S 2.25% 04/12/2026	ESP	EUR	94,135	0.42
100,000	SCIL IV LLC, Reg. S 4.375% 11/01/2026	USA	EUR	92,609	0.41
100,000	Teva Pharmaceutical Finance Netherlands II BV 3.75% 05/09/2027	ISR	EUR	90,874	0.40
100,000	Faurecia SE, Reg. S 2.75% 02/15/2027	FRA	EUR	89,169	0.39
100,000	ASTM SpA, Reg. S 1% 11/25/2026	ITA	EUR	89,120	0.39
100,000	Cellnex Finance Co. SA, Reg. S 1% 09/15/2027	ESP	EUR	85,512	0.38
100,000	Kleopatra Finco SARL, Reg. S 4.25% 03/01/2026	LUX	EUR	83,756	0.37
100,000	Nobel Bidco BV, Reg. S 3.125% 06/15/2028	NLD	EUR	70,990	0.31
				<u>21,329,532</u>	<u>94.41</u>
	<b>TOTAL BONDS</b>			<u>21,329,532</u>	<u>94.41</u>
	<b>TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</b>			<u>21,329,532</u>	<u>94.41</u>
	<b>TOTAL INVESTMENTS</b>			<u><b>21,329,532</b></u>	<u><b>94.41</b></u>

## Schedule of Investments, March 31, 2023

## Franklin Green Target Income 2024 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>BONDS</b>				
	<b>Corporate Bonds</b>				
6,000,000	Cooperatieve Rabobank UA, Reg. S 4.625% Perpetual	NLD	EUR	5,457,870	1.84
5,500,000	Credit Agricole Assurances SA, Reg. S 4.25% Perpetual	FRA	EUR	5,388,243	1.82
5,300,000	Arkema SA, Reg. S 2.75% Perpetual	FRA	EUR	5,082,207	1.71
5,100,000	CaixaBank SA, Reg. S 3.75% 02/15/2029	ESP	EUR	5,020,073	1.69
5,000,000	NN Group NV, Reg. S 4.625% 04/08/2044	NLD	EUR	4,951,420	1.67
5,000,000	HBOS plc 4.5% 03/18/2030	GBR	EUR	4,868,295	1.64
5,000,000	NE Property BV, Reg. S 1.75% 11/23/2024	ROU	EUR	4,688,950	1.58
5,000,000	Liberty Mutual Group, Inc., Reg. S 3.625% 05/23/2059	USA	EUR	4,595,985	1.55
4,500,000	Cemex SAB de CV, Reg. S 3.125% 03/19/2026	MEX	EUR	4,323,888	1.46
4,500,000	Credit Mutuel Arkea SA, Reg. S 1.875% 10/25/2029	FRA	EUR	4,278,159	1.44
4,000,000	Intesa Sanpaolo SpA, Reg. S 4.375% 07/12/2029	ITA	EUR	3,950,000	1.33
4,000,000	Vodafone Group plc, Reg. S 3.1% 01/03/2079	GBR	EUR	3,946,932	1.33
4,000,000	Netflix, Inc., Reg. S 3% 06/15/2025	USA	EUR	3,943,464	1.33
4,000,000	AXA SA, Reg. S 3.875% Perpetual	FRA	EUR	3,835,313	1.29
4,000,000	Nationwide Building Society, Reg. S 2% 07/25/2029	GBR	EUR	3,830,820	1.29
4,500,000	Unicaja Banco SA, Reg. S 2.875% 11/13/2029	ESP	EUR	3,813,480	1.28
4,000,000	Erste Group Bank AG, Reg. S 6.5% Perpetual	AUT	EUR	3,765,400	1.27
4,000,000	SPCM SA, Reg. S 2% 02/01/2026	FRA	EUR	3,716,260	1.25
4,100,000	ABN AMRO Bank NV, Reg. S 4.375% Perpetual	NLD	EUR	3,677,105	1.24
3,900,000	Faurecia SE, Reg. S 3.125% 06/15/2026	FRA	EUR	3,670,789	1.24
4,000,000	Standard Industries, Inc., Reg. S 2.25% 11/21/2026	USA	EUR	3,481,180	1.17
4,000,000	KBC Group NV, Reg. S 4.25% Perpetual	BEL	EUR	3,383,000	1.14
3,300,000	Heineken NV, Reg. S 3.875% 09/23/2024	NLD	EUR	3,319,625	1.12
3,600,000	Teollisuuden Voima OYJ, Reg. S 1.125% 03/09/2026	FIN	EUR	3,281,998	1.11
3,500,000	Matterhorn Telecom SA, Reg. S 3.125% 09/15/2026	LUX	EUR	3,253,250	1.10
3,300,000	OI European Group BV, Reg. S 3.125% 11/15/2024	USA	EUR	3,235,040	1.09
3,400,000	Banco Bilbao Vizcaya Argentaria SA, Reg. S 6% Perpetual	ESP	EUR	3,222,078	1.09
3,300,000	Telecom Italia SpA, Reg. S 2.75% 04/15/2025	ITA	EUR	3,158,866	1.06
3,300,000	BAWAG Group AG, Reg. S 2.375% 03/26/2029	AUT	EUR	3,104,086	1.05
3,100,000	Standard Chartered plc, Reg. S 3.125% 11/19/2024	GBR	EUR	3,053,841	1.03
3,000,000	UniCredit SpA, Reg. S 6.625% Perpetual	ITA	EUR	2,957,352	1.00
3,000,000	Darling Global Finance BV, Reg. S 3.625% 05/15/2026	USA	EUR	2,924,109	0.99
3,000,000	Utah Acquisition Sub, Inc., Reg. S 2.25% 11/22/2024	USA	EUR	2,920,257	0.98
3,500,000	MPT Operating Partnership LP 3.325% 03/24/2025	USA	EUR	2,915,696	0.98
3,000,000	Energo-Pro A/S, Reg. S 4.5% 05/04/2024	CZE	EUR	2,908,098	0.98
3,000,000	Holcim Finance Luxembourg SA, Reg. S 3% Perpetual	CHE	EUR	2,901,608	0.98
3,000,000	UBS Group AG, Reg. S 1% 03/21/2025	CHE	EUR	2,897,613	0.98
3,000,000	Danske Bank A/S, Reg. S 2.5% 06/21/2029	DNK	EUR	2,894,340	0.98
3,000,000	Blackstone Property Partners Europe Holdings SARL, Reg. S 2% 02/15/2024	LUX	EUR	2,894,148	0.97
3,000,000	KBC Group NV, Reg. S 4.75% Perpetual	BEL	EUR	2,806,326	0.95
3,000,000	Air France-KLM, Reg. S 1.875% 01/16/2025	FRA	EUR	2,791,725	0.94
3,000,000	International Distributions Services plc, Reg. S 1.25% 10/08/2026	GBR	EUR	2,715,303	0.91
2,700,000	Assicurazioni Generali SpA, Reg. S 4.596% Perpetual	ITA	EUR	2,626,837	0.88
2,700,000	Encore Capital Group, Inc., Reg. S, FRN 6.538% 01/15/2028	USA	EUR	2,595,861	0.87
2,800,000	Abanca Corp. Bancaria SA, Reg. S 4.625% 04/07/2030	ESP	EUR	2,578,030	0.87
3,000,000	MAS Securities BV, Reg. S 4.25% 05/19/2026	ROU	EUR	2,501,199	0.84
2,700,000	Encore Capital Group, Inc., Reg. S 4.875% 10/15/2025	USA	EUR	2,466,167	0.83
2,500,000	Mitsubishi UFJ Financial Group, Inc., Reg. S 3.273% 09/19/2025	JPN	EUR	2,456,425	0.83
2,540,000	Credit Suisse Group AG, Reg. S 3.25% 04/02/2026	CHE	EUR	2,400,816	0.81
2,500,000	Phoenix PIB Dutch Finance BV, Reg. S 2.375% 08/05/2025	DEU	EUR	2,384,375	0.80
2,500,000	Orange SA, Reg. S 2.375% Perpetual	FRA	EUR	2,376,275	0.80
2,800,000	Ibercaja Banco SA, Reg. S 2.75% 07/23/2030	ESP	EUR	2,346,414	0.79
2,500,000	Altice France SA, Reg. S 2.5% 01/15/2025	FRA	EUR	2,334,375	0.79
2,500,000	Banco de Sabadell SA, Reg. S 1.125% 03/27/2025	ESP	EUR	2,304,930	0.78
2,500,000	Kronos International, Inc., Reg. S 3.75% 09/15/2025	USA	EUR	2,298,607	0.77
2,500,000	Quatrim SASU, Reg. S 5.875% 01/15/2024	FRA	EUR	2,280,975	0.77
3,000,000	Samhallsbyggnadsbolaget i Norden AB, Reg. S 1.125% 09/04/2026	SWE	EUR	2,180,799	0.73
2,300,000	Grifols SA, Reg. S 1.625% 02/15/2025	ESP	EUR	2,170,625	0.73
2,200,000	Techem Verwaltungsgesellschaft 675 mbH, Reg. S 2% 07/15/2025	DEU	EUR	2,057,332	0.69
2,000,000	Sydbank A/S, Reg. S 4.75% 09/30/2025	DNK	EUR	1,993,601	0.67
2,000,000	Alpha Bank SA, Reg. S 7% 11/01/2025	GRC	EUR	1,984,568	0.67
2,000,000	Lloyds Banking Group plc, Reg. S 3.5% 04/01/2026	GBR	EUR	1,977,348	0.67

**Franklin Green Target Income 2024 Fund** (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
1,984,640	Lincoln Financing SARL, Reg. S 3.625% 04/01/2024	NLD	EUR	1,974,624	0.67
2,000,000	Crown European Holdings SA, Reg. S 3.375% 05/15/2025	USA	EUR	1,974,002	0.66
2,000,000	Arion Banki HF, Reg. S 4.875% 12/21/2024	ISL	EUR	1,972,773	0.66
2,000,000	Danaher Corp. 1.7% 03/30/2024	USA	EUR	1,967,486	0.66
2,000,000	IQVIA, Inc., Reg. S 2.875% 09/15/2025	USA	EUR	1,967,272	0.66
2,000,000	Ibercaja Banco SA, Reg. S 3.75% 06/15/2025	ESP	EUR	1,966,492	0.66
2,000,000	Veolia Environnement SA, Reg. S 2.875% Perpetual	FRA	EUR	1,957,548	0.66
2,000,000	HSBC Holdings plc, Reg. S 6% Perpetual	GBR	EUR	1,956,878	0.66
2,000,000	Banijay Entertainment SASU, Reg. S 3.5% 03/01/2025	FRA	EUR	1,952,370	0.66
2,000,000	Loxam SAS, Reg. S 3.25% 01/14/2025	FRA	EUR	1,949,684	0.66
2,000,000	Commerzbank AG, Reg. S 4% 03/23/2026	DEU	EUR	1,942,160	0.65
2,000,000	Abanca Corp. Bancaria SA, Reg. S 6.125% 01/18/2029	ESP	EUR	1,940,112	0.65
2,000,000	Avantor Funding, Inc., Reg. S 2.625% 11/01/2025	USA	EUR	1,929,516	0.65
2,600,000	Vivion Investments SARL, Reg. S 3% 08/08/2024	LUX	EUR	1,914,640	0.65
2,000,000	Energia Group NI FinanceCo plc, Reg. S 4% 09/15/2025	GBR	EUR	1,913,500	0.64
2,000,000	Adevinta ASA, Reg. S 2.625% 11/15/2025	FRA	EUR	1,908,786	0.64
2,000,000	Luminor Bank A/S, Reg. S 0.792% 12/03/2024	EST	EUR	1,902,100	0.64
2,000,000	UniCredit SpA, Reg. S 7.5% Perpetual	ITA	EUR	1,902,058	0.64
2,000,000	Banco de Sabadell SA, Reg. S 0.875% 07/22/2025	ESP	EUR	1,855,912	0.63
2,000,000	Grifols SA, Reg. S 3.2% 05/01/2025	ESP	EUR	1,824,920	0.61
1,800,000	Goldman Sachs Group, Inc. (The), Reg. S 3.375% 03/27/2025	USA	EUR	1,788,828	0.60
2,000,000	Globalworth Real Estate Investments Ltd., Reg. S 3% 03/29/2025	POL	EUR	1,742,980	0.59
1,800,000	Banco de Sabadell SA, Reg. S 1.75% 05/10/2024	ESP	EUR	1,740,994	0.59
2,000,000	Intesa Sanpaolo SpA, Reg. S 3.75% Perpetual	ITA	EUR	1,654,850	0.56
1,600,000	Axalta Coating Systems Dutch Holding B BV, Reg. S 3.75% 01/15/2025	USA	EUR	1,584,000	0.53
1,700,000	KION Group AG, Reg. S 1.625% 09/24/2025	DEU	EUR	1,577,597	0.53
1,500,000	Intesa Sanpaolo Vita SpA, Reg. S 4.75% Perpetual	ITA	EUR	1,437,462	0.48
1,500,000	Loxam SAS, Reg. S 3.75% 07/15/2026	FRA	EUR	1,395,982	0.47
1,400,000	Naturgy Finance BV, Reg. S 3.375% Perpetual	ESP	EUR	1,358,000	0.46
3,200,000	Grand City Properties SA, Reg. S 2.5% Perpetual	DEU	EUR	1,351,136	0.46
1,500,000	Altice France SA, Reg. S 5.875% 02/01/2027	FRA	EUR	1,328,790	0.45
3,100,000	CPI Property Group SA, Reg. S 4.875% Perpetual	CZE	EUR	1,313,408	0.44
1,200,000	Powszechna Kasa Oszczednosci Bank Polski SA, Reg. S 5.625% 02/01/2026	POL	EUR	1,188,151	0.40
1,300,000	Viterra Finance BV, Reg. S 0.375% 09/24/2025	NLD	EUR	1,174,580	0.40
1,200,000	BNP Paribas Cardif SA, Reg. S 4.032% Perpetual	FRA	EUR	1,152,144	0.39
3,500,000	Aroundtown SA, Reg. S 2.125% Perpetual	DEU	EUR	1,093,064	0.37
1,400,000	Garfunkelux Holdco 3 SA, Reg. S 6.75% 11/01/2025	LUX	EUR	1,076,775	0.36
1,100,000	Societe Generale SA, Reg. S 1.5% 05/30/2025	FRA	EUR	1,068,990	0.36
1,150,000	Telia Co. AB, Reg. S 1.375% 05/11/2081	SWE	EUR	1,017,664	0.34
1,000,000	Telecom Italia SpA, Reg. S 4% 04/11/2024	ITA	EUR	993,600	0.33
1,000,000	Crown European Holdings SA, Reg. S 2.625% 09/30/2024	USA	EUR	980,836	0.33
1,000,000	Titan Global Finance plc, Reg. S 2.375% 11/16/2024	GRC	EUR	973,196	0.33
1,000,000	CaixaBank SA, Reg. S 6.75% Perpetual	ESP	EUR	964,503	0.32
1,000,000	Virgin Money UK plc, Reg. S 2.875% 06/24/2025	GBR	EUR	962,829	0.32
1,200,000	alstria office REIT-AG, Reg. S 1.5% 06/23/2026	DEU	EUR	959,456	0.32
1,000,000	Firmenich International SA, Reg. S 3.75% Perpetual	CHE	EUR	946,620	0.32
1,000,000	ProGroup AG, Reg. S 3% 03/31/2026	DEU	EUR	935,383	0.32
1,000,000	Abanca Corp. Bancaria SA, Reg. S 7.5% Perpetual	ESP	EUR	909,972	0.31
1,000,000	Chorus Ltd., Reg. S 0.875% 12/05/2026	NZL	EUR	892,849	0.30
2,200,000	Aroundtown SA, Reg. S 2.875% Perpetual	DEU	EUR	786,500	0.26
800,000	International Design Group SpA, Reg. S 6.5% 11/15/2025	ITA	EUR	773,952	0.26
700,000	Siemens Financieringsmaatschappij NV, Reg. S 2.25% 03/10/2025	DEU	EUR	686,688	0.23
700,000	Itelyum Regeneration SpA, Reg. S 4.625% 10/01/2026	ITA	EUR	619,653	0.21
500,000	LKQ European Holdings BV, Reg. S 4.125% 04/01/2028	USA	EUR	485,290	0.16
900,000	Aroundtown SA, Reg. S 3.375% Perpetual	DEU	EUR	407,218	0.14
				278,136,524	93.69
	<b>Government and Municipal Bonds</b>				
5,500,000	Electricite de France SA, Reg. S 5.375% Perpetual	FRA	EUR	5,276,254	1.78
2,500,000	AIB Group plc, Reg. S 1.875% 11/19/2029	IRL	EUR	2,336,343	0.79
2,000,000	North Macedonia Government Bond, Reg. S 2.75% 01/18/2025	MKD	EUR	1,886,922	0.63



**Franklin Green Target Income 2024 Fund** (continued)

(Currency - EUR)

<b>Number of shares or face value</b>	<b>Description</b>	<b>Country code</b>	<b>Trading currency</b>	<b>Market value</b>	<b>% of net assets</b>
1,000,000	Caixa Geral de Depositos SA, Reg. S 5.75% 06/28/2028	PRT	EUR	997,735	0.33
				10,497,254	3.53
	<b>TOTAL BONDS</b>			288,633,778	97.22
	<b>TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</b>			288,633,778	97.22
	<b>TOTAL INVESTMENTS</b>			<b>288,633,778</b>	<b>97.22</b>

## Schedule of Investments, March 31, 2023

## Franklin Target Income 2024 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>BONDS</b>				
	<b>Corporate Bonds</b>				
8,000,000	UniCredit SpA, Reg. S 6.625% Perpetual	ITA	EUR	7,886,272	2.22
8,000,000	Telefonica Europe BV, Reg. S 4.375% Perpetual	ESP	EUR	7,822,048	2.20
8,000,000	Assicurazioni Generali SpA, Reg. S 4.596% Perpetual	ITA	EUR	7,783,222	2.19
8,000,000	NE Property BV, Reg. S 1.75% 11/23/2024	ROU	EUR	7,502,320	2.11
7,000,000	Intesa Sanpaolo SpA, Reg. S 6.25% Perpetual	ITA	EUR	6,866,692	1.93
7,000,000	Arion Banki HF, Reg. S 0.625% 05/27/2024	ISL	EUR	6,683,603	1.88
7,000,000	Banco Bilbao Vizcaya Argentaria SA, Reg. S 6% Perpetual	ESP	EUR	6,633,690	1.87
7,000,000	KBC Group NV, Reg. S 4.75% Perpetual	BEL	EUR	6,548,094	1.84
7,000,000	Liberty Mutual Group, Inc., Reg. S 3.625% 05/23/2059	USA	EUR	6,434,379	1.81
6,500,000	Intesa Sanpaolo Vita SpA, Reg. S 4.75% Perpetual	ITA	EUR	6,229,002	1.75
6,400,000	Cooperatieve Rabobank UA, Reg. S 4.625% Perpetual	NLD	EUR	5,821,728	1.64
6,000,000	Danske Bank A/S, Reg. S 2.5% 06/21/2029	DNK	EUR	5,788,680	1.63
5,800,000	Erste Group Bank AG, Reg. S 6.5% Perpetual	AUT	EUR	5,459,830	1.54
6,000,000	Summit Properties Ltd., Reg. S 2% 01/31/2025	DEU	EUR	5,316,000	1.50
5,500,000	Teollisuuden Voima OYJ, Reg. S 1.125% 03/09/2026	FIN	EUR	5,014,163	1.41
5,000,000	Telecom Italia SpA, Reg. S 4% 04/11/2024	ITA	EUR	4,968,000	1.40
5,000,000	Vodafone Group plc, Reg. S 3.1% 01/03/2079	GBR	EUR	4,933,665	1.39
5,100,000	Banco de Sabadell SA, Reg. S 1.75% 05/10/2024	ESP	EUR	4,932,817	1.39
5,000,000	Netflix, Inc., Reg. S 3% 06/15/2025	USA	EUR	4,929,330	1.39
5,000,000	CaixaBank SA, Reg. S 3.75% 02/15/2029	ESP	EUR	4,921,640	1.39
5,000,000	Veolia Environnement SA, Reg. S 2.875% Perpetual	FRA	EUR	4,893,870	1.38
5,000,000	HBOS plc 4.5% 03/18/2030	GBR	EUR	4,868,295	1.37
5,000,000	Naturgy Finance BV, Reg. S 3.375% Perpetual	ESP	EUR	4,850,000	1.37
5,000,000	Arkema SA, Reg. S 2.75% Perpetual	FRA	EUR	4,794,535	1.35
5,000,000	Energia Group NI FinanceCo plc, Reg. S 4% 09/15/2025	GBR	EUR	4,783,750	1.35
5,000,000	Credit Mutuel Arkea SA, Reg. S 1.875% 10/25/2029	FRA	EUR	4,753,510	1.34
6,100,000	Teva Pharmaceutical Finance Netherlands II BV, Reg. S 1.625% 10/15/2028	ISR	EUR	4,743,403	1.34
5,500,000	Unicaja Banco SA, Reg. S 2.875% 11/13/2029	ESP	EUR	4,660,920	1.31
4,900,000	Standard Industries, Inc., Reg. S 2.25% 11/21/2026	USA	EUR	4,264,445	1.20
4,000,000	NN Group NV, Reg. S 4.625% 04/08/2044	NLD	EUR	3,961,136	1.12
4,000,000	UBS Group AG, Reg. S 2.125% 03/04/2024	CHE	EUR	3,929,068	1.11
4,000,000	Loxam SAS, Reg. S 3.25% 01/14/2025	FRA	EUR	3,899,368	1.10
4,000,000	Energo-Pro A/S, Reg. S 4.5% 05/04/2024	CZE	EUR	3,877,464	1.09
4,000,000	CaixaBank SA, Reg. S 6.75% Perpetual	ESP	EUR	3,858,012	1.09
4,000,000	BAWAG Group AG, Reg. S 2.375% 03/26/2029	AUT	EUR	3,762,528	1.06
4,000,000	INEOS Finance plc, Reg. S 2.875% 05/01/2026	LUX	EUR	3,740,952	1.05
4,000,000	SPCM SA, Reg. S 2% 02/01/2026	FRA	EUR	3,716,260	1.05
4,000,000	Belden, Inc., Reg. S 3.375% 07/15/2027	USA	EUR	3,682,408	1.04
4,000,000	Altice France SA, Reg. S 5.875% 02/01/2027	FRA	EUR	3,543,440	1.00
3,700,000	Teva Pharmaceutical Finance Netherlands II BV 3.75% 05/09/2027	ISR	EUR	3,362,338	0.95
3,600,000	Ibercaja Banco SA, Reg. S 2.75% 07/23/2030	ESP	EUR	3,016,818	0.85
7,100,000	Grand City Properties SA, Reg. S 2.5% Perpetual	DEU	EUR	2,997,833	0.84
3,000,000	ASR Nederland NV, Reg. S 5% Perpetual	NLD	EUR	2,965,423	0.84
2,976,960	Lincoln Financing SARL, Reg. S 3.625% 04/01/2024	NLD	EUR	2,961,935	0.83
3,200,000	Abanca Corp. Bancaria SA, Reg. S 4.625% 04/07/2030	ESP	EUR	2,946,320	0.83
3,000,000	HSBC Holdings plc, Reg. S 6% Perpetual	GBR	EUR	2,935,317	0.83
3,000,000	UBS Group AG, Reg. S 1% 03/21/2025	CHE	EUR	2,897,613	0.82
3,000,000	Asahi Group Holdings Ltd., Reg. S 0.01% 04/19/2024	JPN	EUR	2,886,666	0.81
3,100,000	Allwyn International A/S, Reg. S 3.875% 02/15/2027	CZE	EUR	2,830,653	0.80
3,000,000	Faurecia SE, Reg. S 3.125% 06/15/2026	FRA	EUR	2,823,684	0.80
3,000,000	Matterhorn Telecom SA, Reg. S 3.125% 09/15/2026	LUX	EUR	2,788,500	0.79
2,700,000	Encore Capital Group, Inc., Reg. S, FRN 6.538% 01/15/2028	USA	EUR	2,595,861	0.73
3,000,000	MAS Securities BV, Reg. S 4.25% 05/19/2026	ROU	EUR	2,501,199	0.70
2,500,000	Goldman Sachs Group, Inc. (The), Reg. S 3.375% 03/27/2025	USA	EUR	2,484,483	0.70
3,000,000	CAB SELAS, Reg. S 3.375% 02/01/2028	FRA	EUR	2,470,305	0.70
2,700,000	Encore Capital Group, Inc., Reg. S 4.875% 10/15/2025	USA	EUR	2,466,167	0.69
2,500,000	Mitsubishi UFJ Financial Group, Inc., Reg. S 3.273% 09/19/2025	JPN	EUR	2,456,425	0.69
2,500,000	Phoenix PIB Dutch Finance BV, Reg. S 2.375% 08/05/2025	DEU	EUR	2,384,375	0.67
2,405,000	Cemex SAB de CV, Reg. S 3.125% 03/19/2026	MEX	EUR	2,310,878	0.65
2,380,000	Credit Suisse Group AG, Reg. S 3.25% 04/02/2026	CHE	EUR	2,249,583	0.63
2,400,000	Air France-KLM, Reg. S 1.875% 01/16/2025	FRA	EUR	2,233,380	0.63

Franklin Target Income 2024 Fund (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
2,300,000	Blackstone Property Partners Europe Holdings SARL, Reg. S 2% 02/15/2024	LUX	EUR	2,218,847	0.63
7,000,000	Casino Guichard Perrachon SA, Reg. S 3.58% 02/07/2025	FRA	EUR	2,164,960	0.61
2,500,000	MPT Operating Partnership LP 3.325% 03/24/2025	USA	EUR	2,082,640	0.59
2,000,000	Barclays plc, Reg. S 3.375% 04/02/2025	GBR	EUR	1,983,530	0.56
2,000,000	Lloyds Banking Group plc, Reg. S 3.5% 04/01/2026	GBR	EUR	1,977,348	0.56
2,000,000	Crown European Holdings SA, Reg. S 3.375% 05/15/2025	USA	EUR	1,974,002	0.56
2,000,000	Ibercaja Banco SA, Reg. S 3.75% 06/15/2025	ESP	EUR	1,966,492	0.55
2,000,000	ING Groep NV, Reg. S 2.5% 02/15/2029	NLD	EUR	1,952,580	0.55
2,000,000	Banjay Entertainment SASU, Reg. S 3.5% 03/01/2025	FRA	EUR	1,952,370	0.55
2,000,000	Abanca Corp. Bancaria SA, Reg. S 6.125% 01/18/2029	ESP	EUR	1,940,112	0.55
2,000,000	Holcim Finance Luxembourg SA, Reg. S 3% Perpetual	CHE	EUR	1,934,406	0.54
2,000,000	Avantor Funding, Inc., Reg. S 2.625% 11/01/2025	USA	EUR	1,929,516	0.54
2,600,000	Vivion Investments SARL, Reg. S 3% 08/08/2024	LUX	EUR	1,914,640	0.54
2,000,000	Volkswagen International Finance NV, Reg. S 3.5% Perpetual	DEU	EUR	1,889,469	0.53
2,000,000	Grifols SA, Reg. S 1.625% 02/15/2025	ESP	EUR	1,887,500	0.53
2,000,000	Landsbankinn HF, Reg. S 0.5% 05/20/2024	ISL	EUR	1,874,270	0.53
2,000,000	Kronos International, Inc., Reg. S 3.75% 09/15/2025	USA	EUR	1,838,886	0.52
2,400,000	Pro-Gest SpA, Reg. S 3.25% 12/15/2024	ITA	EUR	1,828,031	0.52
2,000,000	Grifols SA, Reg. S 3.2% 05/01/2025	ESP	EUR	1,824,920	0.51
1,700,000	KION Group AG, Reg. S 1.625% 09/24/2025	DEU	EUR	1,577,597	0.44
1,700,000	Banco de Sabadell SA, Reg. S 1.125% 03/27/2025	ESP	EUR	1,567,352	0.44
1,625,000	Albemarle New Holding GmbH, Reg. S 1.125% 11/25/2025	USA	EUR	1,518,941	0.43
1,500,000	Credit Agricole Assurances SA, Reg. S 4.25% Perpetual	FRA	EUR	1,469,521	0.41
1,500,000	LKQ European Holdings BV, Reg. S 4.125% 04/01/2028	USA	EUR	1,455,870	0.41
4,000,000	Aroundtown SA, Reg. S 2.125% Perpetual	DEU	EUR	1,249,216	0.35
1,600,000	Garfunkelux Holdco 3 SA, Reg. S 6.75% 11/01/2025	LUX	EUR	1,230,600	0.35
1,300,000	Viterra Finance BV, Reg. S 0.375% 09/24/2025	NLD	EUR	1,174,580	0.33
1,300,000	Itelyum Regeneration SpA, Reg. S 4.625% 10/01/2026	ITA	EUR	1,150,785	0.32
1,000,000	Axalta Coating Systems Dutch Holding B BV, Reg. S 3.75% 01/15/2025	USA	EUR	990,000	0.28
1,000,000	IQVIA, Inc., Reg. S 2.875% 09/15/2025	USA	EUR	983,636	0.28
1,000,000	Orange SA, Reg. S 2.375% Perpetual	FRA	EUR	950,510	0.27
1,000,000	ELM BV for Firmenich International SA, Reg. S 3.75% Perpetual	CHE	EUR	946,620	0.27
2,000,000	Aroundtown SA, Reg. S 3.375% Perpetual	DEU	EUR	904,930	0.25
850,000	Ardagh Packaging Finance plc, Reg. S 2.125% 08/15/2026	USA	EUR	746,606	0.21
1,800,000	Aroundtown SA, Reg. S 2.875% Perpetual	DEU	EUR	643,500	0.18
				318,319,078	89.67
	<b>Government and Municipal Bonds</b>				
4,000,000	Electricite de France SA, Reg. S 5.375% Perpetual	FRA	EUR	3,837,276	1.08
3,000,000	Petroleos Mexicanos, Reg. S 3.75% 02/21/2024	MEX	EUR	2,958,150	0.84
2,500,000	AIB Group plc, Reg. S 1.875% 11/19/2029	IRL	EUR	2,336,342	0.66
2,000,000	Caixa Geral de Depositos SA, Reg. S 5.75% 06/28/2028	PRT	EUR	1,995,470	0.56
2,000,000	Electricite de France SA, Reg. S 4% Perpetual	FRA	EUR	1,921,690	0.54
2,000,000	North Macedonia Government Bond, Reg. S 2.75% 01/18/2025	MKD	EUR	1,886,922	0.53
2,000,000	Electricite de France SA, Reg. S 5% Perpetual	FRA	EUR	1,851,438	0.52
2,000,000	Egypt Government Bond, Reg. S 4.75% 04/11/2025	EGY	EUR	1,643,560	0.46
				18,430,848	5.19
	<b>TOTAL BONDS</b>			336,749,926	94.86
	<b>TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</b>			336,749,926	94.86
	<b>TOTAL INVESTMENTS</b>			<b>336,749,926</b>	<b>94.86</b>

## Schedule of Investments, March 31, 2023

## Franklin U.S. Managed Income 2028 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>				
	<b>Aerospace &amp; Defense</b>				
572	Lockheed Martin Corp.	USA	USD	249,321	0.65
1,644	Raytheon Technologies Corp.	USA	USD	148,446	0.38
				397,767	1.03
	<b>Air Freight &amp; Logistics</b>				
962	United Parcel Service, Inc. 'B'	USA	USD	172,070	0.45
				172,070	0.45
	<b>Automobiles</b>				
14,563	Ford Motor Co.	USA	USD	169,189	0.44
				169,189	0.44
	<b>Banks</b>				
2,472	JPMorgan Chase & Co.	USA	USD	297,014	0.77
3,436	Citigroup, Inc.	USA	USD	148,554	0.38
3,285	Bank of America Corp.	USA	USD	86,627	0.22
1,947	US Bancorp	USA	USD	64,717	0.17
1,939	Truist Financial Corp.	USA	USD	60,965	0.16
				657,877	1.70
	<b>Beverages</b>				
5,650	Coca-Cola Co. (The)	USA	USD	323,147	0.83
1,098	PepsiCo, Inc.	USA	USD	184,561	0.48
				507,708	1.31
	<b>Biotechnology</b>				
2,462	AbbVie, Inc.	USA	USD	361,780	0.93
427	Amgen, Inc.	USA	USD	95,180	0.25
				456,960	1.18
	<b>Broadline Retail</b>				
990	Amazon.com, Inc.	USA	USD	94,285	0.24
				94,285	0.24
	<b>Capital Markets</b>				
1,300	Morgan Stanley	USA	USD	105,242	0.27
320	Goldman Sachs Group, Inc. (The)	USA	USD	96,515	0.25
1,582	KKR Group Co., Inc. Preference 6%	USA	USD	92,552	0.24
				294,309	0.76
	<b>Chemicals</b>				
2,559	LyondellBasell Industries NV 'A'	USA	USD	221,534	0.57
				221,534	0.57
	<b>Communications Equipment</b>				
6,660	Cisco Systems, Inc.	USA	USD	321,010	0.83
				321,010	0.83
	<b>Consumer Staples Distribution &amp; Retail</b>				
962	Target Corp.	USA	USD	146,915	0.38
				146,915	0.38
	<b>Diversified Telecommunication Services</b>				
4,767	Verizon Communications, Inc.	USA	USD	170,936	0.44
2,120	BCE, Inc.	CAN	USD	87,552	0.23
4,100	AT&T, Inc.	USA	USD	72,772	0.19
				331,260	0.86
	<b>Electric Utilities</b>				
4,182	Edison International	USA	USD	272,193	0.70
2,201	NextEra Energy, Inc.	USA	USD	156,427	0.41
2,366	Southern Co. (The)	USA	USD	151,792	0.39
1,087	PG&E Corp. Preference 5.5%	USA	USD	142,652	0.37
1,349	Duke Energy Corp.	USA	USD	119,993	0.31
1,087	Entergy Corp.	USA	USD	107,983	0.28
1,100	American Electric Power Co., Inc.	USA	USD	92,286	0.24
856	American Electric Power Co., Inc. Preference 6.125%	USA	USD	39,740	0.10
				1,083,066	2.80

Franklin U.S. Managed Income 2028 Fund (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
<b>Financial Services</b>					
4,879	Fidelity National Information Services, Inc.	USA	USD	244,411	0.63
				<u>244,411</u>	<u>0.63</u>
<b>Ground Transportation</b>					
516	Union Pacific Corp.	USA	USD	95,754	0.25
				<u>95,754</u>	<u>0.25</u>
<b>Health Care Equipment &amp; Supplies</b>					
1,832	Boston Scientific Corp. Preference 5.5%	USA	USD	204,459	0.53
717	Medtronic plc	USA	USD	53,298	0.14
				<u>257,757</u>	<u>0.67</u>
<b>Health Care Providers &amp; Services</b>					
3,342	CVS Health Corp.	USA	USD	228,984	0.59
				<u>228,984</u>	<u>0.59</u>
<b>Household Products</b>					
1,511	Procter & Gamble Co. (The)	USA	USD	207,156	0.54
				<u>207,156</u>	<u>0.54</u>
<b>Industrial Conglomerates</b>					
724	3M Co.	USA	USD	70,167	0.18
				<u>70,167</u>	<u>0.18</u>
<b>Insurance</b>					
1,691	MetLife, Inc.	USA	USD	90,338	0.23
				<u>90,338</u>	<u>0.23</u>
<b>IT Services</b>					
1,087	International Business Machines Corp.	USA	USD	131,386	0.34
				<u>131,386</u>	<u>0.34</u>
<b>Life Sciences Tools &amp; Services</b>					
97	Danaher Corp. Preference 5%	USA	USD	113,975	0.30
				<u>113,975</u>	<u>0.30</u>
<b>Machinery</b>					
1,108	RBC Bearings, Inc. Preference 5%	USA	USD	115,137	0.30
405	Cummins, Inc.	USA	USD	89,204	0.23
676	Stanley Black & Decker, Inc.	USA	USD	50,226	0.13
				<u>254,567</u>	<u>0.66</u>
<b>Media</b>					
2,599	Comcast Corp. 'A'	USA	USD	90,847	0.24
				<u>90,847</u>	<u>0.24</u>
<b>Metals &amp; Mining</b>					
4,972	BHP Group Ltd.	AUS	GBP	145,640	0.38
1,658	Rio Tinto plc	AUS	GBP	103,776	0.27
1,253	Newmont Corp.	USA	USD	56,634	0.14
				<u>306,050</u>	<u>0.79</u>
<b>Multi-Utilities</b>					
962	Sempra Energy	USA	USD	134,080	0.35
1,230	NiSource, Inc. Preference 7.75%	USA	USD	118,469	0.30
957	DTE Energy Co.	USA	USD	96,657	0.25
1,786	Dominion Energy, Inc.	USA	USD	92,071	0.24
				<u>441,277</u>	<u>1.14</u>
<b>Oil, Gas &amp; Consumable Fuels</b>					
3,543	TotalEnergies SE	FRA	EUR	192,631	0.50
1,180	Chevron Corp.	USA	USD	177,520	0.46
1,173	Exxon Mobil Corp.	USA	USD	118,603	0.30
				<u>488,754</u>	<u>1.26</u>
<b>Personal Care Products</b>					
2,435	Unilever plc	GBR	GBP	116,352	0.30
				<u>116,352</u>	<u>0.30</u>
<b>Pharmaceuticals</b>					
5,300	Bristol-Myers Squibb Co.	USA	USD	338,705	0.88
8,508	Pfizer, Inc.	USA	USD	320,065	0.83
1,859	Johnson & Johnson	USA	USD	265,682	0.69

**Franklin U.S. Managed Income 2028 Fund** (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
1,346	AstraZeneca plc	GBR	GBP	171,969	0.44
1,673	Merck & Co., Inc.	USA	USD	164,115	0.42
				1,260,536	3.26
	<b>Semiconductors &amp; Semiconductor Equipment</b>				
5,952	Microchip Technology, Inc.	USA	USD	459,784	1.19
2,069	Texas Instruments, Inc.	USA	USD	354,852	0.92
581	Broadcom, Inc.	USA	USD	343,677	0.89
1,626	Analog Devices, Inc.	USA	USD	295,680	0.76
2,673	Intel Corp.	USA	USD	80,519	0.21
				1,534,512	3.97
	<b>Software</b>				
449	Microsoft Corp.	USA	USD	119,355	0.31
				119,355	0.31
	<b>Specialty Retail</b>				
449	Home Depot, Inc. (The)	USA	USD	122,179	0.32
				122,179	0.32
	<b>Technology Hardware, Storage &amp; Peripherals</b>				
2,202	Apple, Inc.	USA	USD	334,802	0.87
				334,802	0.87
	<b>TOTAL SHARES</b>			11,363,109	29.40
	<b>BONDS</b>				
	<b>Corporate Bonds</b>				
702,000	Utah Acquisition Sub, Inc., Reg. S 3.125% 11/22/2028	USA	EUR	652,421	1.69
741,000	Albemarle New Holding GmbH, Reg. S 1.625% 11/25/2028	USA	EUR	652,203	1.69
838,000	Celanese US Holdings LLC 0.625% 09/10/2028	USA	EUR	650,886	1.68
781,000	General Motors Financial Co., Inc., Reg. S 0.65% 09/07/2028	USA	EUR	639,919	1.65
752,000	American Tower Corp. 0.5% 01/15/2028	USA	EUR	628,680	1.63
649,000	Duke Energy Corp. 3.1% 06/15/2028	USA	EUR	618,906	1.60
707,000	Citigroup, Inc., Reg. S 1.5% 10/26/2028	USA	EUR	616,957	1.60
647,000	JPMorgan Chase & Co., Reg. S 2.875% 05/24/2028	USA	EUR	613,364	1.59
693,000	Fidelity National Information Services, Inc. 1% 12/03/2028	USA	EUR	595,754	1.54
737,000	FedEx Corp. 0.45% 05/04/2029	USA	EUR	595,108	1.54
752,000	Athene Global Funding, Reg. S 0.625% 01/12/2028	USA	EUR	593,477	1.53
654,000	Goldman Sachs Group, Inc. (The), Reg. S 2% 11/01/2028	USA	EUR	591,174	1.53
630,000	Kraft Heinz Foods Co., Reg. S 2.25% 05/25/2028	USA	EUR	587,320	1.52
749,000	Capital One Financial Corp. 1.65% 06/12/2029	USA	EUR	585,310	1.51
620,000	Kinder Morgan, Inc. 2.25% 03/16/2027	USA	EUR	582,031	1.51
583,000	Netflix, Inc. 3.625% 05/15/2027	USA	EUR	578,717	1.50
557,000	Stellantis NV, Reg. S 4.5% 07/07/2028	USA	EUR	572,363	1.48
500,000	McDonald's Corp., Reg. S 1.75% 05/03/2028	USA	EUR	460,398	1.19
503,000	Ashtead Capital, Inc., 144A 4% 05/01/2028	GBR	USD	431,274	1.12
560,000	Air Lease Corp. 2.1% 09/01/2028	USA	USD	430,762	1.11
476,000	Verizon Communications, Inc. 1.375% 11/02/2028	USA	EUR	423,808	1.10
467,000	American Medical Systems Europe BV 1.375% 03/08/2028	USA	EUR	420,569	1.09
465,000	AT&T, Inc. 1.6% 05/19/2028	USA	EUR	419,543	1.08
477,000	Metropolitan Life Global Funding I, Reg. S 0.55% 06/16/2027	USA	EUR	417,908	1.08
467,000	Fiserv, Inc. 1.125% 07/01/2027	USA	EUR	417,589	1.08
439,000	AbbVie, Inc. 2.625% 11/15/2028	USA	EUR	415,935	1.08
444,000	Berkshire Hathaway, Inc. 2.15% 03/15/2028	USA	EUR	415,063	1.07
445,000	Bank of America Corp., Reg. S 1.662% 04/25/2028	USA	EUR	402,677	1.04
426,000	BAT Capital Corp. 3.557% 08/15/2027	GBR	USD	365,405	0.94
368,000	AutoNation, Inc. 1.95% 08/01/2028	USA	USD	281,122	0.73
309,000	PBF Holding Co. LLC 6% 02/15/2028	USA	USD	274,212	0.71
292,000	OneMain Finance Corp. 6.625% 01/15/2028	USA	USD	247,105	0.64
195,000	Raytheon Technologies Corp. 6.7% 08/01/2028	USA	USD	197,002	0.51
200,000	Vonovia SE, Reg. S 4.75% 05/23/2027	DEU	EUR	195,727	0.51
223,000	Boeing Co. (The) 3.2% 03/01/2029	USA	USD	188,014	0.49
209,000	Jabil, Inc. 3.95% 01/12/2028	USA	USD	181,619	0.47
231,000	MPT Operating Partnership LP 5% 10/15/2027	USA	USD	175,421	0.45
120,000	Toll Brothers Finance Corp. 4.35% 02/15/2028	USA	USD	104,491	0.27
100,000	Volkswagen International Finance NV, Reg. S 4.25% 02/15/2028	DEU	EUR	100,515	0.26
61,000	Ford Motor Co. 6.625% 10/01/2028	USA	USD	58,188	0.15
38,000	HCA, Inc. 7.05% 12/01/2027	USA	USD	37,182	0.10
37,000	Oracle Corp. 2.3% 03/25/2028	USA	USD	30,543	0.08

Franklin U.S. Managed Income 2028 Fund (continued)

(Currency - EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
35,000	Bio-Rad Laboratories, Inc. 3.3% 03/15/2027	USA	USD	30,459	0.08
35,000	Freeport-McMoRan, Inc. 4.125% 03/01/2028	USA	USD	30,417	0.08
37,000	T-Mobile USA, Inc. 2.05% 02/15/2028	USA	USD	30,285	0.08
35,000	FactSet Research Systems, Inc. 2.9% 03/01/2027	USA	USD	30,012	0.08
34,000	United Rentals North America, Inc. 4.875% 01/15/2028	USA	USD	30,011	0.08
34,000	VICI Properties LP 4.75% 02/15/2028	USA	USD	29,748	0.08
32,000	Constellation Brands, Inc. 4.65% 11/15/2028	USA	USD	29,503	0.08
32,000	Anheuser-Busch InBev Worldwide, Inc. 4% 04/13/2028	BEL	USD	29,190	0.07
32,000	CVS Health Corp. 4.3% 03/25/2028	USA	USD	28,993	0.07
				<u>17,715,280</u>	<u>45.84</u>
<b>Government and Municipal Bonds</b>					
816,100	US Treasury 2.625% 12/31/2023	USA	USD	741,218	1.92
850,600	US Treasury 1.25% 06/30/2028	USA	USD	696,347	1.80
532,000	Mexican Bonos Desarr Fixed Rate 1.35% 09/18/2027	MEX	EUR	480,130	1.24
420,000	Petroleos Mexicanos, Reg. S 4.875% 02/21/2028	MEX	EUR	351,174	0.91
300,000	Caixa Geral de Depositos SA, Reg. S 5.75% 10/31/2028	PRT	EUR	309,738	0.80
100,000	Electricite de France SA, Reg. S 3.875% 01/12/2027	FRA	EUR	100,238	0.26
				<u>2,678,845</u>	<u>6.93</u>
	<b>TOTAL BONDS</b>			<u>20,394,125</u>	<u>52.77</u>
	<b>TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</b>			<u>31,757,234</u>	<u>82.17</u>
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
<b>BONDS</b>					
<b>Corporate Bonds</b>					
555,000	Pacific Gas and Electric Co. 3.75% 07/01/2028	USA	USD	471,471	1.22
511,000	JBS USA LUX SA, Reg. S 5.125% 02/01/2028	USA	USD	455,900	1.18
412,000	Delta Air Lines, Inc., 144A 4.75% 10/20/2028	USA	USD	366,907	0.95
330,000	Morgan Stanley 4.21% 04/20/2028	USA	USD	295,623	0.76
341,000	Warnermedia Holdings, Inc., 144A 4.054% 03/15/2029	USA	USD	292,697	0.76
369,000	Hyundai Capital America, Reg. S 2% 06/15/2028	USA	USD	288,033	0.75
336,000	MPH Acquisition Holdings LLC, Reg. S 5.5% 09/01/2028	USA	USD	246,590	0.64
276,000	Organon & Co., 144A 2.875% 04/30/2028	USA	EUR	243,620	0.63
284,000	Directv Financing LLC, 144A 5.875% 08/15/2027	USA	USD	237,418	0.61
286,000	Ardagh Metal Packaging Finance USA LLC, 144A 2% 09/01/2028	USA	EUR	237,029	0.61
238,000	Huntington Ingalls Industries, Inc. 2.043% 08/16/2028	USA	USD	188,277	0.49
204,000	Truist Financial Corp. 4.123% 06/06/2028	USA	USD	178,471	0.46
194,000	American Airlines, Inc., 144A 5.75% 04/20/2029	USA	USD	171,775	0.44
304,000	Bausch Health Cos., Inc., Reg. S 4.875% 06/01/2028	USA	USD	165,630	0.43
158,000	Univision Communications, Inc., 144A 6.625% 06/01/2027	USA	USD	138,267	0.36
157,000	Ingevity Corp., Reg. S 3.875% 11/01/2028	USA	USD	124,208	0.32
113,000	Vistra Operations Co. LLC, 144A 5% 07/31/2027	USA	USD	98,659	0.26
115,000	CCO Holdings LLC, Reg. S 5% 02/01/2028	USA	USD	97,946	0.25
46,000	Occidental Petroleum Corp. 7.15% 05/15/2028	USA	USD	44,921	0.12
33,000	Edwards Lifesciences Corp. 4.3% 06/15/2028	USA	USD	30,311	0.08
34,000	Workday, Inc. 3.5% 04/01/2027	USA	USD	30,015	0.08
32,000	Chevron USA, Inc. 3.85% 01/15/2028	USA	USD	29,144	0.08
34,000	Calpine Corp., Reg. S 4.5% 02/15/2028	USA	USD	29,118	0.08
31,000	S&P Global, Inc. 4.75% 08/01/2028	USA	USD	29,020	0.07
32,000	US Bancorp 4.548% 07/22/2028	USA	USD	28,775	0.07
31,000	Darling Ingredients, Inc., 144A 6% 06/15/2030	USA	USD	28,512	0.07
				<u>4,548,337</u>	<u>11.77</u>
	<b>TOTAL BONDS</b>			<u>4,548,337</u>	<u>11.77</u>
	<b>TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET</b>			<u>4,548,337</u>	<u>11.77</u>
	<b>TOTAL INVESTMENTS</b>			<u><b>36,305,571</b></u>	<u><b>93.94</b></u>

## Schedule of Investments, March 31, 2023

## Franklin USD Diversified Bond Series I 2025 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>Corporate Bonds</b>					
6,000,000	TC PipeLines LP 4.375% 03/13/2025	USA	USD	5,900,683	2.86
5,760,000	Oversea-Chinese Banking Corp. Ltd., Reg. S 4.25% 06/19/2024	SGP	USD	5,702,075	2.76
5,500,000	REC Ltd., Reg. S 3.5% 12/12/2024	IND	USD	5,318,143	2.58
5,270,000	AerCap Ireland Capital DAC 3.5% 01/15/2025	IRL	USD	5,035,255	2.44
5,000,000	Goodman HK Finance, Reg. S 4.375% 06/19/2024	HKG	USD	4,933,675	2.39
5,000,000	Energy Transfer LP 4.05% 03/15/2025	USA	USD	4,906,387	2.38
5,000,000	Goldman Sachs Group, Inc. (The) 3.5% 01/23/2025	USA	USD	4,860,785	2.35
5,000,000	Western Midstream Operating LP 3.35% 02/01/2025	USA	USD	4,779,525	2.32
4,785,000	Mirae Asset Securities Co. Ltd., Reg. S 3.375% 05/07/2024	KOR	USD	4,655,446	2.26
4,500,000	EnLink Midstream Partners LP 4.4% 04/01/2024	USA	USD	4,418,100	2.14
4,266,000	Bluestar Finance Holdings Ltd., Reg. S 3.375% 07/16/2024	CHN	USD	4,155,148	2.01
4,129,000	Greenko Solar Mauritius Ltd., Reg. S 5.55% 01/29/2025	IND	USD	3,974,162	1.93
4,000,000	UBS AG, Reg. S 5.125% 05/15/2024	CHE	USD	3,896,700	1.89
4,000,000	Air Lease Corp. 2.3% 02/01/2025	USA	USD	3,789,132	1.84
3,500,000	CK Property Finance MTN Ltd., Reg. S 0.75% 06/30/2024	HKG	USD	3,327,222	1.61
3,500,000	SITE Centers Corp. 3.625% 02/01/2025	USA	USD	3,314,425	1.61
3,200,000	Bharti Airtel International Netherlands BV, 144A 5.35% 05/20/2024	IND	USD	3,208,453	1.55
3,000,000	HCA, Inc. 5.375% 02/01/2025	USA	USD	3,003,190	1.45
3,000,000	Sasol Financing USA LLC 5.875% 03/27/2024	ZAF	USD	2,967,615	1.44
3,000,000	CNAC HK Finbridge Co. Ltd., Reg. S 3.375% 06/19/2024	CHN	USD	2,936,640	1.42
3,000,000	General Motors Financial Co., Inc. 2.9% 02/26/2025	USA	USD	2,865,318	1.39
3,000,000	Westpac Banking Corp., Reg. S 2% 01/16/2026	AUS	USD	2,856,202	1.38
4,000,000	Country Garden Holdings Co. Ltd., Reg. S 5.125% 01/17/2025	CHN	USD	2,608,232	1.26
2,500,000	CNAC HK Finbridge Co. Ltd., Reg. S 4.875% 03/14/2025	CHN	USD	2,470,462	1.20
2,600,000	Adani Green Energy UP Ltd., Reg. S 6.25% 12/10/2024	IND	USD	2,449,844	1.19
2,500,000	Country Garden Holdings Co. Ltd., Reg. S 8% 01/27/2024	CHN	USD	2,176,750	1.05
2,000,000	Bank of Baroda, Reg. S 3.875% 04/04/2024	IND	USD	1,970,130	0.95
1,665,000	Brixmor Operating Partnership LP 3.85% 02/01/2025	USA	USD	1,598,717	0.77
1,200,000	Oceaneering International, Inc. 4.65% 11/15/2024	USA	USD	1,176,000	0.57
8,000,000	Shimao Group Holdings Ltd., Reg. S 6.125% 02/21/2024 <sup>s</sup>	CHN	USD	1,171,012	0.57
1,000,000	Energy Transfer LP 3.9% 05/15/2024	USA	USD	979,314	0.47
				107,404,742	52.03
<b>Government and Municipal Bonds</b>					
3,000,000	Bank Mandiri Persero Tbk. PT, Reg. S 3.75% 04/11/2024	IDN	USD	2,955,960	1.43
2,500,000	US Treasury 4.625% 02/28/2025	USA	USD	2,524,512	1.22
2,000,000	Pelabuhan Indonesia Persero PT, 144A 4.875% 10/01/2024	IDN	USD	1,986,379	0.96
2,000,000	Korea Development Bank (The) 3.75% 01/22/2024	KOR	USD	1,985,137	0.96
2,000,000	Power Finance Corp. Ltd., Reg. S 3.75% 06/18/2024	IND	USD	1,957,270	0.95
1,733,000	NTPC Ltd., Reg. S 3.75% 04/03/2024	IND	USD	1,707,385	0.83
1,000,000	Indonesia Asahan Aluminium Persero PT, Reg. S 4.75% 05/15/2025	IDN	USD	985,959	0.48
850,000	Lembaga Pembiayaan Ekspor Indonesia, Reg. S 3.875% 04/06/2024	IDN	USD	837,186	0.41
				14,939,788	7.24
<b>Supranational</b>					
7,000,000	African Export-Import Bank (The), Reg. S 4.125% 06/20/2024	SP	USD	6,812,750	3.30
5,000,000	Black Sea Trade & Development Bank, Reg. S 3.5% 06/25/2024	SP	USD	4,682,850	2.27
				11,495,600	5.57
<b>TOTAL BONDS</b>				133,840,130	64.84
<b>TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING</b>				133,840,130	64.84
TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET					
<b>BONDS</b>					
<b>Corporate Bonds</b>					
6,783,000	Scentre Group Trust 1, Reg. S 3.5% 02/12/2025	AUS	USD	6,577,684	3.19
6,000,000	El Puerto de Liverpool SAB de CV, 144A 3.95% 10/02/2024	MEX	USD	5,843,370	2.83
5,000,000	Methanex Corp. 4.25% 12/01/2024	CAN	USD	4,839,359	2.34
4,000,000	Avolon Holdings Funding Ltd., 144A 5.25% 05/15/2024	IRL	USD	3,962,108	1.92
4,000,000	FMG Resources August 2006 Pty. Ltd., 144A 5.125% 05/15/2024	AUS	USD	3,961,366	1.92
4,000,000	NOVA Chemicals Corp., 144A 4.875% 06/01/2024	CAN	USD	3,951,000	1.91
4,000,000	Navient Corp. 5.875% 10/25/2024	USA	USD	3,890,552	1.89
4,000,000	CVR Energy, Inc., 144A 5.25% 02/15/2025	USA	USD	3,844,535	1.86



**Franklin USD Diversified Bond Series I 2025 Fund** (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
3,500,000	Aviation Capital Group LLC, 144A 5.5% 12/15/2024	USA	USD	3,458,065	1.68
3,500,000	Hyundai Capital America, 144A 2.65% 02/10/2025	USA	USD	3,339,839	1.62
3,000,000	Teva Pharmaceutical Finance Netherlands III BV 7.125% 01/31/2025	ISR	USD	3,064,530	1.48
3,000,000	NextEra Energy Capital Holdings, Inc. 6.051% 03/01/2025	USA	USD	3,053,461	1.48
3,000,000	Aker BP ASA, 144A 3% 01/15/2025	NOR	USD	2,891,925	1.40
3,000,000	Societe Generale SA, 144A 2.625% 01/22/2025	FRA	USD	2,813,425	1.36
2,000,000	Univision Communications, Inc., 144A 5.125% 02/15/2025	USA	USD	1,966,730	0.95
2,000,000	BPCE SA, 144A 2.375% 01/14/2025	FRA	USD	1,879,773	0.91
1,550,000	Aviation Capital Group LLC, Reg. S 5.5% 12/15/2024	USA	USD	1,531,429	0.74
1,500,000	Aircastle Ltd. 4.125% 05/01/2024	USA	USD	1,469,338	0.71
1,040,000	UniCredit SpA, Reg. S 7.83% 12/04/2023	ITA	USD	1,049,633	0.51
1,000,000	UniCredit SpA, 144A 7.83% 12/04/2023	ITA	USD	1,009,278	0.49
1,000,000	Nissan Motor Co. Ltd., Reg. S 3.043% 09/15/2023	JPN	USD	985,222	0.48
353,000	Michael Kors USA, Inc., Reg. S 4.25% 11/01/2024	USA	USD	341,485	0.17
				<u>65,724,107</u>	<u>31.84</u>
	<b>Government and Municipal Bonds</b>				
4,000,000	Petroleos Mexicanos 4.25% 01/15/2025	MEX	USD	3,788,580	1.83
				<u>3,788,580</u>	<u>1.83</u>
	<b>TOTAL BONDS</b>			<u>69,512,687</u>	<u>33.67</u>
	<b>TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET</b>			<u>69,512,687</u>	<u>33.67</u>
	<b>TOTAL INVESTMENTS</b>			<u><b>203,352,817</b></u>	<u><b>98.51</b></u>

§ These Bonds are currently in default

## Additional Information - Unaudited

### Investment Managers per Fund as of March 31, 2023

#### Franklin ESG-Focused Balanced Fund

Investment Manager:  
FRANKLIN TEMPLETON INTERNATIONAL SERVICES  
S.à r.l.  
8A, rue Albert Borschette, L-1246 Luxembourg  
Grand Duchy of Luxembourg

Sub-Investment Co-Managers:  
FRANKLIN ADVISERS INC  
One Franklin Parkway  
San Mateo, CA 94403-1906 USA

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT  
LIMITED  
Cannon Place, 78 Cannon Street London EC4N 6HL,  
United Kingdom

#### Franklin Global Target Euro Income 2025 Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT  
LIMITED  
Cannon Place, 78 Cannon Street London EC4N 6HL,  
United Kingdom

#### Franklin Green Target Income 2024 Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT  
LIMITED  
Cannon Place, 78 Cannon Street London EC4N 6HL,  
United Kingdom

#### Franklin Multi Bond 2022 Fund (liquidated on October 3, 2022)

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT  
LIMITED  
Cannon Place, 78 Cannon Street London EC4N 6HL,  
United Kingdom

#### Franklin Target Income 2024 Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT  
LIMITED  
Cannon Place, 78 Cannon Street London EC4N 6HL,  
United Kingdom

#### Franklin U.S. Managed Income 2028 Fund

FRANKLIN TEMPLETON INTERNATIONAL SERVICES  
S.à r.l.,  
Niederlassung Deutschland  
Mainzer Landstraße 16  
Postfach 11 18 03  
60325 Frankfurt am Main, Germany

FRANKLIN ADVISERS INC  
One Franklin Parkway  
San Mateo, CA 94403-1906 USA

#### Franklin USD Diversified Bond Series I 2025 Fund

Investment Manager:  
FRANKLIN TEMPLETON AUSTRALIA LIMITED  
19/101 Collins St, Melbourne VIC 3000 Australia

Sub-Investment Managers:  
FRANKLIN ADVISERS INC  
One Franklin Parkway  
San Mateo, CA 94403-1906 USA

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT  
LIMITED  
Cannon Place, 78 Cannon Street London EC4N 6HL,  
United Kingdom

**Calculation Method of the Risk Exposure**

1. The Commitment Approach\* is used for measuring the Global Exposure\*\* for:

Franklin ESG-Focused Balanced Fund  
 Franklin Global Target Euro Income 2025 Fund  
 Franklin Green Target Income 2024 Fund  
 Franklin Target Income 2024 Fund  
 Franklin USD Diversified Bond Series I 2025 Fund

2. The VaR Approach\*\*\* is used for measuring the Global Exposure\*\* for:

Fund	Market risk	Limit	Regulatory VaR limit utilisation			Reference portfolio	Model type	Confidence	Holding period	Observation period	Leverage***
			Lowest	Highest	Average						
Franklin U.S. Managed Income 2028 Fund	Absolute VaR	20% (or 0.2X)	21.90%	30.56%	25.63%	N/A	Monte Carlo Simulation (MSCI Barra)	99th Percentile	20-Day	28 July 2022 to 31 March 2023	27.27%

\*Commitment Approach is an approach for measuring risk or “global exposure” that factors in the market risk of the investments held in a UCITS sub-fund, including risk associated with any financial derivatives instruments held by converting the financial derivatives into equivalent positions in the underlying assets of those derivatives (sometimes referred to as “notional exposure”), after netting and hedging arrangements where the market value of underlying security positions may be offset by other commitments related to the same underlying positions.

\*\* Global Exposure refers to a measure of the risk exposure for a UCITS sub-fund that factors in the market risk exposure of underlying investments, as well as the incremental market risk exposure and implied leverage associated with financial derivative instruments held in the portfolio.

\*\*\*The level of leverage calculation method used is the sum of notional approach in line with CSSF Circular 11/512

**Periodic Reporting for Franklin Templeton Opportunities Funds in relation to FTOF**

**Transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports**

The Sustainable Finance Disclosure Regulation ((EU) 2019/2088), (the “SFDR”) requires the Company to include a description in its periodic reports of the extent to which any Fund classified pursuant to Article 8 of the SFDR (an “Article 8 Fund”) has met its environmental or social characteristics. The SFDR also empowers the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority (collectively “ESAs”) to develop draft regulatory technical standards (“RTS”) to specify the information and presentation format in the periodic reports.

The following SFDR Article 8 Funds' periodic disclosures have been prepared using the common set of sustainability disclosures or reporting requirements of the RTS which came into effect on 1 January 2023. The asset classifications in the following disclosures are based upon MSCI and may differ to the classification of the securities in the Schedule of Investments.

# Franklin ESG-Focused Balanced Fund

Entity LEI: 549300T7NYJPWFGQ5644



# FRANKLIN TEMPLETON

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

YES

- It made **sustainable investments with an environmental objective: \_\_\_%**
  - in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- It made **sustainable investments with a social objective: \_\_\_%**

NO

- It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 9.59% of sustainable investments
  - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - with a social objective
- It promoted E/S characteristics, but **did not make any sustainable investments**



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund promoted the reduction of greenhouse gas emissions, energy conservation, biodiversity consideration, responsible solid and water waste management, human rights consideration, and increasing social cohesion and gender equality. The Investment Manager implemented a negative screen as part of the investment process and favour issuers with a high-quality ESG profile.

As of the fiscal year end the Fund's portfolio was composed of 23.10% of the Environmental Champions based on the Energy and Environmental Transition Index (EETI) and ESG Credit App (proprietary tools to analyse sovereign and corporate issuers).

Following the Fund's commitment to invest at least 5% of the whole portfolio in sustainable investments as defined by SFDR, the Fund has invested in green bonds which comply with the definition of sustainable investment under SFDR. As of 31 March 2023, such green bonds represented 9.59% of the whole Fund exceeding the Fund's minimum threshold.

Last, the Investment Manager committed to engage with the issuers of fixed income holdings that are considered as underperformers in terms of their PAIs metrics, and during the reference period 33 engagements were held on behalf of the Fund. Within the equity portion of the Fund, the Investment Manager engaged with 7 bottom decile performers relative to gender board diversity and carbon emissions.

The Fund did not use derivative instruments to promote environmental or social characteristics.

No reference benchmark has been designated to measure the attainment of environmental and social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **How did the sustainability indicators perform?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted are:

- percentage of investments in green bonds. The Fund invested 9.59% in green bonds as of 31 March 2023. Those assets fulfill all the requirements for sustainable assets and therefore the Fund exceeded its minimum requirement of 5% for sustainable assets;
- percentage of investments in bonds issued by best-in-class issuers (the "Environmental Champions" as defined below). Overall sovereign and corporate issuers defined as Environmental Champions based on Investment Manager's proprietary approach represented 23.10% of the whole Fund as of 31 March 2023;
- the list of issuers of securities, with which the Investment Manager engages. The Investment Manager engaged with 33 companies on a fixed income side and 7 on the equity side; and
- percentage of investments in equities with an overall proprietary ESG score above the MSCI World Index - NR Eur 's median proprietary ESG score. 44.38% of the whole Fund) was invested in equities with an overall proprietary score above the MSCI World Index – NR Eur's median proprietary ESG score.

For the purpose of calculating sustainability indicators above, Environmental Champions are defined as:

- sovereign issuers ranked within the top 20% of their peer group, based on environmental factors including, but not limited to, greenhouse gas emissions, energy intensity, protection of biodiversity, air pollution and renewable energy mix; and
- corporate issuers ranked within the top 20% of their peer industry group, based on the greenhouse gas intensity.

Sustainability KPI Name	Value
Investments in green bonds as percentage of the Fund	9.59%
Investments in bonds issued by best-in-class issuers (the "Environmental Champions") as a percentage of the Fund	23.10%
Investments in equities with an overall proprietary ESG score above the MSCI World Index - NR Eur 's median proprietary ESG score as a percentage of the Fund	44.38%
Number of ESG engagements - Fixed Income	33.00
Number of ESG engagements - Equity	7.00

● **... And compared to previous periods?**

Not applicable as there were no prior reference periods.

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?**

The objectives of the sustainable investments were, amongst others, to Fund and promote either:

- the efficient use of energy, raw materials, water and land;
- the production of renewable energy;
- the reduction of waste and greenhouse gas emissions and lower impact of economic activities on biodiversity; or
- the development of a circular economy.

The Fund's sustainable investments included a minimum allocation of 5% of its portfolio to sustainable investments in economic activities that contribute to environmental objectives. The Fund exceeded the minimum stated exposure to sustainable assets and as of 31 March 2023 invested 9.59% in green bonds.

This was achieved by investing in bonds labelled as being green which:

- proceeds were used on eligible environmental projects;
- framework adhered to international standards (including but not limited to, the International Capital Market Association (the "ICMA") Green Bond Principles, future European Union Green Bond Standard (the "EU GBS")); and
- issuers did not significantly harm other environmental and/or social objectives while demonstrating good governance practices.

The use of proceeds for these bonds was clearly defined and aligned with the aforementioned objectives. The Fund did not make sustainable investments with an environmental objective aligned with the EU Taxonomy.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The Investment Manager used proprietary data tools and qualitative research to ensure alignment with the Do No Significant Harm (the "DNSH") principles across the sustainable investments which were achieved within the fixed income portion of the Fund.

Corporate issuers within the fixed income portion of the Fund were monitored using the Principle Adverse Impact Risk App (the "PAI Risk App"). The PAI Risk App used data from various third-party data providers to identify issuers involved in harmful economic activities and/or controversies and exclude such issuers from the investment universe.

A second proprietary tool, the Energy and Environmental Transition Index (the "EETI"), ranked the remaining sovereign issuers in the universe according to their environmental performance including greenhouse gas emissions and intensity. Sovereign issuers falling within the bottom 20% of their peer groups based on EETI are excluded from the investment universe. Another tool, ESG Credit App ranked corporate issuers by their greenhouse gas emissions and greenhouse gas intensity using various

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

data points such as Scope 1 and 2 greenhouse gasses emissions, emitters' historic trajectories. Corporate issuers falling within the bottom 20% of the investment universe (i.e. climate laggards) based on the ESG Credit App were also excluded from the portfolio.

Additionally, sovereign issuers were subjected to tests based on their political liberties and/or corruption.

When deploying funds to sustainable investments, especially the 9.59% of portfolio of the Fund committed towards environmental objectives, the Investment Manager applied additional qualitative assessment (based on internal research or on external third-party opinion) of the issuer's and of the project's DNSH eligibility.

### ***How were the indicators for adverse impacts on sustainability factors taken into account?***

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager took into account all mandatory PAI indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they were relevant for the investments contemplated by the Fund and other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performed this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators may vary across investments. Issuers deemed to be in breach of these indicators did not qualify as sustainable investments.

Furthermore, when deploying funds to green bonds, the Investment Manager reviewed and documented the materiality of the relevant PAIs for the project and how the project's implementation affected the issuer's overall PAIs outlook.

For example, while investing in a green bond whose use of proceeds targets development of renewable energy sources, (e.g. solar/PV panels), the Investment Manager ascertained that financed projects scored well on PAIs linked to greenhouse gas emissions.

### ***Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

For bonds issued by sovereign issuers, the Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multinational Enterprises and United Nations (the "UN") Guiding Principles on Business and Human Rights are not applicable to such investments.

For bonds issued by corporate issuers, the sustainable investments were aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Alignment was monitored using data from third-party data providers. Breaches identified by these service providers were flagged in the investment compliance system for subsequent investigation by the Investment Manager. Where due diligence proved that the issuer was not aligned with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, it was deemed un-investable.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

*The "do not significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.*

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## How did this financial product consider principal adverse impacts on sustainability factors?

While the Fund has specialized sustainability approaches for the equities and fixed income strategies, it specifically considered the following PAIs at the whole Fund level:

- greenhouse gas emissions, scope 1 and 2;
- greenhouse gas intensity;
- board gender diversity;
- exposure to controversial weapons;
- greenhouse gas intensity for sovereigns; and
- investee countries subject to social violations.

### **Greenhouse gas emissions, scope 1 and 2; greenhouse gas intensity and board gender diversity**

Specifically, these PAIs were used to restrict the Fund's investment universe and select Environmental Champions. While the Investment Manager excluded the largest greenhouse gas polluters on the fixed income side, the Fund assessed the environmental quality of securities in the investable universe using greenhouse gas emissions scope 1 and 2 as well as greenhouse gas intensity. Those PAIs also guided the Investment Manager on thematic engagement. For the equity sleeve, we use greenhouse gas emissions (scope 1 and 2) and board gender diversity to flag bottom decile performers for enhanced engagement.

### **Exposure to controversial weapons**

The Fund excluded securities with any exposure to controversial and nuclear weapons on the Fund's portfolio level.

### **Greenhouse gas intensity for sovereigns and investee countries subject social violations**

Those PAIs were both used to reduce the investment universe and select Environmental Champions within the sovereign bond asset class.





## What were the top investments of this financial product?

The top investments of this Fund, excluding cash and derivatives, were:

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is - 2022-04-01 - 2023-03-31.

Top investments	Sector	Proportion	Country
Spain Government Bond 1.25% 10/31/2030 144A REG S	Government bonds	3.54%	Spain
Bundesobligation 10/10/2025 REG S	Government bonds	3.30%	Germany
Deutsche Bundesrepublik Inflation Linked Bond 0.10% 04/15/2023 INDEX LINKED TO CPTFEMU REG S	Government bonds	2.68%	Germany
Microsoft Corp COM USD0.001	Information Technology	2.51%	United States
European Union 07/04/2035 REG S	Government bonds	1.69%	Supranational
Apple Inc COM USD.00001	Information Technology	1.58%	United States
Alphabet Inc COM USD.001 CL A	Communication Services	1.48%	United States
Lowe's Cos Inc COM USD.5	Consumer Discretionary	1.20%	United States
Societe Du Grand Paris EPIC 11/25/2030 REG S	Government bonds	1.09%	France
Nykredit Realkredit AS 5% 10/01/2053 REG S	Financials	0.99%	Denmark
Merck & Co Inc COM USD.5	Health Care	0.96%	United States
Elevance Health Inc COM USD.01	Health Care	0.89%	United States
Accenture PLC ORD A USD.00002	Information Technology	0.88%	United States
Enel Finance International NV 0.3750% 05/28/2029 REG S	Utilities	0.85%	Italy
Home Depot Inc/The COM USD0.05	Consumer Discretionary	0.78%	United States



## What was the proportion of sustainability-related investments?

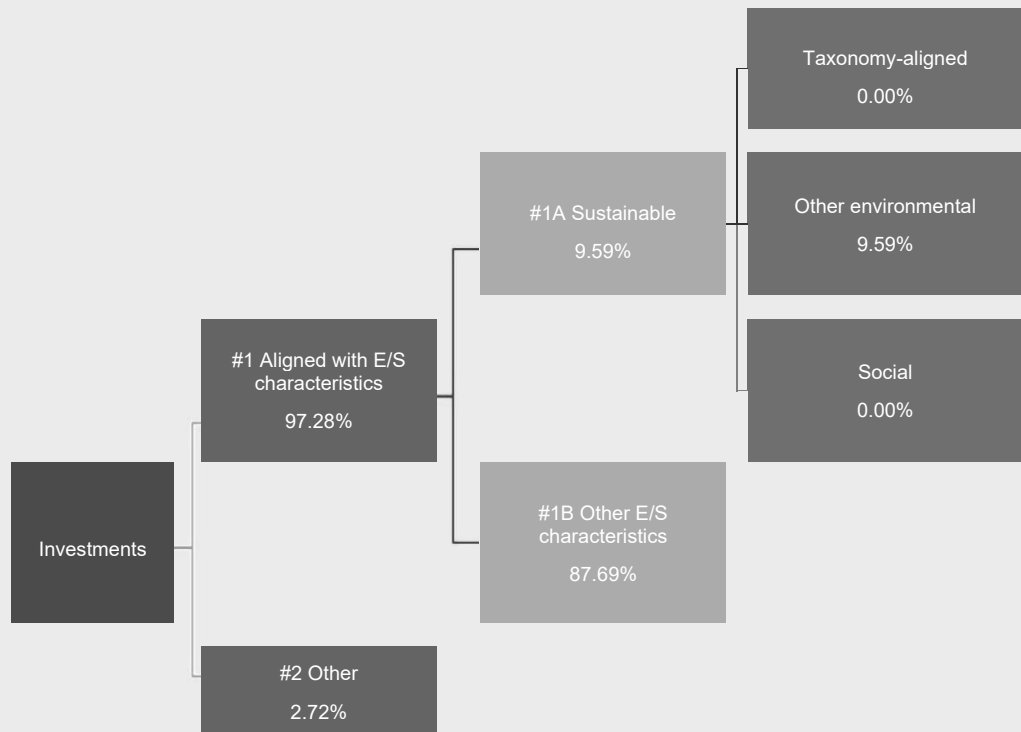
The share of sustainability-related investments was 9.59%.

**Asset allocation** describes the share of investments in specific assets.

### What was the asset allocation?

As of 31 March 2023, a portion of 97.28% of the Fund's portfolio based on market value was aligned with the E/S characteristics promoted by the Fund. The remaining portion (2.72%) was not aligned with the promoted characteristics and consisted primarily of liquid assets.

Out of the Fund's portfolio segment which was aligned with the promoted environmental and social characteristics, the Fund invested 9.59% of its portfolio in sustainable investments.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● ***In which economic sectors were the investments made?***

<b>Top sector</b>	<b>Proportion</b>
Financials	22.93%
Government bonds	20.18%
Information Technology	12.87%
Health Care	8.10%
Industrials	6.73%
Consumer Staples	6.03%
Consumer Discretionary	5.87%
Utilities	4.90%
Communication Services	4.40%
Energy	2.45%
Materials	1.94%
Real Estate	1.19%

<b>Top sub-sector</b>	<b>Proportion</b>
Government Bonds	20.18%
Banks	12.62%
Software & Services	7.40%
Financial Services	6.59%
Capital Goods	4.78%
Pharmaceuticals Biotechnology & Life Sc	4.67%
Utilities	3.89%
Insurance	3.72%
Health Care Equipment & Services	3.43%
Technology Hardware & Equipment	2.88%
Food Beverage & Tobacco	2.79%
Media & Entertainment	2.66%
Semiconductors & Semiconductor Equipment	2.60%
Energy	2.45%
Consumer Discretionary Distr & Retail	2.38%

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.

- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g for a transition to a green economy.

- **operational expenditure (OpEx)** reflecting the green operational activities of investee companies.



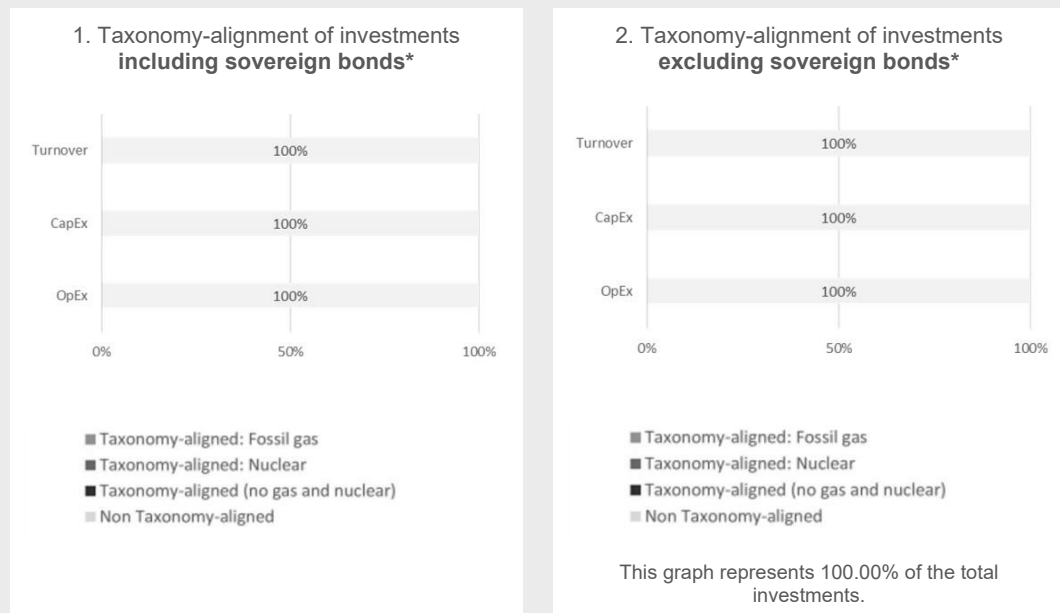
## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund did not make sustainable investments with an environmental objective aligned with the EU Taxonomy.

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy ?<sup>1</sup>

- Yes  
 In fossil gas  In nuclear energy  
 No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### What was the share of investments made in transitional and enabling activities?

The Fund did not invest in transitional and enabling activities.

### How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



### What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?

As of the end of the reference period, 9.59% of the portfolio of the Fund was comprised of investments with an environmental objective not aligned with the EU Taxonomy. As a result of the investment strategy of the Fund, the Fund did not make sustainable investments with an environmental objective aligned with the EU Taxonomy.



### What was the share of socially sustainable investments?

The share of socially sustainable investments was 0%.



### What investments were included under “#2 Other”, what was their purpose and were there any minimum environmental or social safeguards?

The portion of investments under “#2 Other” was 2.72% as 31 March 2023 and comprised of liquid assets (ancillary liquid assets, bank deposits, money market instruments and money market funds) held for the purposes of servicing the day-to-day requirements of the Fund. No minimum environmental and/or social safeguards were put in place.



### What actions have been taken to meet the environmental and/or social characteristics during the reference period?

1. The Fund invested in line with its ESG positive selection approach. The vast majority of the equity portion was selected from the companies rated above the MSCI World Index – NR Eur’s median ESG score. For the management risk purposes we have added a small exposure (3.64% of the Fund) to stocks rated below the universe median but above or equal ESG score 30. Over the reporting period any investments breaching passively either our internal ESG scores or exclusions criteria were addressed and divested over the short period of time.
2. The Fund applied all the exclusions as described in the prospectus. Moreover, as the Fund holds FNG label (Forum Nachhaltige Geldanlagen, 2 stars award for 2022 and 2023) the Investment Manager has applied even more stringent exclusions. For instance, the Investment Manager lowered the threshold for exclusion for companies which derive their revenue from coal energy to 10% instead of the allowed maximum 25%.
3. The Fund invested in sustainable assets represented by green bonds above the stated minimum level, i.e. at the Fund level green bonds accounted for 9.59% of the Fund, above the stated 5%.
4. The exclusion of the bottom 20% of the fixed income investment universe was implemented based on the EETI and ESG Credit App (proprietary tools to analyse sovereign and corporate issuers).
5. The Investment Manager has engaged with the issuers of fixed income holdings that are considered underperformers in terms of their PAIs metrics. Altogether the Fund counted 33 fixed income engagements which related to underperformers and other fixed income holdings. The Investment Manager also had 7 engagements with the issuers of equity holdings.



### How did this financial product perform compared to the reference benchmark?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable

# Franklin Green Target Income 2024 Fund

Entity LEI: 549300US5QR7QSUVDC48



# FRANKLIN TEMPLETON

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

YES

- It made **sustainable investments with an environmental objective: \_\_\_%**
  - in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- It made **sustainable investments with a social objective: \_\_\_%**

NO

- It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 0.00% of sustainable investments
  - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
  - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - with a social objective
- It promoted E/S characteristics, but **did not make any sustainable investments**



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund promoted environmental and social characteristics in accordance with Article 8 of the Sustainable Finance Disclosure Regulation (the "SFDR"). In its implementation of the Fund's environmental, social and governance ("ESG") strategy, the Investment Manager encouraged energy conservation, responsible water, wastewater management and the reduction of greenhouse gasses emissions via issuers engagement. The Fund's environmental or social characteristics were assessed both quantitatively and qualitatively, by means of sustainability indicators as well as of the Investment Manager's research and engagement process. As part of its investment decision making process, the Fund's ESG strategy also used binding criteria for the selection of underlying assets and applies specific ESG exclusions.

The Fund did not use derivative instruments to promote environmental or social characteristics.

No reference benchmark has been designated to measure the attainment of environmental and social characteristics promoted by the Fund.

**Sustainability**

**indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

● **How did the sustainability indicators perform?**

The fund has 0% of exposure to excluded sectors.

List of engaged issuers:

ABANCA CORP, ABN AMRO BANK NV, AIB GROUP PLC, AIR FRANCE-KLM, ALMIRALL SA, ALSTRIA OFFICE, ALTICE FRANCE, ARKEMA, AROUNDTOWN SA, ASR NEDERLAND NV, ASSICURAZIONI, AXA SA, AXALTA COATING, BANCO BILBAO VIZ, BANCO SABADELL, BARCLAYS PLC, BAWAG GROUP AG, BELFIUS BANK SA, BLACKSTONE PROP, BNP PARIBAS, BRITISH TELECOMM, CAIXA GERAL DEPO, CAIXABANK, CATALENT PHARMA, CEMEX SAB, CENTURION BIDCO, CHORUS LTD, CK HUTCHISON, COMMERZBANK AG, COOPERATIEVE RAB, CPI PROPERTY GRO, CRD MUTUEL ARKEA, CRDT AGR ASSR, CREDIT SUISSE, CREDIT SUISSE LD, CROWN EUROPEAN, DANAHER CORP, DARLING GLBL FIN, EDP SA, ELEC DE FRANCE, ELM FOR FIRMENIC, ENCORE CAPITAL, ENEL SPA, ENERGIA GRP FIN, ENERGO PRO AS, ERSTE GROUP, FAURECIA, GARFUNKELUX HOLD, GAS NAT FENOSA F, GLOBALWORTH REAL, GOLDMAN SACHS GP, GRAND CITY PROP, GRIFOLS SA, HBOS PLC, HEIMSTADEN BOSTA, HOLCIM FINANCE L, HSBC HOLDINGS, IBERCAJA, INTESA SANPAOLO, INTL DESIGN GRP, IQVIA INC, KBC GROUP NV, KION GROUP AG, KRONOS INTL INC, LIBERTY MUTUAL, LINCOLN FIN, LKQ EURO BV, LLOYDS BK GR PLC, LOXAM SAS, MAS SECURITIES, MATTERHORN TELE, MPT OP PTNR/FINL, N MACEDONIA BOND, NATIONWIDE BLDG, NE PROPERTY, NETFLIX INC, NEXI, NN GROUP NV, NOKIA OYJ, OI EUROPEAN GRP, ORANGE, PHOENIX PIB DUTC, PROGROUP, QUATRIM, ROYAL MAIL, SAMHALLSBYGG, SCHOELLER PACK, SOCIETE GENERALE, SPCM SA, STANDARD INDS IN, SUEZ, SUMMIT PROPERTIE, TECHEM VERWALTUN, TELECOM ITALIA, TELEFONICA EUROP, TELIA CO AB, TEOLLISUUDEN VOI, TITAN GLOBAL FIN, UNICAJA ES, UNICREDIT SPA, VERDE BIDCO SPA, VITERRA FINANCE, VIVION, VODAFONE GROUP

Sustainability KPI Name	Value
Number of issuers, with which the Investment Manager engages	104.00
Exposure to Excluded Sectors	0.00%

● **... And compared to previous periods?**

Not applicable as there were no prior reference periods.

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?**

Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

-----**How were the indicators for adverse impacts on sustainability factors taken into account?**

Not applicable.

-----**Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

Not applicable.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*





## How did this financial product consider principal adverse impacts on sustainability factors?

Principle Adverse Impact (PAI) Indicators were considered for the purpose of:

Restricting investable universe:

The negative screens applied:

- PAI 10 - Violations of UNGC Principles or OECD Guidelines for Multinational Enterprises: the Fund excludes from its portfolio investments in companies which have been involved in violations of UNGC Principles.
- PAI 14 - Manufacture military equipment and/or controversial weapons: the Fund excludes from its portfolio investments in companies that manufacture such equipment or weapons that are defined as being indiscriminate; or that manufacture components intended for use in such equipment or weapons.
- PAI 4 - Exposure to companies active in the fossil fuel sector and the share of non-renewable energy consumption and production: the Fund excludes from its portfolio investment in companies that have more than 30% share of any fossil fuels or 5% share of coal in energy generation or lack ambitious decarbonization goals.
- PAI 16 - For sovereign issuers, social violations by the investee countries, are monitored, where the Investment Manager reviews institutional strength, social cohesion and stability and income equality among others. This is in addition to explicitly excluding countries with a "Not Free" status according to the Freedom House Index.

In addition, as stated in the Website Disclosure, the Fund excluded from its portfolio investments in companies that:

- derived unacceptable levels of revenue (above 5%) from the most polluting fossil fuels that included revenues from oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, coal bed methane and all types of conventional oil and gas production including Arctic onshore/offshore, deepwater, shallow water and other onshore/offshore; or
- fell short of the Investment Managers' threshold level for using lower-carbon fossil fuels (i.e. have more than 30% share of any fossil fuels or 5% share of coal in energy generation or lack ambitious decarbonization goals).



## What were the top investments of this financial product?

The top investments of this Fund, excluding cash and derivatives, were:

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is - 2022-04-01 - 2023-03-31.

Top investments	Sector	Proportion	Country
Cooperatieve Rabobank UA 4.625% 12/29/2171 PERP REG S	Financials	1.79%	Netherlands
Credit Agricole Assurances SA 4.25% 01/13/2172 PERP REG S	Financials	1.79%	France
Electricite de France SA 5.375% 01/29/2172 PERP REG S	Utilities	1.75%	France
CaixaBank SA FRN 02/15/2029 REG S FIXED TO FLOAT	Financials	1.67%	Spain
NN Group NV 4.625% 04/08/2044 REG S *FIXED TO FLOAT*	Financials	1.66%	Netherlands
Arkema SA 2.75% 09/17/2171 PERP REG S	Materials	1.65%	France
HBOS PLC 4.50% 03/18/2030 *FIXED- TO-FLOAT*	Financials	1.61%	United Kingdom
NE Property BV 1.75% 11/23/2024 REG S	Real Estate	1.54%	Romania
Liberty Mutual Group Inc FRN 05/23/2059 FIXED TO FLOAT REG S	Financials	1.49%	United States
Credit Mutuel Arkea SA 1.875% 10/25/2029 REG S *FIXED TO FLOAT*	Financials	1.40%	France
Unicaja Banco SA 2.875% 11/13/2029 FIXED TO FLOAT REG S	Financials	1.33%	Spain
Intesa Sanpaolo SpA 4.3750 07/12/2029 REG S *FIXED TO FLOAT*	Financials	1.32%	Italy
Cemex SAB de CV 3.125% 03/19/2026 REG S	Materials	1.32%	Mexico
Vodafone Group PLC 3.10% 01/03/2079 *FIXED TO FLOAT* REG S	Communication Services	1.30%	United Kingdom
Netflix Inc 3% 06/15/2025 REG S	Communication Services	1.29%	United States



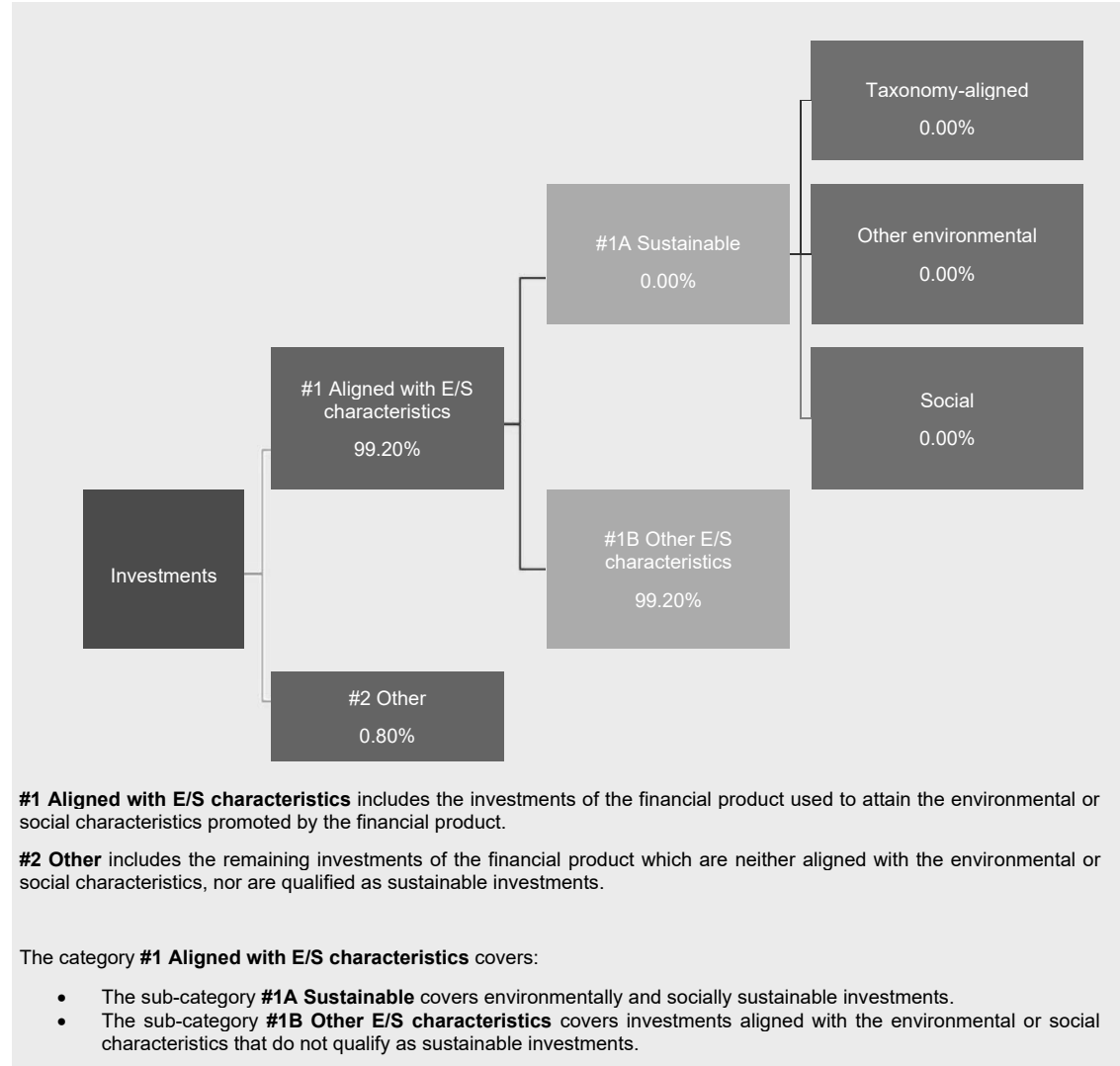
## What was the proportion of sustainability-related investments?

The Fund did not make sustainable investments during the reference period.

**Asset allocation**  
describes the share of  
investments in specific  
assets.

### What was the asset allocation?

A portion of 99.2% of the Fund's portfolio was aligned with the E/S characteristics promoted by the Fund. The remaining portion (0.8%) was not aligned with the promoted characteristics and consisted primarily of liquid assets. The Fund did not make sustainable investments during the reference period.



● ***In which economic sectors were the investments made?***

<b>Top sector</b>	<b>Proportion</b>
Financials	50.97%
Communication Services	8.66%
Real Estate	7.48%
Materials	7.35%
Industrials	5.77%
Utilities	5.72%
Consumer Staples	4.56%
Health Care	4.49%
Information Technology	1.87%
Consumer Discretionary	1.68%
Government Bonds	0.64%

<b>Top sub-sector</b>	<b>Proportion</b>
Banks	34.22%
Insurance	8.28%
Materials	7.35%
Diversified Financials	7.16%
Real Estate Management & Development	6.57%
Telecommunication Services	6.01%
Utilities	5.72%
Pharmaceuticals Biotechnology & Life Sciences	3.83%
Capital Goods	3.00%
Food Beverage & Tobacco	2.77%
Media & Entertainment	2.65%
Transportation	1.86%
Food & Staples Retailing	1.79%
Automobiles & Components	1.42%
Financial Services	1.31%

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.

- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g for a transition to a green economy.

- **operational expenditure (OpEx)** reflecting the green operational activities of investee companies.



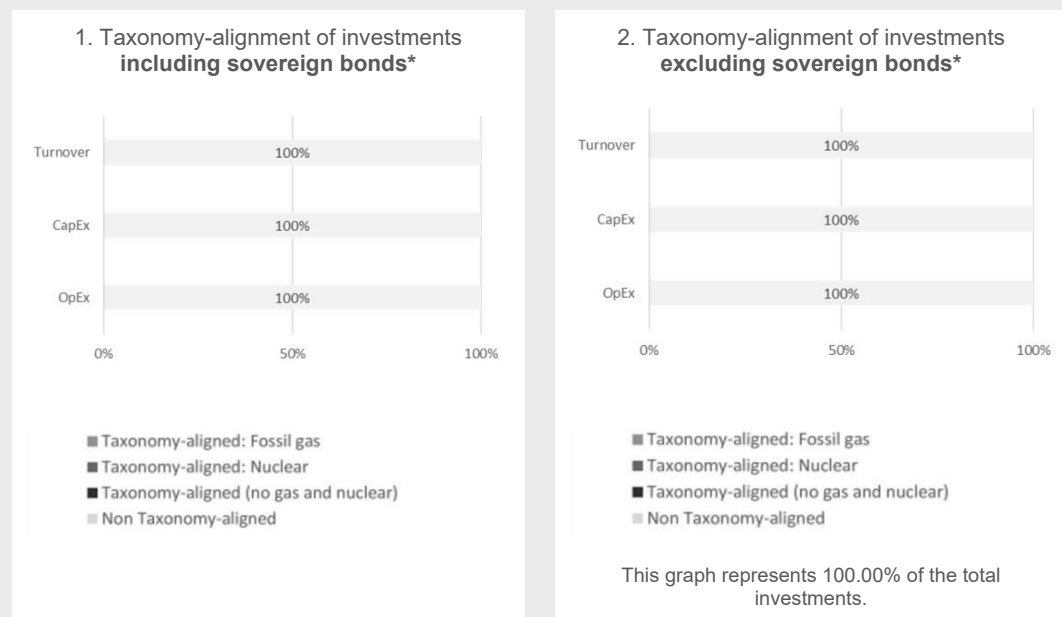
## To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund did not make sustainable investments with an environmental objective aligned with the EU Taxonomy.

### Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy ?<sup>1</sup>

- Yes  
 In fossil gas  In nuclear energy  
 No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

### What was the share of investments made in transitional and enabling activities?

The Fund did not invest in transitional and enabling activities as defined in Article 16 and Article 10(2) of the EU Taxonomy Regulation.

### How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



### What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?

As a result of the investment strategy of the Fund, the Fund did not make sustainable investments with an environmental objective aligned with the EU Taxonomy and, accordingly, as of the end of the reference period, 0% of the portfolio of the Fund was comprised of investments with an environmental objective not aligned with the EU Taxonomy.



### What was the share of socially sustainable investments?

The financial product had a share of investments with a social objective of 0%.



### What investments were included under “#2 Other”, what was their purpose and were there any minimum environmental or social safeguards?

The proportion of investments under “#2 Other” was 0.8% and comprised of cash held on deposit and derivative instruments used for hedging and derivatives for which there were no minimum environmental or social safeguards.



### What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The following actions have been taken to meet the environmental and/or social characteristics during the reference period:

A. The sustainability indicators were used to measure the attainment of each environmental or social characteristic promoted by the Fund.

B. The Investment Manager engaged with 104 unique issuers as of 31 March 2023. This has been done via emails, direct video calls, attending roadshows or during in person meetings. We did not have yet an opportunity to engage with 17 recently bought issuers. The Manager continues to engage with the issuers of the Fund's holding.

More information on engagements is provided in the sections above.

For more details on our engagement approach, please refer to Investment Manager's Engagement Report which may be found here: <https://franklintempletonprod.widen.net/view/pdf/dxsqiy3ixq/Franklin---Engagement-Report.pdf>



### How did this financial product perform compared to the reference benchmark?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable

## UCITS Remuneration Disclosure

Franklin Templeton International Services S.à r.l. ("FTIS"), as UCITS licensed management company (the "Management Company") has a remuneration policy (the "Policy") in place which applies to all UCITS funds (each a "UCITS" and together the "UCITS") 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, Compliance 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.

The full Policy is available at the registered office of the Management Company. Quantitative information relevant to the Franklin Templeton Opportunities Funds is outlined below.

Total amount of fixed remuneration paid by FTIS and its delegates during the year ended September 30, 2022*, **, ***	€ 578,445
Total amount of variable remuneration paid by FTIS and its delegates during the year ended September 30, 2022*, **, ***	€ 388,392
Number of staff of FTIS and in its delegates as at September 30, 2022	549
Total amount of compensation paid by FTIS and its delegates to Senior managers during the year ended September 30, 2022*, **, ***	€ 293,711
Total amount paid by FTIS and its delegates to other members of staff who have a material impact on the profile of UCITS during year ended September 30, 2022*, **, ***	€ 61,178

\* The total amount of compensation paid by FTIS has been allocated to FTOF 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, 2022.

\*\* The total amount of compensation paid by the FTIS delegates has been allocated to FTOF 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, 2022.

\*\*\* 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 Regulation

At the date of the financial statements, Franklin Templeton Opportunities Funds is currently not concerned by the requirements of the SFTR regulation 2015/2365 on transparency of securities financing transactions and of reuse, as no corresponding transactions were carried out during the year referring to the financial statements.

## Collateral

The following table reports the collateral held as at March 31, 2023 to reduce counterparty exposure on OTC derivatives.

Fund	Counterparty	Collateral currency	Cash held as collateral	Sovereign Bonds held as collateral
Franklin U.S. Managed Income 2028 Fund	Barclays	USD	528,000	–

### 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.

<b>Fund</b>	<b>Portfolio Turnover Ratio</b>
Franklin ESG-Focused Balanced Fund	116.30%
Franklin Global Target Euro Income 2025 Fund	19.47%
Franklin Green Target Income 2024 Fund	21.27%
Franklin Target Income 2024 Fund	25.74%
Franklin U.S. Managed Income 2028 Fund	2.94%
Franklin USD Diversified Bond Series I 2025 Fund	13.67%

### Distressed Securities

In line with the prospectus definition, distressed securities are to be understood as including defaulted securities, and securities that are being rate CCC or below by at least 2 ratings agencies, or if unrated, their equivalent and have a credit spread above 1,000 bps. However, with respect to securities with a credit spread higher than 1,000 bps (irrespective of their credit ratings) the investment manager will proceed to additional analyses and verifications notably based on the evolution of the security's credit spread and the rating provided by other credit agencies in order to assess whether this security should be qualified as a distressed security. This procedure is further described in the Management Company's risk management process.

The exposure to distressed securities as at March 31, 2023 is as follows:

<b>Fund</b>	<b>Exposure in % of Net Assets</b>
Franklin Green Target Income 2024 Fund	0.99%
Franklin Target Income 2024 Fund	1.77%
Franklin USD Diversified Bond Series I 2025 Fund	2.91%

### Audited annual reports and unaudited semi-annual reports

The audited annual reports and unaudited semi-annual reports are available on the following 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.



# Franklin Templeton Office Directory

Further information regarding Franklin Templeton Opportunities Funds is available from the following Franklin Templeton offices:

## EUROPE

### France

**Franklin Templeton International Services S.à r.l.,  
French Branch Office**

14, boulevard de la Madeleine  
75008 Paris, France  
Tel: +33 (0)1 40 73 86 00 Fax: +33 (0)1 40 73 86 10  
www.franklintempleton.fr

### Germany and Austria

**Franklin Templeton International Services S.à r.l.,  
Niederlassung Deutschland**

Mainzer Landstraße 16  
Postfach 11 18 03  
60325 Frankfurt am Main, Germany  
Tel: +49 (0) 69 272 23 0 Fax: +49 (0) 69 272 23 120  
Germany Freefone: 08 00 0 73 80 02  
Austria Freefone: 08 00 29 59 11  
www.franklintempleton.de  
www.franklintempleton.at

### Italy

**Franklin Templeton International Services S.à r.l.,  
Italian branch**

Corso Italia n.1  
20122 Milan, Italy  
Tel: +39 02 854 591 Fax: +39 02 854 59222  
Italy freefone: 800 915 919  
www.franklintempleton.it

### Luxembourg

**Franklin Templeton International Services S.à r.l.**

8A, rue Albert Borschette, L-1246 Luxembourg  
B.P. 169, L-2011 Luxembourg  
Grand Duchy of Luxembourg  
Tel: +352 46 66 67 1 Fax: +352 46 66 76  
www.franklintempleton.lu

### The Netherlands

**Franklin Templeton International Services S.à r.l.  
Nederlands bijkantoor**

World Trade Center Amsterdam  
H-Toren, 5e verdieping  
Zuidplein 36  
1077 XV Amsterdam, The Netherlands  
Tel: +31 (0) 20 575 2890 Fax: +31 (0) 20 575 2892  
Netherlands Freefone: 0800 256 8049  
www.franklintempleton.nl

### Spain

**Franklin Templeton International Services S.à r.l.  
Sucursal en España**

José Ortega y Gasset, 29-6º  
28006 Madrid, Spain  
Tel: +34 91 426 3600 Fax: +34 91 577 1857  
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### Switzerland

**Franklin Templeton Switzerland Ltd**

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### United Kingdom

**Franklin Templeton Investment Management Limited**

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**Franklin Templeton Investment Management Limited**

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www.franklintempleton.co.uk

## ASIA

### Singapore

**Templeton Asset Management Ltd**

7 Temasek Boulevard  
#38-03 Suntec Tower One  
Singapore 038987  
Tel: (65) 6241 2662 Fax: (65) 6332 2295  
www.franklintempleton.com.sg

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



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TEMPLETON**

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