



FRANKLIN TEMPLETON  
INVESTMENTS

Unaudited  
Semi-Annual Report  
December 31, 2017

# Franklin Templeton Investment Funds

SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE





FRANKLIN TEMPLETON INVESTMENT FUNDS  
société d'investissement à capital variable

UNAUDITED SEMI-ANNUAL REPORT  
FOR THE PERIOD ENDED DECEMBER 31, 2017

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This report shall not constitute an offer or a solicitation of an offer to buy shares of Franklin Templeton Investment Funds (the "Company"). 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.

This report is an abridged version of the report of the Company which is available free of charge upon request at the registered office of the Company, at Franklin Templeton Investments' local offices or distributors as stated in the current prospectus.



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## 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 35 177)

## GENERAL INFORMATION (AS AT DECEMBER 31, 2017)

**BOARD OF DIRECTORS:****Chairman**

*Gregory E. Johnson*  
Chairman and Chief Executive Officer  
FRANKLIN RESOURCES, INC.  
One Franklin Parkway  
San Mateo, CA 94403-1906, U.S.A.

**Directors**

*Jed A. Plafker*  
President and Executive Managing Director  
FRANKLIN TEMPLETON INVESTMENTS  
One Franklin Parkway  
San Mateo, CA 94403-1906, U.S.A.

*Mark G. Holowesko*  
President  
HOLOWESKO PARTNERS LTD  
Shipston House  
P.O. Box N-7776, West Bay Street, Lyford Cay,  
Nassau, Bahamas

*James J. K. Hung*  
President and Chief Executive Officer  
ASIA SECURITIES GLOBAL LTD  
2704, Block B, Parkway Court,  
No. 4 Parkway Road  
Hong Kong

*Dr. J. B. Mark Mobius*  
Executive Chairman  
TEMPLETON EMERGING MARKETS GROUP  
7 Temasek Boulevard, # 38-03 Suntec Tower One  
Singapore 038987  
(date of resignation January 31, 2018)

*The Honourable Trevor G. Trefgarne*  
Chairman  
ENTREPRISE GROUP LIMITED  
11 High Street  
Accra, Ghana

*William C. P. Lockwood*  
Independent Director  
Poste restante, Avenue du Général de Gaulle  
F-57570 Cattenom, France

**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, U.S.A.

FT ALPHAPARTY, LLC (previously named FRANKLIN ALTERNATIVE STRATEGIES ADVISERS, LLC)  
One International Place, 25th Floor  
Boston, MA 02110, U.S.A.

FRANKLIN MUTUAL ADVISERS, LLC  
101 John F. Kennedy Parkway  
Short Hills, NJ 07078-2789, U.S.A.

FRANKLIN TEMPLETON INSTITUTIONAL LLC  
280 Park Avenue,  
New York, NY 10017, U.S.A.

FRANKLIN TEMPLETON INVESTIMENTOS (Brasil) Ltda.  
Avenue Brigadeiro Faria Lima 3311, 5o andar,  
São Paulo 04538-133, Brazil

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

FRANKLIN TEMPLETON INVESTMENT TRUST MANAGEMENT CO. LIMITED  
12 Youido-dong, Youngdungpo-gu,  
Seoul, Korea

FRANKLIN TEMPLETON INVESTMENTS CORP.  
200 King Street West, Suite 1500,  
Toronto, Ontario M5H 3T4, Canada

K2/D&S MANAGEMENT CO., LLC  
300 Atlantic Street, 12th Floor  
Stamford, CT 06901, U.S.A.

P/E GLOBAL LLC  
75 State Street, 31st Floor, Boston  
MA 02109, U.S.A.

CHILTON INVESTMENT COMPANY, LLC  
1290 East Main Street  
Stamford, CT 06902, U.S.A.

IMPALA ASSET MANAGEMENT LLC  
107 Cherry Street  
New Canaan, CT 06840, U.S.A.

JENNISON ASSOCIATES LLC  
466 Lexington Avenue  
New York, NY 10017, U.S.A.

WELLINGTON MANAGEMENT COMPANY, LLP  
280 Congress Street  
Boston, MA 02210, U.S.A.

P. SCHOENFELD ASSET MANAGEMENT L.P.  
1350 Avenue of the Americas, 21st Floor  
New York, NY 10019, U.S.A.

EMSO ASSET MANAGEMENT LIMITED  
Iron Trades House, 21-14 Grosvenor Place  
London SW1X 7HF, United Kingdom

BASSO CAPITAL MANAGEMENT L.P.  
1266 East Main Street  
Stamford, CT 06902, U.S.A.

CHATHAM ASSET MANAGEMENT LLC  
26 Main Street, Suite 204  
Chatham, NJ 07928, U.S.A.

LAZARD ASSET MANAGEMENT LLC  
30 Rockefeller Plaza  
New York, NY 10112, U.S.A.

LOOMIS SAYLES & COMPANY, L.P.  
One Financial Center, 27th Floor  
Boston, MA 02111, U.S.A.

GRAHAM CAPITAL MANAGEMENT L.P.  
40 Highland Avenue  
Rowayton, CT 06853, U.S.A.

PORTLAND HILL ASSET MANAGEMENT LIMITED  
21 Knightsbridge  
London SW1X 7LY, United Kingdom

ASPECT CAPITAL LIMITED  
10 Portman Square  
London W1H 6AZ, United Kingdom

ELLINGTON GLOBAL ASSET MANAGEMENT, LLC  
53 Forest Avenue  
Old Greenwich, CT 06870, U.S.A.

APOLLO SA MANAGEMENT, LLC  
9 West 57th Street, Suite 4800  
New York, NY 10019, U.S.A.

LOGAN CIRCLE PARTNERS, L.P.  
1717 Arch Street, Suite 1500,  
Philadelphia, PA 19103, U.S.A.

CANDLEWOOD INVESTMENT GROUP, LP  
555 Theodore Fremd, Suite C-303  
Rye, NY 10580, U.S.A.

HALCYON ARBITRAGE UCITS MANAGEMENT LP  
477 Madison Avenue, 8th Floor  
New York, NY 10022, U.S.A.

FRANKLIN TEMPLETON INVESTMENTS (ME) LIMITED  
The Gate, East Wing, Level 2,  
Dubai International Financial Centre,  
P.O. Box 506613, Dubai, United Arab Emirates

SUMITOMO MITSUI ASSET MANAGEMENT COMPANY LIMITED  
2-5-1 Atago Minato-ku  
Tokyo 105-6228, Japan

TEMPLETON ASSET MANAGEMENT LTD.  
7 Temasek Boulevard  
# 38-03 Suntec Tower One  
Singapore 038987

TEMPLETON GLOBAL ADVISORS LIMITED  
P.O. Box N-7759  
Lyford Cay, Nassau, Bahamas

TEMPLETON INVESTMENT COUNSEL, LLC  
300 S.E. 2nd Street  
Fort Lauderdale, FL 33301, U.S.A.

**DEPOSITARY AND LISTING AGENT**  
J.P. Morgan Bank LUXEMBOURG S.A.  
European Bank and Business Centre  
6C Route de Trèves, L-2633 Senningerberg  
Grand Duchy of Luxembourg

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

**LEGAL ADVISERS:**  
ELVINGER, HOSS & PRUSSEN, Société Anonyme  
2, place Winston Churchill, B.P. 425, L-2014 Luxembourg  
Grand Duchy of Luxembourg

## GENERAL INFORMATION (AS AT DECEMBER 31, 2017) (CONTINUED)

## INVESTMENT MANAGERS PER FUND:

## Franklin Asia Credit Fund

## Co-Investment Managers

FRANKLIN ADVISERS, INC.  
FRANKLIN TEMPLETON INSTITUTIONAL, LLC  
TEMPLETON ASSET MANAGEMENT LTD.

## Franklin Biotechnology Discovery Fund

FRANKLIN ADVISERS, INC.

## Franklin Brazil Opportunities Fund

FRANKLIN TEMPLETON INVESTIMENTOS (Brazil) Ltda.

## Franklin Diversified Balanced Fund

## Lead Investment Manager

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Investment Co-Manager

FRANKLIN TEMPLETON INSTITUTIONAL, LLC

## Franklin Diversified Conservative Fund

## Lead Investment Manager

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Investment Co-Manager

FRANKLIN TEMPLETON INSTITUTIONAL, LLC

## Franklin Diversified Dynamic Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Franklin Euro Government Bond Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Franklin Euro High Yield Fund

## Co-Investment Managers

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED  
FRANKLIN ADVISERS, INC.

## Franklin Euro Short Duration Bond Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Franklin Euro Short-Term Money Market Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Franklin European Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Franklin European Corporate Bond Fund

## Co-Investment Managers

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED  
FRANKLIN TEMPLETON INSTITUTIONAL, LLC

## Franklin European Dividend Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Franklin European Growth Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Franklin European Income Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Franklin European Small-Mid Cap Growth Fund

FRANKLIN TEMPLETON INSTITUTIONAL, LLC

## Franklin European Total Return Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Franklin Flexible Alpha Bond Fund

## Co-Investment Managers

FRANKLIN ADVISERS, INC.  
FRANKLIN TEMPLETON INSTITUTIONAL, LLC

## Franklin GCC Bond Fund

FRANKLIN TEMPLETON INVESTMENTS (ME) LIMITED

## Franklin Global Aggregate Bond Fund

## Co-Investment Managers

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED  
FRANKLIN TEMPLETON INSTITUTIONAL, LLC

## Franklin Global Aggregate Investment Grade Bond Fund

## Co-Investment Managers

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED  
FRANKLIN TEMPLETON INSTITUTIONAL, LLC

## Franklin Global Convertible Securities Fund

FRANKLIN ADVISERS, INC.

## Franklin Global Equity Strategies Fund

## Co-Investment Managers

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED  
TEMPLETON ASSET MANAGEMENT LTD.  
FRANKLIN ADVISERS, INC.  
TEMPLETON GLOBAL ADVISORS LIMITED  
FRANKLIN MUTUAL ADVISERS, LLC

## Franklin Global Fundamental Strategies Fund

## Co-Investment Managers

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED  
FRANKLIN ADVISERS, INC.  
TEMPLETON GLOBAL ADVISORS LIMITED  
FRANKLIN MUTUAL ADVISERS, LLC

## Franklin Global Growth Fund

FRANKLIN TEMPLETON INSTITUTIONAL, LLC

## Franklin Global High Income Bond Fund

FRANKLIN ADVISERS, INC.

## Franklin Global Listed Infrastructure Fund

FRANKLIN TEMPLETON INSTITUTIONAL, LLC

## Franklin Global Multi-Asset Income Fund

## Lead Investment Manager

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Investment Co-Managers

FRANKLIN TEMPLETON INSTITUTIONAL, LLC  
TEMPLETON ASSET MANAGEMENT LTD.  
FT ALPHAPARITY, LLC

## Franklin Global Real Estate Fund

FRANKLIN TEMPLETON INSTITUTIONAL, LLC

## Franklin Global Small-Mid Cap Growth Fund

FRANKLIN TEMPLETON INSTITUTIONAL, LLC

## Franklin Gold and Precious Metals Fund

FRANKLIN ADVISERS, INC.

## Franklin High Yield Fund

FRANKLIN ADVISERS, INC.

## Franklin Income Fund

FRANKLIN ADVISERS, INC.

## Franklin India Fund

## Co-Investment Managers

TEMPLETON ASSET MANAGEMENT LTD.  
FRANKLIN ADVISERS, INC.

## Franklin Japan Fund

## Lead Investment Manager

FRANKLIN ADVISERS, INC.

## Sub-Investment Manager

SUMITOMO MITSUI ASSET MANAGEMENT COMPANY LIMITED

## Franklin K2 Alternative Strategies Fund

## Lead Investment Manager

K2/D&S MANAGEMENT CO., LLC

## Sub-Investment Managers

CHILTON INVESTMENT COMPANY, LLC  
IMPALA ASSET MANAGEMENT LLC  
JENNISON ASSOCIATES LLC  
WELLINGTON MANAGEMENT COMPANY, LLP  
P. SCHOENFELD ASSET MANAGEMENT L.P.  
EMSO ASSET MANAGEMENT LIMITED  
BASSO CAPITAL MANAGEMENT L.P.  
CHATHAM ASSET MANAGEMENT LLC  
LAZARD ASSET MANAGEMENT LLC  
LOOMIS SAYLES & COMPANY, L.P.  
GRAHAM CAPITAL MANAGEMENT L.P.  
PORTLAND HILL ASSET MANAGEMENT LIMITED  
HALCYON ARBITRAGE UCITS MANAGEMENT LP

## Franklin K2 Global Macro Opportunities Fund

## Lead Investment Manager

K2/D&S MANAGEMENT CO., LLC

## Sub-Investment Managers

ASPECT CAPITAL LIMITED  
EMSO ASSET MANAGEMENT LIMITED  
GRAHAM CAPITAL MANAGEMENT L.P.  
P/E GLOBAL LLC

## Franklin K2 Long Short Credit Fund

## Lead Investment Manager

K2/D&S MANAGEMENT CO., LLC

## Sub-Investment Managers

ELLINGTON GLOBAL ASSET MANAGEMENT, LLC  
APOLLO SA MANAGEMENT, LLC  
LOGAN CIRCLE PARTNERS, L.P.  
CANDLEWOOD INVESTMENT GROUP, LP  
EMSO ASSET MANAGEMENT LIMITED  
CHATHAM ASSET MANAGEMENT LLC

## Franklin MENA Fund

FRANKLIN ADVISERS, INC.

## Franklin Natural Resources Fund

FRANKLIN ADVISERS, INC.

## Franklin NextStep Balanced Growth Fund

## Co-Investment Managers

FRANKLIN ADVISERS, INC.  
FRANKLIN TEMPLETON INVESTMENTS CORP.

## Franklin NextStep Conservative Fund

## Co-Investment Managers

FRANKLIN ADVISERS, INC.  
FRANKLIN TEMPLETON INVESTMENTS CORP.  
K2/D&S MANAGEMENT CO., LLC

## Franklin NextStep Dynamic Growth Fund

## Co-Investment Managers

FRANKLIN ADVISERS, INC.  
FRANKLIN TEMPLETON INVESTMENTS CORP.

## Franklin NextStep Growth Fund

## Co-Investment Managers

FRANKLIN ADVISERS, INC.  
FRANKLIN TEMPLETON INVESTMENTS CORP.  
K2/D&S MANAGEMENT CO., LLC

## Franklin NextStep Moderate Fund

## Co-Investment Managers

FRANKLIN ADVISERS, INC.  
FRANKLIN TEMPLETON INVESTMENTS CORP.  
K2/D&S MANAGEMENT CO., LLC

## GENERAL INFORMATION (AS AT DECEMBER 31, 2017) (CONTINUED)

## INVESTMENT MANAGERS PER FUND (continued):

## Franklin NextStep Stable Growth Fund

Co-Investment Managers

FRANKLIN ADVISERS, INC.

FRANKLIN TEMPLETON INVESTMENTS CORP.

## Franklin Real Return Fund

FRANKLIN ADVISERS, INC.

## Franklin Strategic Income Fund

FRANKLIN ADVISERS, INC.

## Franklin Technology Fund

FRANKLIN ADVISERS, INC.

## Franklin U.S. Dollar Liquid Reserve Fund

FRANKLIN ADVISERS, INC.

## Franklin U.S. Equity Fund

FRANKLIN ADVISERS, INC.

## Franklin U.S. Government Fund

FRANKLIN ADVISERS, INC.

## Franklin U.S. Low Duration Fund

FRANKLIN ADVISERS, INC.

## Franklin U.S. Opportunities Fund

FRANKLIN ADVISERS, INC.

## Franklin U.S. Small-Mid Cap Growth Fund

FRANKLIN ADVISERS, INC.

## Franklin World Perspectives Fund

Lead Investment Manager

FRANKLIN ADVISERS, INC.

Investment Co-Managers

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

FRANKLIN TEMPLETON INVESTMENTS CORP.

FRANKLIN TEMPLETON INVESTMENTS (ME) LIMITED

FRANKLIN TEMPLETON INVESTIMENTOS (Brasil) Ltda.

FRANKLIN TEMPLETON INVESTMENT TRUST MANAGEMENT CO.

LIMITED

TEMPLETON ASSET MANAGEMENT LTD.

## Franklin Mutual Beacon Fund

FRANKLIN MUTUAL ADVISERS, LLC

## Franklin Mutual European Fund

FRANKLIN MUTUAL ADVISERS, LLC

## Franklin Mutual Global Discovery Fund

FRANKLIN MUTUAL ADVISERS, LLC

## Templeton Africa Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Templeton ASEAN Fund

TEMPLETON ASSET MANAGEMENT LTD.

## Templeton Asian Bond Fund

Lead Investment Manager

FRANKLIN ADVISERS, INC.

Sub-Investment Manager

TEMPLETON ASSET MANAGEMENT LTD.

## Templeton Asian Dividend Fund

TEMPLETON ASSET MANAGEMENT LTD.

## Templeton Asian Growth Fund

TEMPLETON ASSET MANAGEMENT LTD.

## Templeton Asian Smaller Companies Fund

TEMPLETON ASSET MANAGEMENT LTD.

## Templeton BRIC Fund

Lead Investment Manager

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

Sub-Investment Manager

TEMPLETON ASSET MANAGEMENT LTD.

## Templeton China Fund

TEMPLETON ASSET MANAGEMENT LTD.

## Templeton Eastern Europe Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Templeton Emerging Markets Fund

Lead Investment Manager

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

Sub-Investment Manager

TEMPLETON ASSET MANAGEMENT LTD.

## Templeton Emerging Markets Balanced Fund

Co-Investment Managers

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

FRANKLIN ADVISERS, INC.

Sub-Investment Manager

TEMPLETON ASSET MANAGEMENT LTD.

## Templeton Emerging Markets Bond Fund

FRANKLIN ADVISERS, INC.

## Templeton Emerging Markets Smaller Companies Fund

TEMPLETON ASSET MANAGEMENT LTD.

## Templeton Euroland Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Templeton European Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Templeton Frontier Markets Fund

Lead Investment Manager

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

Sub-Investment Manager

FRANKLIN TEMPLETON INVESTMENTS (ME) LIMITED

## Templeton Global Fund

TEMPLETON GLOBAL ADVISORS LIMITED

## Templeton Global (Euro) Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Templeton Global Balanced Fund

Co-Investment Managers

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

FRANKLIN ADVISERS, INC.

## Templeton Global Bond Fund

FRANKLIN ADVISERS, INC.

## Templeton Global Bond (Euro) Fund

FRANKLIN ADVISERS, INC.

## Templeton Global Currency Fund

FRANKLIN ADVISERS, INC.

## Templeton Global Equity Income Fund

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

## Templeton Global High Yield Fund

FRANKLIN ADVISERS, INC.

## Templeton Global Income Fund

Co-Investment Managers

FRANKLIN ADVISERS, INC.

TEMPLETON GLOBAL ADVISORS LIMITED

## Templeton Global Smaller Companies Fund

TEMPLETON INVESTMENT COUNSEL, LLC

## Templeton Global Total Return Fund

FRANKLIN ADVISERS, INC.

## Templeton Growth (Euro) Fund

TEMPLETON GLOBAL ADVISORS LIMITED

## Templeton Korea Fund

TEMPLETON ASSET MANAGEMENT LTD.

## Templeton Latin America Fund

Lead Investment Manager

FRANKLIN ADVISERS, INC.

Sub-Investment Manager

FRANKLIN TEMPLETON INVESTIMENTOS (Brasil) Ltda.

## Templeton Thailand Fund

TEMPLETON ASSET MANAGEMENT LTD.



## THE BOARD OF DIRECTORS

### The Board

#### Chairman

##### Gregory E. Johnson

Gregory Johnson (56) was appointed to the Board on November 28, 2003. He is Chairman, President and Chief Executive Officer of Franklin Resources, Inc. and serves on the Board of Directors. He is also President of Templeton Worldwide, Inc., Chief Executive Officer and President of Templeton International, Inc. and serves as a Director for a number of subsidiaries of Franklin Resources, Inc. He is a member of a number of Franklin Templeton's International Fund Boards. Mr. Johnson joined Franklin in 1986 after working as a senior accountant for Coopers & Lybrand. He has served as President and Chairman of the Board for Franklin Templeton Distributors, Inc., President of Franklin Investment Advisory, LLC, President of FT Trust Company, Vice President of Franklin Advisers, Inc., co-portfolio manager of Franklin Income Fund and Franklin Utilities Fund and as an investment analyst.

#### Directors

##### Mark G. Holowesko

Mark Holowesko (57) was appointed to the Board on November 30, 1994. Mark Holowesko is the founding Partner and Chief Executive Officer of Holowesko Partners Ltd (HPL). Mark launched the firm in the fall of 2000, under the name of Templeton Capital Advisors, to serve the needs of institutional and high-net-worth investors. Subsequently renamed Holowesko Partners, under Mark's leadership HPL has enjoyed steady and consistent growth and now stands as one of the premier global equity hedge firms in the industry.

Mark's investment career began in 1985 when he joined Templeton Global Advisors as a research analyst. By 1987, he had assumed the day-to-day management of all portfolios previously managed by Sir John Templeton, including the Templeton Growth Fund and the Templeton Foreign Fund. In 1989, Mark became the Director of Research of the Templeton Global Equity Funds and later, in 1996, assumed the role of Chief Investment Officer.

Mark served as a member of the Executive Committee of Templeton, Galbraith & Hansberger from 1987 to 1992 and as a member of the Executive Committee of Franklin Resources from 1992 to 2000. Mark was Director, President & Head of Investments of Templeton Global Advisors Ltd. from 1992 to 2000.

Currently, Mark is Chairman of the Investment Committee of First Trust Bank, an offshore entity responsible for managing the assets of two of Sir John Templeton's Foundations.

##### James J. K. Hung

James Hung (71) was appointed to the Board on November 29, 2002. He is the Chairman and Chief Executive Officer ("CEO") of Xinya Investment Group, China, a real estate development and investment group in Mainland China, Hong Kong and Taiwan. He is also a Director and major shareholder of Security Bank in the Philippines and the Director of Franklin Templeton Fund Management Company in Shanghai, a joint venture of Franklin Templeton and the Sealand Securities Company, China. His previous experience includes working for Asia Securities Inc. (Taiwan) as the Chairman and CEO. He has also previously been the Director of Yi-Min Fund Management Co., (China), H&Q Venture Capital Inc. (Taiwan), Taiwan Index Fund Inc. (Luxembourg) and Vietnam Fund Inc. (Guernsey).

##### Dr. J. B. Mark Mobius

Dr. Mark Mobius, Ph.D. (81) was appointed to the Board at inception. He is Executive Chairman of Templeton Emerging Markets Group, currently directs analysts based in Templeton's 18 emerging markets offices and manages the emerging markets portfolios. Dr. Mobius has spent more than 40 years working in emerging markets all over the world. He joined Franklin Templeton Investments in 1987 as president of the Templeton Emerging Markets Fund, Inc. Dr. Mobius was named by Asiamoney magazine in 2006 as one of their "Top 100 Most Powerful and Influential People." Asiamoney said, he "...boasts one of the highest profiles of any investor in the region and is regarded by many in the financial industry as one of the most successful emerging markets investors over the last 20 years. Despite tough times during the financial crisis nine years ago, he still commands a strong following in the investment world and is influencing the direction of billions of investment dollars." Other awards include: (1) "2010 Africa Investor Index Series Awards" by African Investor, (2) "Emerging Markets Equity Manager of the Year 2001" by International MoneyMarketing, (3) "Ten Top MoneyManagers of the 20th Century" in a survey by the Carson Group in 1999, (4) "Number One Global Emerging Market Fund" in the 1998 Reuters Survey, (5) "1994 First in Business Money Manager of the Year" by CNBC, (6) "Closed-End Fund Manager of the Year" in 1993 by Morningstar and, (7) "Investment Trust Manager of the Year 1992" by Sunday Telegraph.

Dr. Mobius is also the author of the following books: Trading with China, The Investor's Guide to Emerging Markets, Mobius on Emerging Markets, Passport to Profits, Equities – An Introduction to the Core Concepts, Mutual Funds – An Introduction to the Core Concepts, Foreign Exchange – An Introduction to the Core Concepts, Bonds – An Introduction to the Core Concepts, Mark Mobius – An Illustrated Biography and The Little Book of Emerging Markets.

Dr. J.B Mark Mobius has announced his plans to retire from Franklin Templeton, effective January 31, 2018. In that perspective, Dr. J.B Mark Mobius will resign from the Board of Directors on January 31, 2018.

##### The Honourable Trevor G. Trefgarne

The Honourable Trevor Trefgarne (74) was appointed to the Board of Franklin Templeton Investment Funds on November 29, 2002. He is Chairman of Enterprise Group Limited, Ghana, and has been Director of a number of U.K. listed investment funds including Templeton Emerging Markets Investment Trust, Recovery Trust (Chairman) and Gartmore High Income Trust. He has extensive experience of the management of listed companies in the U.K. and Africa.

##### Jed A. Plafker

Mr. Plafker (47) was appointed to the Board of Franklin Templeton Investment Funds on April 13, 2017. He is currently serving as the president of Franklin Templeton International. In this capacity, he is responsible for the international sales and marketing function. He also serves as a director of various Franklin Templeton corporate and investment entities as well as the ICI Global Steering Committee. Mr. Plafker joined Franklin Templeton Investments in 1994, as an attorney in Franklin Templeton's

## THE BOARD OF DIRECTORS (CONTINUED)

### The Board (continued)

#### Jed A. Plafker (continued)

corporate legal department. In January 1998, Mr. Plafker joined the international legal team as a vice president covering legal issues around the world. In May 2000, he moved to Franklin Templeton's Hong Kong office to become chief legal counsel, Asia, where he had responsibility for all legal issues effecting Franklin Templeton's Asia business, products and people.

In April 2001, Mr. Plafker took on the role of country head in Hong Kong where he ran the sales and marketing operations for Hong Kong while continuing in his role as chief legal counsel for Asia. In July 2002, he became managing director of Franklin Templeton Alternative Strategies. In January 2003, Mr. Plafker relocated to London to become one of five managing directors of Franklin Templeton's International Retail Group where he was responsible for overseeing the sales and marketing of all Franklin Templeton products in Africa, Middle East and parts of Europe including the UK, Spain, Switzerland and various Nordic countries. In June 2005, Mr. Plafker relocated to Franklin Templeton's headquarters in the United States.

Mr. Plafker earned a B.A. in economics and business from Lafayette College in Easton, Pennsylvania and a Juris Doctorate from the University of Miami in Coral Gables, Florida.

#### William C. P. Lockwood

William Lockwood (61) was appointed to the Board of Franklin Templeton Investment Funds on December 1, 2014. He joined Franklin Templeton in 1992 and served as General Manager of the Franklin Templeton Luxembourg subsidiary and Franklin Templeton Investment Funds until December 2005. From December 2005 until January 2014, he was Conducting Officer of Franklin Templeton Investment Funds. The Conducting Officer role was a management, oversight and governance role under the EU UCITS legislation reporting directly to the Board of Franklin Templeton Investment Funds. Mr Lockwood has been working in the financial services industry in Luxembourg since 1982. He is a Scottish Chartered Accountant and a Member of the Chartered Institute for Securities & Investment, London. He has served as a director and international vice chairman of the Luxembourg Fund Industry Association (ALFI) and as a council member of the Institute of Chartered Accountants of Scotland.

## REPORT OF THE INVESTMENT MANAGERS – SIX MONTHS TO DECEMBER 31, 2017

During the six months ended December 31, 2017, signs of synchronised global economic growth were evident. Early in the period, some unease regarding North Korea's missile programme and the combative rhetoric around it arose, which led to periodic moves into perceived safe haven assets. However, financial markets appeared to focus more attention on encouraging economic data from several developed and emerging markets as well as increasing expectations surrounding tax reform in the United States.

Investors largely ignored the outcome of Germany's general election in September—Chancellor Angela Merkel's party prevailed but with a lower level of support, and had not managed to form a governing coalition by year-end. Upbeat economic data from Europe was a key theme for the region throughout the reporting period and helped drive strong stock performance in 2017's third quarter. However, European equity markets struggled to maintain their upward momentum during the fourth quarter. Investors weighed mixed corporate earnings reports, generally positive economic data, hopes for US tax reform and some progress in talks regarding the United Kingdom's withdrawal from the European Union (EU). Investors also parsed changes in monetary policy, as the Bank of England hiked its benchmark interest rate for the first time in 10 years and the European Central Bank (ECB) announced that its bond-buying programme could be extended beyond September 2018, adding another nine months to the timeframe, while reducing the value of monthly purchases. The ECB's move was largely seen as indicating that the ECB believes the eurozone needs less support from the bank, while not signifying an aggressive withdrawal of stimulus measures. Europe's third-quarter gross domestic product (GDP) grew on the previous quarter and year-on-year in both the euro area and the EU. The unemployment rate continued edging down to the lowest reading since 2009. The United Kingdom's unemployment rate for August to October continued at the lowest rate since 1975, and the annualised consumer price index edged up in November to a five-year high. In December, the ECB raised its forecast for GDP growth in the eurozone for 2017. The central bank also revised upward its forecasts through 2020, though it expects growth to moderate after 2017.

In the United States, markets mostly shrugged off a dangerous and costly US hurricane season and tensions around North Korea's nuclear ambitions. Sentiment was bolstered by global economic growth momentum, ongoing strength in corporate earnings, upbeat business sentiment and Congressional passage of tax reform that featured a significant reduction in the corporate tax rate. Another key factor underpinning the record upswing in US stocks was the continued 2017 decline in the trade-weighted US dollar's value. Third-quarter GDP came in ahead of consensus estimates and marked the first increase of at least 3% in consecutive quarters since 2014. Data ranging from the labour market to consumer patterns and confidence suggested the US economy ended 2017 on a strong note despite a mixture of hurricane-induced effects that were evident in vehicle, retail and home sales, as well as in energy markets and non-core inflationary measures. Retail sales climbed to an all-time high, and the housing market regained momentum after almost stalling earlier in 2017. Consumer confidence rose to its highest point since the early 2000s, bolstered in part by optimism about the labour market. Solid job creation was accompanied by lacklustre wage growth even as the unemployment rate dropped to a 17-year low. In December, the US Federal Reserve (Fed) raised short-term interest rates. It was the latest in a series of well-flagged moves, in which the central bank has hiked rates five times (from near zero) since December 2015. The Fed also began unwinding its nearly US\$4.5 trillion balance sheet in October, with the amount of its monthly balance sheet reductions scheduled to increase from US\$10 billion to US\$20 billion beginning in January 2018.

Following an overall downtrend in 2017's second quarter, the global commodities complex underwent a major reversal during the summer months, with most commodities showing strong upward price moves for the six-month reporting period. Many commodities have been benefitting from an improving global growth tailwind. Demand from China and emerging markets was a strong point, stoked partially by the massive amount of infrastructure spending China will require for its "One Belt, One Road" intercontinental commerce initiative, and which stood to benefit industrial metals prices foremost. In general, industrial metals dominated the upper ranks of commodity returns, with the notable decliners being natural gas and certain crop products. Meanwhile, energy commodities have responded to crude oil's improved supply-and-demand equation. As supply constraints enacted by major oil producers continued, oil prices climbed to levels last seen in 2015. The US dollar was another key support. Dollar-denominated commodities became less expensive for overseas buyers as the trade-weighted value of US currency declined over the period. As 2018 began, a leading commodities index moved up to its highest level in three years.

Looking ahead, the eurozone's mix of robust growth and weak inflation is unlikely to persuade the ECB to change course. While there may be some impact as market participants adjust to the ECB's previously announced reduction in the amount of bonds it purchases each month, the central bank's re-investment of maturing assets should have a dampening effect. But we think the temptation to assume that the strength of the economy could unduly influence ECB policymakers should be resisted. The central bank's mandate is centred on inflation, for which there seems to be little indication of anything other than a gradual reduction of liquidity in the coming year, with the prospect of interest-rate rises appearing still some years off. In the United States, the constructive conditions for the US economy remain in place, in our view, in keeping with an increasingly solid expansion across the rest of the world. US consumers have been benefitting from an economy that appears close to full employment and a stock market at record levels, while a vibrant corporate sector has been buoyed further by recent tax changes. Though a modest cyclical rebound in inflation might occur, at this point it still seems hard to foresee pricing pressures building enough in coming months to prompt the Fed to turn significantly more hawkish.

THE INVESTMENT MANAGERS  
December, 2017

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

## FUND PERFORMANCE

### PERCENTAGE CHANGE TO DECEMBER 31, 2017

	Reference Share Class	Launch Date	6 Months %	1 Year %	3 Years %	5 Years %	10 Years %	Since Launch %
Franklin Asia Credit Fund	A (acc) USD	17 Nov 14	1.6	5.0	10.8	-	-	10.2
Franklin Biotechnology Discovery Fund	A (acc) USD	03 Apr 00	2.4	16.9	0.8	123.0	269.6	216.4
Franklin Brazil Opportunities Fund	A (acc) USD	27 Jul 12	3.5	3.2	1.6	2.9	-	5.8
Franklin Diversified Balanced Fund	A (acc) EUR	23 Mar 15	2.3	3.1	-	-	-	(2.5)
Franklin Diversified Conservative Fund	A (acc) EUR	23 Mar 15	0.7	1.4	-	-	-	(2.6)
Franklin Diversified Dynamic Fund	A (acc) EUR	23 Mar 15	3.7	4.0	-	-	-	(3.3)
Franklin Euro Government Bond Fund	A (Ydis) EUR	08 Jan 99	0.3	(1.2)	0.6	14.9	36.6	70.2
Franklin Euro High Yield Fund	A (Ydis) EUR	17 Apr 00	1.8	5.1	12.6	25.0	64.1	94.2
Franklin Euro Short Duration Bond Fund	A (acc) EUR	21 Feb 14	0.0	0.2	1.0	-	-	2.7
Franklin Euro Short-Term Money Market Fund	A (acc) EUR	23 Oct 09	(0.3)	(0.5)	(1.1)	(1.1)	-	0.1
Franklin European Corporate Bond Fund	A (acc) EUR	30 Apr 10	1.1	2.2	5.4	16.7	-	33.1
Franklin European Dividend Fund	A (acc) EUR	29 Jul 11	3.3	8.3	20.8	55.0	-	72.3
Franklin European Growth Fund	A (acc) EUR	29 Dec 00	2.5	7.2	19.1	44.6	88.2	68.0
Franklin European Income Fund	A (acc) EUR	17 Nov 14	0.7	3.9	13.6	-	-	15.5
Franklin European Small-Mid Cap Growth Fund	A (acc) EUR	03 Dec 01	6.0	21.4	37.5	78.8	108.2	312.9
Franklin European Total Return Fund	A (acc) EUR	29 Aug 03	(0.5)	0.0	5.1	19.8	33.3	51.8
Franklin Flexible Alpha Bond Fund	A (acc) USD	18 Mar 16	0.5	1.1	-	-	-	2.2
Franklin GCC Bond Fund	A (acc) USD	30 Aug 13	1.7	6.2	13.4	-	-	28.2
Franklin Global Aggregate Bond Fund	A (acc) USD	29 Oct 10	1.5	4.9	(1.0)	0.1	-	6.5
Franklin Global Aggregate Investment Grade Bond Fund	A (acc) USD	22 Jun 12	1.2	5.5	(1.4)	(0.4)	-	5.5
Franklin Global Convertible Securities Fund	A (acc) USD	24 Feb 12	2.2	12.5	15.1	32.3	-	32.6
Franklin Global Equity Strategies Fund	A (acc) USD	15 May 08	8.2	21.5	19.4	34.4	-	35.6
Franklin Global Fundamental Strategies Fund	A (acc) USD	25 Oct 07	2.5	9.6	10.4	27.1	46.8	44.4
Franklin Global Growth Fund	A (acc) USD	29 Dec 00	11.6	31.8	27.2	53.6	42.2	83.6
Franklin Global Listed Infrastructure Fund	A (acc) USD	26 Apr 13	5.5	22.6	19.3	-	-	40.3
Franklin Global Multi-Asset Income Fund	A (acc) EUR	26 Apr 13	1.9	2.4	9.4	-	-	20.5
Franklin Global Real Estate Fund	A (acc) USD	29 Dec 05	4.4	9.2	7.9	24.1	15.2	24.6
Franklin Global Small-Mid Cap Growth Fund	A (acc) USD	15 Apr 02	3.9	17.3	21.4	41.1	71.6	244.1
Franklin Gold and Precious Metals Fund	A (acc) USD	30 Apr 10	(4.5)	(1.1)	18.5	(45.6)	-	(55.1)
Franklin High Yield Fund	A (Mdis) USD	01 Mar 96	2.0	6.2	9.8	15.4	60.9	184.4
Franklin Income Fund	A (Mdis) USD	01 Jul 99	4.5	8.7	10.3	25.6	49.6	176.9
Franklin India Fund	A (acc) USD	25 Oct 05	12.4	38.1	33.0	78.8	50.2	322.7
Franklin Japan Fund	A (acc) JPY	01 Sep 00	16.0	21.9	28.8	107.7	2.9	2.1
Franklin K2 Alternative Strategies Fund	A (acc) USD	15 Sep 14	2.2	5.5	8.2	-	-	11.5
Franklin K2 Global Macro Opportunities Fund	A (acc) USD	04 Nov 16	1.2	(2.4)	-	-	-	(2.4)
Franklin K2 Long Short Credit Fund	A (acc) USD	02 Dec 16	1.3	2.8	-	-	-	4.1
Franklin MENA Fund	A (acc) USD	16 Jun 08	2.3	12.7	(5.1)	38.6	-	(37.2)
Franklin Natural Resources Fund	A (acc) USD	12 Jul 07	15.5	(0.7)	(5.9)	(19.9)	(33.4)	(28.4)
Franklin NextStep Balanced Growth Fund	A (acc) USD	05 Feb 16	6.8	15.9	-	-	-	26.5
Franklin NextStep Conservative Fund	A (acc) USD	05 Feb 16	2.8	6.7	-	-	-	12.8
Franklin NextStep Dynamic Growth Fund	A (acc) USD	05 Feb 16	8.3	19.4	-	-	-	32.4
Franklin NextStep Growth Fund	A (acc) USD	05 Feb 16	6.9	14.1	-	-	-	26.5
Franklin NextStep Moderate Fund	A (acc) USD	05 Feb 16	5.6	11.7	-	-	-	22.8
Franklin NextStep Stable Growth Fund	A (acc) USD	05 Feb 16	3.5	8.7	-	-	-	13.9
Franklin Strategic Income Fund	A (acc) USD	12 Jul 07	0.9	3.3	4.4	8.3	49.6	53.2
Franklin Technology Fund	A (acc) USD	03 Apr 00	14.5	40.0	60.7	130.5	183.5	71.5
Franklin U.S. Dollar Liquid Reserve Fund	A (Mdis) USD	01 Jun 94	0.3	0.5	0.5	0.1	1.0	59.1
Franklin U.S. Equity Fund	A (acc) USD	01 Jul 99	5.8	11.3	12.6	59.7	61.2	169.5
Franklin U.S. Government Fund	A (Mdis) USD	28 Feb 91	0.0	0.2	0.7	2.2	28.1	169.6
Franklin U.S. Low Duration Fund	A (Mdis) USD	29 Aug 03	0.1	0.8	2.4	3.9	11.7	26.0
Franklin U.S. Opportunities Fund	A (acc) USD	03 Apr 00	10.2	26.9	29.9	92.1	103.0	48.9
Franklin World Perspectives Fund	A (acc) USD	14 Oct 08	9.8	20.4	23.0	57.6	-	134.2

## FUND PERFORMANCE

### PERCENTAGE CHANGE TO DECEMBER 31, 2017 (CONTINUED)

	Reference Share Class	Launch Date	6 Months %	1 Year %	3 Years %	5 Years %	10 Years %	Since Launch %
Franklin Mutual Beacon Fund	A (acc) USD	07 Jul 97	3.2	6.7	16.4	59.1	47.9	249.1
Franklin Mutual European Fund	A (acc) EUR	03 Apr 00 <sup>*</sup>	0.7	5.0	10.7	36.3	23.9	122.6
Franklin Mutual Global Discovery Fund	A (acc) USD	25 Oct 05	2.6	11.4	14.4	40.1	44.9	99.8
Templeton Africa Fund	A (acc) USD	04 May 12	13.4	25.3	(16.9)	(18.6)	-	(7.0)
Templeton Asian Bond Fund	A (acc) USD	25 Oct 05	2.3	5.6	(1.8)	(2.4)	38.8	80.2
Templeton Asian Growth Fund	A (Ydis) USD	30 Jun 91	11.8	29.6	13.3	12.0	16.6	323.8
Templeton Asian Smaller Companies Fund	A (acc) USD	14 Oct 08	10.4	33.5	30.2	49.6	-	401.5
Templeton BRIC Fund	A (acc) USD	25 Oct 05	24.1	46.2	40.4	22.5	(21.7)	91.8
Templeton China Fund	A (acc) USD	01 Sep 94	13.2	36.3	26.5	20.3	16.5	215.3
Templeton Eastern Europe Fund	A (acc) EUR	10 Nov 97	11.6	17.6	48.4	14.8	(31.9)	196.0
Templeton Emerging Markets Fund	A (Ydis) USD	28 Feb 91	15.8	38.0	29.3	17.5	3.3	307.9
Templeton Emerging Markets Balanced Fund	A (acc) USD	29 Apr 11	10.4	27.3	24.9	8.0	-	5.8
Templeton Emerging Markets Bond Fund	A (Qdis) USD	05 Jul 91	1.6	9.8	13.9	8.3	71.8	807.3
Templeton Emerging Markets Smaller Companies Fund	A (acc) USD	18 Oct 07	9.7	31.0	26.7	54.1	28.9	28.1
Templeton Euroland Fund	A (acc) EUR	08 Jan 99	1.0	8.5	38.4	72.9	28.0	141.9
Templeton European Fund	A (acc) EUR	17 Apr 91 <sup>*</sup>	1.3	6.6	25.1	54.3	26.0	71.9
Templeton Frontier Markets Fund	A (acc) USD	14 Oct 08	4.7	21.6	12.4	27.0	-	108.7
Templeton Global Fund	A (Ydis) USD	28 Feb 91	6.8	16.6	14.8	49.0	19.7	377.3
Templeton Global (Euro) Fund	A (Ydis) EUR	26 Apr 91	2.8	5.4	17.3	66.6	41.6	380.1
Templeton Global Balanced Fund	A (Qdis) USD	01 Jun 94	5.8	15.6	12.6	29.1	30.6	261.9
Templeton Global Bond Fund	A (Mdis) USD	28 Feb 91	(0.7)	2.2	0.9	3.2	65.7	447.4
Templeton Global Bond (Euro) Fund	A (acc) EUR	29 Aug 03	(0.8)	(0.6)	4.0	5.9	42.4	57.5
Templeton Global Currency Fund	A (acc) USD	07 Oct 16	(1.1)	0.2	-	-	-	1.6
Templeton Global Equity Income Fund	A (acc) USD	27 May 05	7.7	20.5	17.0	39.1	4.5	53.3
Templeton Global High Yield Fund	A (acc) USD	27 Sep 07	1.8	6.2	11.2	12.6	57.3	56.5
Templeton Global Income Fund	A (acc) USD	27 May 05	3.6	11.6	11.4	27.9	49.9	106.5
Templeton Global Smaller Companies Fund	A (Ydis) USD	08 Jul 91	11.9	25.1	28.6	49.9	20.9	396.5
Templeton Global Total Return Fund	A (acc) USD	29 Aug 03	(0.4)	3.6	3.4	6.8	89.6	203.0
Templeton Growth (Euro) Fund	A (acc) EUR	09 Aug 00	0.5	1.8	15.5	58.5	52.9	74.8
Templeton Korea Fund	A (acc) USD	08 May 95	(4.4)	10.4	(4.6)	(13.8)	(36.1)	(41.5)
Templeton Latin America Fund <sup>†</sup>	A (Ydis) USD	28 Feb 91	9.4	23.0	9.0	(26.0)	(25.4)	563.4
Templeton Thailand Fund	A (acc) USD	20 Jun 97	19.9	39.7	45.7	48.5	147.5	199.4

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

Where Class A distribution “A (dis)” Shares are disclosed, the performance is calculated with all the income reinvested (total return). Information on other share classes is available on request.

<sup>\*</sup> The inception date is for the Fund, however the reference share class launched at a later date.

<sup>†</sup> Fund performance prior to September 1996 excluded from calculation because a different portfolio allocation strategy was in use.

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 Investments

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2017

	Total (USD)	Franklin Asia Credit Fund (USD)	Franklin Biotechnology Discovery Fund (USD)	Franklin Brazil Opportunities Fund (USD)
<b>ASSETS</b>				
Investment in securities at market value (notes 2(b), 3)	104,495,150,544	8,924,942	2,576,798,115	27,635,289
Cash	3,203,754,280	72,320	50,515,692	1,783,274
Time deposits and repurchase agreements (note 4)	1,090,363,037	-	-	-
Amounts receivable on sale of investments	2,824,943,375	-	369	643,202
Amounts receivable on sale of mortgage dollar rolls (note 2(m))	32,638,614	-	-	-
Amounts receivable on subscriptions	296,883,165	-	18,980,204	5,030
Interest and dividends receivable, net	828,400,596	93,383	288,426	716,316
Unrealised profit on forward foreign exchange contracts (notes 2(c), 5)	60,462,902	74,239	214,441	85,088
Unrealised profit on financial future contracts (notes 2(d), 6)	4,191,760	-	-	-
Unrealised profit on interest rate swap contracts (notes 2(e), 7)	9,001,681	-	-	-
Unrealised profit on inflation swap contracts (notes 2(f), 8)	803,625	-	-	117,139
Unrealised profit on total return swap contracts (notes 2(h), 10)	17,029,718	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	542,504	-	-	134,508
Option contracts at market value (notes 2(k), 13)	2,839,506	-	-	3
Investment in mortgage dollar rolls at market value (notes 2(m), 14)	125,721,844	-	-	-
Other receivables	41,272,460	-	-	-
<b>TOTAL ASSETS</b>	<b>113,033,999,611</b>	<b>9,164,884</b>	<b>2,646,797,247</b>	<b>31,119,849</b>
<b>LIABILITIES</b>				
Amounts payable on purchases of investments	260,232,431	-	1,416,196	231,242
Amounts payable on purchases of mortgage dollar rolls (note 2(m))	125,712,554	-	-	-
Amounts payable on redemptions	376,623,814	-	27,867,385	10,307
Investment management fees payable (note 16)	83,408,654	5,383	2,159,115	25,048
Bank overdraft	79,077,435	-	-	-
Unrealised loss on forward foreign exchange contracts (notes 2(c), 5)	238,676,549	-	-	-
Unrealised loss on financial future contracts (notes 2(d), 6)	1,323,220	-	-	997,215
Unrealised loss on interest rate swap contracts (notes 2(e), 7)	495,214,142	-	-	-
Unrealised loss on cross currency swap contracts (notes 2(g), 9)	1,377,149	-	-	-
Unrealised loss on total return swap contracts (notes 2(h), 10)	182,174	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	7,988,861	-	-	-
Option contracts at market value (notes 2(k), 13)	1,166,468	-	-	-
Open Short Positions on mortgage dollar rolls (notes 2(m), 14)	32,633,639	-	-	-
Taxes and expenses payable	218,961,998	15,488	1,978,225	134,928
<b>TOTAL LIABILITIES</b>	<b>1,922,579,088</b>	<b>20,871</b>	<b>33,420,921</b>	<b>1,398,740</b>
<b>TOTAL NET ASSETS</b>	<b>111,111,420,523</b>	<b>9,144,013</b>	<b>2,613,376,326</b>	<b>29,721,109</b>
<b>THREE YEAR ASSET SUMMARY</b>				
June 30, 2017	106,341,225,772	8,920,119	2,408,642,311	28,894,121
June 30, 2016	104,023,441,025	8,597,799	2,038,926,588	21,737,459
June 30, 2015	145,217,443,597	7,893,010	3,124,463,500	25,695,821

The accompanying notes form an integral part of these financial statements



## STATEMENT OF NET ASSETS AT DECEMBER 31, 2017 (CONTINUED)

Franklin Diversified Balanced Fund (EUR)	Franklin Diversified Conservative Fund (EUR)	Franklin Diversified Dynamic Fund (EUR)	Franklin Euro Government Bond Fund (EUR)	Franklin Euro High Yield Fund (EUR)	Franklin Euro Short Duration Bond Fund (EUR)	Franklin Euro Short-Term Money Market Fund (EUR)
202,278,682	262,144,564	82,269,827	76,326,551	650,936,136	98,442,590	98,794,615
28,944,982	58,005,663	8,942,531	447,843	29,661,896	1,328,781	19,637,144
-	-	-	-	-	-	-
2,550	-	1,597	-	-	-	3,000,000
-	-	-	-	-	-	-
102,379	805,514	13,403	197	660,841	875,740	5,746
1,420,120	2,201,355	500,895	592,142	9,444,073	874,427	38,184
806,075	681,713	320,378	-	-	-	-
406,904	167,501	299,776	118,200	-	226,400	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
716,888	1,049,435	251,217	-	-	-	-
-	-	-	-	-	-	-
136,089	72,082	78,668	-	-	-	-
-	-	-	-	-	-	-
51,685	103,589	20,894	-	-	11,945	26,776
<u>234,866,354</u>	<u>325,231,416</u>	<u>92,699,186</u>	<u>77,484,933</u>	<u>690,702,946</u>	<u>101,759,883</u>	<u>121,502,465</u>
198,520	310,582	97,585	-	28	-	5,012,897
-	-	-	-	-	-	-
151,664	462,049	8,932	57,082	1,177,987	102,031	299,870
137,119	200,815	70,009	27,787	455,760	31,415	22,702
-	-	-	-	-	-	-
-	-	-	-	345,964	9,147	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
136,612	263,342	106,753	-	-	-	-
-	-	-	-	-	-	-
192,195	400,811	162,507	59,841	599,242	56,503	94,771
<u>816,110</u>	<u>1,637,599</u>	<u>445,786</u>	<u>144,710</u>	<u>2,578,981</u>	<u>199,096</u>	<u>5,430,240</u>
<u>234,050,244</u>	<u>323,593,817</u>	<u>92,253,400</u>	<u>77,340,223</u>	<u>688,123,965</u>	<u>101,560,787</u>	<u>116,072,225</u>
212,716,472	305,343,335	86,613,579	90,465,722	727,071,302	79,066,843	118,230,964
127,631,180	145,567,427	69,274,995	140,926,194	838,271,805	74,491,380	153,098,075
107,850,940	37,946,832	65,867,006	184,877,343	997,997,060	65,830,876	65,615,272

The accompanying notes form an integral part of these financial statements

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2017 (CONTINUED)

	Franklin European Corporate Bond Fund (EUR)	Franklin European Dividend Fund (EUR)	Franklin European Growth Fund (EUR)	Franklin European Income Fund (EUR)
<b>ASSETS</b>				
Investment in securities at market value (notes 2(b), 3)	98,566,971	148,594,480	579,599,266	18,131,991
Cash	212,997	3,159,281	-	1,158,320
Time deposits and repurchase agreements (note 4)	-	-	-	-
Amounts receivable on sale of investments	-	-	4,132,657	-
Amounts receivable on sale of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts receivable on subscriptions	64,019	278,148	113,500	13,308
Interest and dividends receivable, net	935,800	308,159	226,005	83,220
Unrealised profit on forward foreign exchange contracts (notes 2(c), 5)	-	120,260	-	-
Unrealised profit on financial future contracts (notes 2(d), 6)	147,480	-	-	13,790
Unrealised profit on interest rate swap contracts (notes 2(e), 7)	-	-	-	-
Unrealised profit on inflation swap contracts (notes 2(f), 8)	-	-	-	-
Unrealised profit on total return swap contracts (notes 2(h), 10)	-	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	-	-	-
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Investment in mortgage dollar rolls at market value (notes 2(m), 14)	-	-	-	-
Other receivables	2,630	378,487	1,934,776	19,838
<b>TOTAL ASSETS</b>	<b>99,929,897</b>	<b>152,838,815</b>	<b>586,006,204</b>	<b>19,420,467</b>
<b>LIABILITIES</b>				
Amounts payable on purchases of investments	-	-	8,233	15
Amounts payable on purchases of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts payable on redemptions	157,562	67,751	653,782	43,207
Investment management fees payable (note 16)	44,337	118,070	472,260	13,400
Bank overdraft	-	-	8,509,390	-
Unrealised loss on forward foreign exchange contracts (notes 2(c), 5)	7,743	-	648,024	19,564
Unrealised loss on financial future contracts (notes 2(d), 6)	-	-	-	-
Unrealised loss on interest rate swap contracts (notes 2(e), 7)	-	-	-	-
Unrealised loss on cross currency swap contracts (notes 2(g), 9)	-	-	-	-
Unrealised loss on total return swap contracts (notes 2(h), 10)	-	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	-	-	-
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Open Short Positions on mortgage dollar rolls (notes 2(m), 14)	-	-	-	-
Taxes and expenses payable	73,394	117,409	476,181	27,680
<b>TOTAL LIABILITIES</b>	<b>283,036</b>	<b>303,230</b>	<b>10,767,870</b>	<b>103,866</b>
<b>TOTAL NET ASSETS</b>	<b>99,646,861</b>	<b>152,535,585</b>	<b>575,238,334</b>	<b>19,316,601</b>
<b>THREE YEAR ASSET SUMMARY</b>				
June 30, 2017	104,153,323	152,193,195	736,996,088	17,654,854
June 30, 2016	178,315,684	132,881,905	686,207,149	19,112,302
June 30, 2015	178,736,104	143,512,949	1,100,842,764	10,018,756

The accompanying notes form an integral part of these financial statements



**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2017 (CONTINUED)**

Franklin European Small-Mid Cap Growth Fund (EUR)	Franklin European Total Return Fund (EUR)	Franklin Flexible Alpha Bond Fund (USD)	Franklin GCC Bond Fund (USD)	Franklin Global Aggregate Bond Fund (USD)	Franklin Global Aggregate Investment Grade Bond Fund (USD)	Franklin Global Convertible Securities Fund (USD)
502,791,957	498,290,708	683,708,824	56,513,757	105,343,575	9,688,995	117,178,339
21,848,842	44,257,066	-	137,559	6,139,400	548,320	1,159,911
-	-	-	3,700,000	-	-	-
-	-	246,225,512	141	1,696,026	510,000	6,175,000
-	-	14,747,179	-	-	-	-
512,627	1,006,913	-	124,969	567,627	-	124,898
528,620	3,502,321	4,130,645	608,687	793,905	76,597	316,190
-	-	2,664,872	52,574	20,585	-	673,330
-	878,620	554,269	-	-	-	-
-	-	-	-	-	-	-
-	-	297,091	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	145,204	-	-	-	-
-	-	22,985,891	-	-	-	-
2,672,332	95,688	22,515	-	3,659	3,307	3,530
<b>528,354,378</b>	<b>548,031,316</b>	<b>975,482,002</b>	<b>61,137,687</b>	<b>114,564,777</b>	<b>10,827,219</b>	<b>125,631,198</b>
707,570	-	92,241,286	-	1,704,158	-	1,416,985
-	-	22,998,980	-	-	-	-
455,775	739,949	-	25,800	50,366	1,500	47,891
380,320	311,700	145,073	32,390	23,660	3,882	72,639
-	-	68,639,521	-	-	-	-
3,905	502,913	-	-	-	30,632	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,344,129	-	-	-	-
-	-	6,314	-	-	-	-
-	-	3,822,234	-	-	-	-
-	-	-	-	-	-	-
-	-	14,744,931	-	-	-	-
335,786	395,124	98,199	29,965	43,484	19,700	95,146
<b>1,883,356</b>	<b>1,949,686</b>	<b>204,040,667</b>	<b>88,155</b>	<b>1,821,668</b>	<b>55,714</b>	<b>1,632,661</b>
<b>526,471,022</b>	<b>546,081,630</b>	<b>771,441,335</b>	<b>61,049,532</b>	<b>112,743,109</b>	<b>10,771,505</b>	<b>123,998,537</b>
512,480,130	550,100,840	341,435,113	56,209,469	89,242,077	11,580,371	109,204,730
630,857,606	342,927,026	310,655,006	47,711,986	81,204,083	103,518,562	75,977,729
876,145,528	393,693,632	-	24,292,751	27,871,987	25,387,004	129,931,327

The accompanying notes form an integral part of these financial statements

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2017 (CONTINUED)

	Franklin Global Equity Strategies Fund (USD)	Franklin Global Fundamental Strategies Fund (USD)	Franklin Global Growth Fund (USD)	Franklin Global Listed Infrastructure Fund (USD)
<b>ASSETS</b>				
Investment in securities at market value (notes 2(b), 3)	115,896,118	1,778,887,708	74,571,395	71,744,159
Cash	1,183,198	93,478,261	150,772	102,133
Time deposits and repurchase agreements (note 4)	5,300,000	-	1,100,000	470,000
Amounts receivable on sale of investments	149,531	228,814,854	114	18
Amounts receivable on sale of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts receivable on subscriptions	18,843	1,786,726	20,410	140,004
Interest and dividends receivable, net	235,754	9,885,399	20,634	166,816
Unrealised profit on forward foreign exchange contracts (notes 2(c), 5)	119,509	-	-	2,376
Unrealised profit on financial future contracts (notes 2(d), 6)	-	-	-	-
Unrealised profit on interest rate swap contracts (notes 2(e), 7)	-	899,506	-	-
Unrealised profit on inflation swap contracts (notes 2(f), 8)	-	-	-	-
Unrealised profit on total return swap contracts (notes 2(h), 10)	-	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	-	-	-
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Investment in mortgage dollar rolls at market value (notes 2(m), 14)	-	-	-	-
Other receivables	38,918	760,373	1,321	50,969
<b>TOTAL ASSETS</b>	<b>122,941,871</b>	<b>2,114,512,827</b>	<b>75,864,646</b>	<b>72,676,475</b>
<b>LIABILITIES</b>				
Amounts payable on purchases of investments	11,098	1,229,585	-	18
Amounts payable on purchases of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts payable on redemptions	247,369	2,347,754	163,850	97,303
Investment management fees payable (note 16)	129,135	1,760,035	56,724	52,809
Bank overdraft	-	-	-	-
Unrealised loss on forward foreign exchange contracts (notes 2(c), 5)	-	9,596,429	-	-
Unrealised loss on financial future contracts (notes 2(d), 6)	-	-	-	-
Unrealised loss on interest rate swap contracts (notes 2(e), 7)	-	-	-	-
Unrealised loss on cross currency swap contracts (notes 2(g), 9)	-	-	-	-
Unrealised loss on total return swap contracts (notes 2(h), 10)	-	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	-	-	-
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Open Short Positions on mortgage dollar rolls (notes 2(m), 14)	-	-	-	-
Taxes and expenses payable	261,940	2,882,550	79,642	51,816
<b>TOTAL LIABILITIES</b>	<b>649,542</b>	<b>17,816,353</b>	<b>300,216</b>	<b>201,946</b>
<b>TOTAL NET ASSETS</b>	<b>122,292,329</b>	<b>2,096,696,474</b>	<b>75,564,430</b>	<b>72,474,529</b>
<b>THREE YEAR ASSET SUMMARY</b>				
June 30, 2017	118,451,265	2,050,664,897	86,257,201	69,873,407
June 30, 2016	97,712,355	1,785,550,418	77,821,576	60,542,687
June 30, 2015	109,133,267	2,048,746,912	113,381,705	16,089,112

The accompanying notes form an integral part of these financial statements

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2017 (CONTINUED)

Franklin Global Multi-Asset Income Fund (EUR)	Franklin Global Real Estate Fund (USD)	Franklin Global Small-Mid Cap Growth Fund (USD)	Franklin Gold and Precious Metals Fund (USD)	Franklin High Yield Fund (USD)	Franklin Income Fund (USD)	Franklin India Fund (USD)
321,684,441	226,505,247	143,691,695	246,292,861	2,152,573,256	1,915,584,703	4,352,912,765
35,518,161	143,697	131,555	895,823	9,987,143	1,472,698	4,781,938
-	1,800,000	3,100,000	-	-	-	84,900,000
-	391,866	118	5,168,297	54,531,416	6,701,696	2,260,850
-	-	-	-	-	-	-
793,847	191,471	44,293	523,206	1,871,112	4,306,617	10,688,805
2,505,043	932,738	55,719	18,757	33,854,614	12,946,662	-
32,600	316,116	-	287,642	766,728	1,235,397	1,165,818
448,294	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,055,133	-	-	-	-	-	-
-	-	-	-	-	-	-
230,187	-	-	-	-	-	-
-	-	-	-	-	-	-
58,078	24,372	1,006,330	-	-	-	-
<b>362,325,784</b>	<b>230,305,507</b>	<b>148,029,710</b>	<b>253,186,586</b>	<b>2,253,584,269</b>	<b>1,942,247,773</b>	<b>4,456,710,176</b>
142,553	344,140	141,567	54	-	-	1,345
-	-	-	-	-	-	-
639,992	959,127	172,991	749,610	5,358,007	4,751,741	8,988,337
247,217	179,668	121,413	200,749	1,518,124	1,387,291	3,098,692
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
366,355	-	-	-	-	-	-
-	-	-	-	-	1,166,468	-
-	-	-	-	-	-	-
551,000	243,596	135,843	236,499	2,442,242	2,039,426	3,092,202
<b>1,947,117</b>	<b>1,726,531</b>	<b>571,814</b>	<b>1,186,912</b>	<b>9,318,373</b>	<b>9,344,926</b>	<b>15,180,576</b>
<b>360,378,667</b>	<b>228,578,976</b>	<b>147,457,896</b>	<b>251,999,674</b>	<b>2,244,265,896</b>	<b>1,932,902,847</b>	<b>4,441,529,600</b>
339,752,720	251,611,501	163,701,065	250,181,745	2,466,883,234	2,200,863,666	4,279,578,096
135,211,370	342,101,642	200,170,691	245,152,174	2,648,362,272	2,413,536,952	3,238,697,682
113,038,100	420,504,662	269,532,373	87,533,596	3,608,241,809	3,479,311,991	3,921,704,369

The accompanying notes form an integral part of these financial statements

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2017 (CONTINUED)

	Franklin Japan Fund (JPY)	Franklin K2 Alternative Strategies Fund (USD)	Franklin K2 Global Macro Opportunities Fund (USD)	Franklin K2 Long Short Credit Fund (USD)
<b>ASSETS</b>				
Investment in securities at market value (notes 2(b), 3)	32,681,858,520	1,005,240,653	3,848,877	67,417,475
Cash	554,599,912	190,301,022	2,942,032	5,119,633
Time deposits and repurchase agreements (note 4)	-	555,411,900	18,701,600	18,238,500
Amounts receivable on sale of investments	603,461,742	33,442,340	234,791	69,295
Amounts receivable on sale of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts receivable on subscriptions	112,381,216	7,454,839	-	5,807
Interest and dividends receivable, net	23,246,551	4,906,980	51,989	649,446
Unrealised profit on forward foreign exchange contracts (notes 2(c), 5)	3,553,109	18,539,580	96,971	567,341
Unrealised profit on financial future contracts (notes 2(d), 6)	-	373,794	-	15,880
Unrealised profit on interest rate swap contracts (notes 2(e), 7)	-	-	-	-
Unrealised profit on inflation swap contracts (notes 2(f), 8)	-	50,306	3,892	6,700
Unrealised profit on total return swap contracts (notes 2(h), 10)	-	13,343,125	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	404,058	3,938	-
Option contracts at market value (notes 2(k), 13)	-	1,999,653	-	74,318
Investment in mortgage dollar rolls at market value (notes 2(m), 14)	-	-	-	-
Other receivables	-	138,772	-	44,647
<b>TOTAL ASSETS</b>	<b>33,979,101,050</b>	<b>1,831,607,022</b>	<b>25,884,090</b>	<b>92,209,042</b>
<b>LIABILITIES</b>				
Amounts payable on purchases of investments	313,243,204	37,530,002	508,751	1,622,241
Amounts payable on purchases of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts payable on redemptions	218,107,601	2,360,152	-	23,400
Investment management fees payable (note 16)	22,886,586	2,569,430	38,332	136,979
Bank overdraft	-	-	-	-
Unrealised loss on forward foreign exchange contracts (notes 2(c), 5)	-	-	-	-
Unrealised loss on financial future contracts (notes 2(d), 6)	-	-	120,477	-
Unrealised loss on interest rate swap contracts (notes 2(e), 7)	-	162,185	12,656	10,410
Unrealised loss on cross currency swap contracts (notes 2(g), 9)	-	299	22	38
Unrealised loss on total return swap contracts (notes 2(h), 10)	-	-	-	22,091
Credit default swap contracts at market value (notes 2(j), 12)	-	-	-	320,135
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Open Short Positions on mortgage dollar rolls (notes 2(m), 14)	-	-	-	-
Taxes and expenses payable	26,315,349	1,065,325	121,638	157,314
<b>TOTAL LIABILITIES</b>	<b>580,552,740</b>	<b>43,687,393</b>	<b>801,876</b>	<b>2,292,608</b>
<b>TOTAL NET ASSETS</b>	<b>33,398,548,310</b>	<b>1,787,919,629</b>	<b>25,082,214</b>	<b>89,916,434</b>
<b>THREE YEAR ASSET SUMMARY</b>				
June 30, 2017	32,561,977,383	1,320,092,754	25,215,832	73,961,073
June 30, 2016	26,519,107,459	1,084,826,827	-	-
June 30, 2015	35,556,151,923	632,360,045	-	-

The accompanying notes form an integral part of these financial statements

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2017 (CONTINUED)**

Franklin MENA Fund (USD)	Franklin Natural Resources Fund (USD)	Franklin NextStep Balanced Growth Fund (USD)	Franklin NextStep Conservative Fund (USD)	Franklin NextStep Dynamic Growth Fund (USD)	Franklin NextStep Growth Fund (USD)	Franklin NextStep Moderate Fund (USD)
80,417,264	376,133,692	240,076,969	29,930,427	61,221,617	22,911,795	59,212,553
-	3,821,540	113,750	62,577	94,692	106,754	147,588
-	-	10,800,000	1,600,000	4,000,000	840,000	2,600,000
333,114	6,136,793	3,383,176	346,840	690,768	421,465	923,487
-	-	-	-	-	-	-
55,402	5,453,977	1,412,246	84,048	1,021,219	20,040	454,350
9,531	343,125	-	-	-	-	-
195,064	693,205	-	429,881	8,577	80,264	740,221
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19	21,457	-	2,461	-	2,081	5,147
<b>81,010,394</b>	<b>392,603,789</b>	<b>255,786,141</b>	<b>32,456,234</b>	<b>67,036,873</b>	<b>24,382,399</b>	<b>64,083,346</b>
-	1,062,058	4,876,257	410,246	3,376,045	400,191	1,204,348
-	-	-	-	-	-	-
110,658	16,355,343	626,408	-	28,242	15,184	-
96,665	305,168	175,995	19,221	43,210	18,754	44,031
93,660	-	-	-	-	-	-
-	-	46,640	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
128,910	360,950	152,117	29,623	55,797	33,661	53,349
<b>429,893</b>	<b>18,083,519</b>	<b>5,877,417</b>	<b>459,090</b>	<b>3,503,294</b>	<b>467,790</b>	<b>1,301,728</b>
<b>80,580,501</b>	<b>374,520,270</b>	<b>249,908,724</b>	<b>31,997,144</b>	<b>63,533,579</b>	<b>23,914,609</b>	<b>62,781,618</b>
86,705,941	357,146,962	141,120,021	22,235,224	31,624,652	14,170,474	39,419,097
95,875,802	301,524,049	9,828,108	7,141,045	4,497,653	3,376,470	8,501,020
209,097,880	274,683,455	-	-	-	-	-

The accompanying notes form an integral part of these financial statements

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2017 (CONTINUED)

	Franklin NextStep Stable Growth Fund (USD)	Franklin Strategic Income Fund (USD)	Franklin Technology Fund (USD)	Franklin U.S. Dollar Liquid Reserve Fund (USD)
<b>ASSETS</b>				
Investment in securities at market value (notes 2(b), 3)	20,749,641	919,505,133	1,736,064,076	278,955,853
Cash	172,198	28,397,628	59,749,683	4,662
Time deposits and repurchase agreements (note 4)	490,000	-	-	-
Amounts receivable on sale of investments	665,529	147,789,730	973,221	25,000,000
Amounts receivable on sale of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts receivable on subscriptions	273	2,605,716	11,729,251	318,778
Interest and dividends receivable, net	-	9,933,249	683,697	2,917
Unrealised profit on forward foreign exchange contracts (notes 2(c), 5)	6,346	4,725,583	19,376	-
Unrealised profit on financial future contracts (notes 2(d), 6)	-	-	-	-
Unrealised profit on interest rate swap contracts (notes 2(e), 7)	-	-	-	-
Unrealised profit on inflation swap contracts (notes 2(f), 8)	-	-	-	-
Unrealised profit on total return swap contracts (notes 2(h), 10)	-	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	-	-	-
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Investment in mortgage dollar rolls at market value (notes 2(m), 14)	-	73,168,110	-	-
Other receivables	897	197,520	128,449	83,401
<b>TOTAL ASSETS</b>	<b>22,084,884</b>	<b>1,186,322,669</b>	<b>1,809,347,753</b>	<b>304,365,611</b>
<b>LIABILITIES</b>				
Amounts payable on purchases of investments	201,983	68,070	3,944	-
Amounts payable on purchases of mortgage dollar rolls (note 2(m))	-	73,128,893	-	-
Amounts payable on redemptions	155,303	5,144,537	7,225,053	1,273,376
Investment management fees payable (note 16)	15,144	669,087	1,404,205	78,683
Bank overdraft	-	-	-	-
Unrealised loss on forward foreign exchange contracts (notes 2(c), 5)	-	-	-	-
Unrealised loss on financial future contracts (notes 2(d), 6)	-	-	-	-
Unrealised loss on interest rate swap contracts (notes 2(e), 7)	-	-	-	-
Unrealised loss on cross currency swap contracts (notes 2(g), 9)	-	32,661	-	-
Unrealised loss on total return swap contracts (notes 2(h), 10)	-	88,791	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	34,071	-	-
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Open Short Positions on mortgage dollar rolls (notes 2(m), 14)	-	-	-	-
Taxes and expenses payable	26,214	1,225,209	1,312,189	209,154
<b>TOTAL LIABILITIES</b>	<b>398,644</b>	<b>80,391,319</b>	<b>9,945,391</b>	<b>1,561,213</b>
<b>TOTAL NET ASSETS</b>	<b>21,686,240</b>	<b>1,105,931,350</b>	<b>1,799,402,362</b>	<b>302,804,398</b>
<b>THREE YEAR ASSET SUMMARY</b>				
June 30, 2017	19,876,634	1,123,520,954	1,229,456,650	310,691,013
June 30, 2016	6,077,952	1,179,933,357	912,322,077	403,995,936
June 30, 2015	-	1,877,416,845	953,563,141	330,503,303

The accompanying notes form an integral part of these financial statements

**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2017 (CONTINUED)**

Franklin U.S. Equity Fund (USD)	Franklin U.S. Government Fund (USD)	Franklin U.S. Low Duration Fund (USD)	Franklin U.S. Opportunities Fund (USD)	Franklin World Perspectives Fund (USD)	Franklin Mutual Beacon Fund (USD)	Franklin Mutual European Fund (EUR)
429,626,622	728,162,480	1,106,471,362	3,187,007,515	259,367,555	612,351,073	1,350,402,881
1,922,745	2,877,159	15,206,725	47,795,242	915,785	212,029	11,943,196
-	-	-	-	1,000,000	-	-
10,285,000	15,409,998	23,995,349	405,558	271,340	10,358,520	82,510,951
-	-	17,891,435	-	-	-	-
2,264,972	1,310,171	671,281	10,021,185	236,191	294,174	1,173,636
324,736	2,390,593	6,507,673	1,331,852	215,280	959,333	1,723,424
173,926	1,261,777	2,327,082	3,293,056	411,644	176,165	-
-	-	-	-	-	-	-
-	-	328,497	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	29,567,843	-	-	-	-
-	9,719	144,716	-	228,572	66,372	1,523,881
444,598,001	751,421,897	1,203,111,963	3,249,854,408	262,646,367	624,417,666	1,449,277,969
84	-	432,858	126	247,887	70,184	3,685
-	-	29,584,681	-	-	-	-
678,078	1,880,377	1,945,466	11,260,244	523,411	1,911,003	17,934,681
342,592	376,404	547,862	2,573,260	195,039	498,540	1,137,924
-	-	-	-	-	-	-
-	-	-	-	-	-	1,071,871
-	-	205,528	-	-	-	-
-	-	309,611	-	-	-	-
-	-	-	-	-	-	-
-	-	64,978	-	-	-	-
-	-	2,764,921	-	-	-	-
-	-	-	-	-	-	-
-	-	17,888,708	-	-	-	-
460,091	685,599	696,066	2,761,211	210,218	1,098,772	2,081,464
1,480,845	2,942,380	54,440,679	16,594,841	1,176,555	3,578,499	22,229,625
443,117,156	748,479,517	1,148,671,284	3,233,259,567	261,469,812	620,839,167	1,427,048,344
461,625,826	855,045,873	1,184,520,738	2,937,414,397	312,784,198	750,634,285	1,613,768,701
506,167,855	1,211,181,698	904,479,104	3,723,344,289	363,338,333	641,560,164	1,808,035,248
675,514,978	1,067,430,758	1,605,831,136	4,723,501,172	392,152,862	956,365,990	3,038,004,877

The accompanying notes form an integral part of these financial statements

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2017 (CONTINUED)

	Franklin Mutual Global Discovery Fund (USD)	Templeton Africa Fund (USD)	Templeton Asian Bond Fund (USD)	Templeton Asian Growth Fund (USD)
<b>ASSETS</b>				
Investment in securities at market value (notes 2(b), 3)	849,227,907	62,929,247	588,127,889	4,824,745,101
Cash	14,125,317	789,262	26,831,288	7,739,598
Time deposits and repurchase agreements (note 4)	-	15,600,000	-	3,500,000
Amounts receivable on sale of investments	7,650,180	30,467	35,876,139	11,974,272
Amounts receivable on sale of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts receivable on subscriptions	1,797,130	595,325	950,223	8,457,762
Interest and dividends receivable, net	1,684,584	23,864	9,858,228	9,605,035
Unrealised profit on forward foreign exchange contracts (notes 2(c), 5)	868,053	406,407	-	4,928,895
Unrealised profit on financial future contracts (notes 2(d), 6)	-	-	-	-
Unrealised profit on interest rate swap contracts (notes 2(e), 7)	-	-	-	-
Unrealised profit on inflation swap contracts (notes 2(f), 8)	-	-	-	-
Unrealised profit on total return swap contracts (notes 2(h), 10)	-	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	-	-	-
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Investment in mortgage dollar rolls at market value (notes 2(m), 14)	-	-	-	-
Other receivables	218,219	16,185	-	-
<b>TOTAL ASSETS</b>	<b>875,571,390</b>	<b>80,390,757</b>	<b>661,643,767</b>	<b>4,870,950,663</b>
<b>LIABILITIES</b>				
Amounts payable on purchases of investments	77,232	1,196	1,075,502	1,699
Amounts payable on purchases of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts payable on redemptions	1,241,668	305,225	1,067,849	18,752,636
Investment management fees payable (note 16)	698,199	97,826	373,315	5,159,912
Bank overdraft	-	-	-	-
Unrealised loss on forward foreign exchange contracts (notes 2(c), 5)	-	-	259,523	-
Unrealised loss on financial future contracts (notes 2(d), 6)	-	-	-	-
Unrealised loss on interest rate swap contracts (notes 2(e), 7)	-	-	4,978,914	-
Unrealised loss on cross currency swap contracts (notes 2(g), 9)	-	-	-	-
Unrealised loss on total return swap contracts (notes 2(h), 10)	-	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	-	-	-
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Open Short Positions on mortgage dollar rolls (notes 2(m), 14)	-	-	-	-
Taxes and expenses payable	880,653	390,215	4,035,805	7,800,548
<b>TOTAL LIABILITIES</b>	<b>2,897,752</b>	<b>794,462</b>	<b>11,790,908</b>	<b>31,714,795</b>
<b>TOTAL NET ASSETS</b>	<b>872,673,638</b>	<b>79,596,295</b>	<b>649,852,859</b>	<b>4,839,235,868</b>
<b>THREE YEAR ASSET SUMMARY</b>				
June 30, 2017	980,850,083	68,140,124	673,256,171	4,944,781,465
June 30, 2016	942,338,326	77,149,040	841,044,530	4,508,040,016
June 30, 2015	1,372,939,054	127,043,263	1,605,694,101	10,040,238,841

The accompanying notes form an integral part of these financial statements



**STATEMENT OF NET ASSETS**  
**AT DECEMBER 31, 2017 (CONTINUED)**

Templeton Asian Smaller Companies Fund (USD)	Templeton BRIC Fund (USD)	Templeton China Fund (USD)	Templeton Eastern Europe Fund (EUR)	Templeton Emerging Markets Fund (USD)	Templeton Emerging Markets Balanced Fund (USD)	Templeton Emerging Markets Bond Fund (USD)
1,675,838,545	832,420,792	544,321,540	313,354,176	975,710,284	95,201,805	7,905,327,908
6,339,928	402,584	294,007	15,977,686	214,510	2,137,434	327,434,090
50,600,000	14,300,000	2,600,000	-	16,400,000	-	-
4,082,437	87,931	898,336	4,004	624	7,075,000	868,345,000
-	-	-	-	-	-	-
10,544,512	8,503,019	3,124,321	1,772,152	2,002,935	967,989	78,418,792
3,252,129	1,850,928	378,028	434,358	2,757,502	922,992	147,179,028
-	292,901	-	-	603,954	41,946	-
-	-	-	-	-	-	-
-	-	-	-	-	16,506	6,285,332
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	13	761,753	145,044	11,893	552,884
<b>1,750,657,551</b>	<b>857,858,155</b>	<b>551,616,245</b>	<b>332,304,129</b>	<b>997,834,853</b>	<b>106,375,565</b>	<b>9,333,543,034</b>
522	-	176,910	393,251	126	368,136	17,997,311
-	-	-	-	-	-	-
5,058,943	7,320,016	3,934,598	2,020,767	5,421,367	119,072	25,199,986
1,590,998	1,124,952	710,408	419,988	1,207,922	106,948	7,401,111
-	-	-	-	-	-	-
-	-	-	-	-	-	15,032,971
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,174,570	1,391,661	738,831	666,168	1,863,719	178,518	19,238,749
<b>7,825,033</b>	<b>9,836,629</b>	<b>5,560,747</b>	<b>3,500,174</b>	<b>8,493,134</b>	<b>772,674</b>	<b>84,870,128</b>
<b>1,742,832,518</b>	<b>848,021,526</b>	<b>546,055,498</b>	<b>328,803,955</b>	<b>989,341,719</b>	<b>105,602,891</b>	<b>9,248,672,906</b>
1,577,382,433	761,260,242	525,402,818	310,573,410	768,743,294	64,654,834	6,296,345,122
1,126,815,386	683,471,085	529,554,974	270,212,102	525,175,142	44,032,095	3,822,276,997
1,511,952,778	910,377,435	843,014,039	288,357,328	647,377,931	61,342,926	4,757,561,487

The accompanying notes form an integral part of these financial statements

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2017 (CONTINUED)

	Templeton Emerging Markets Smaller Companies Fund (USD)	Templeton Euroland Fund (EUR)	Templeton European Fund (EUR)	Templeton Frontier Markets Fund (USD)
<b>ASSETS</b>				
Investment in securities at market value (notes 2(b), 3)	1,067,156,579	449,384,744	191,022,528	836,643,852
Cash	26,244,619	5,486,438	-	4,112,270
Time deposits and repurchase agreements (note 4)	-	-	-	32,000,000
Amounts receivable on sale of investments	116,170,000	-	-	1,952,719
Amounts receivable on sale of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts receivable on subscriptions	6,579,577	1,023,984	347,146	1,128,568
Interest and dividends receivable, net	1,319,776	87,221	106,337	2,104,952
Unrealised profit on forward foreign exchange contracts (notes 2(c), 5)	7,623	-	-	1,936,624
Unrealised profit on financial future contracts (notes 2(d), 6)	-	-	-	-
Unrealised profit on interest rate swap contracts (notes 2(e), 7)	-	-	-	-
Unrealised profit on inflation swap contracts (notes 2(f), 8)	-	-	-	-
Unrealised profit on total return swap contracts (notes 2(h), 10)	-	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	-	-	-
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Investment in mortgage dollar rolls at market value (notes 2(m), 14)	-	-	-	-
Other receivables	293,786	541,222	403,730	-
<b>TOTAL ASSETS</b>	<b>1,217,771,960</b>	<b>456,523,609</b>	<b>191,879,741</b>	<b>879,878,985</b>
<b>LIABILITIES</b>				
Amounts payable on purchases of investments	310,965	-	95	-
Amounts payable on purchases of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts payable on redemptions	4,096,701	621,568	377,843	2,650,511
Investment management fees payable (note 16)	1,142,920	343,668	159,909	998,010
Bank overdraft	-	-	77,744	-
Unrealised loss on forward foreign exchange contracts (notes 2(c), 5)	-	4,946	-	-
Unrealised loss on financial future contracts (notes 2(d), 6)	-	-	-	-
Unrealised loss on interest rate swap contracts (notes 2(e), 7)	-	-	-	-
Unrealised loss on cross currency swap contracts (notes 2(g), 9)	-	-	-	-
Unrealised loss on total return swap contracts (notes 2(h), 10)	-	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	-	-	-
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Open Short Positions on mortgage dollar rolls (notes 2(m), 14)	-	-	-	-
Taxes and expenses payable	718,228	382,943	190,797	16,806,456
<b>TOTAL LIABILITIES</b>	<b>6,268,814</b>	<b>1,353,125</b>	<b>806,388</b>	<b>20,454,977</b>
<b>TOTAL NET ASSETS</b>	<b>1,211,503,146</b>	<b>455,170,484</b>	<b>191,073,353</b>	<b>859,424,008</b>
<b>THREE YEAR ASSET SUMMARY</b>				
June 30, 2017	778,914,351	465,137,539	209,415,616	882,514,750
June 30, 2016	483,632,814	225,841,210	217,815,064	816,651,982
June 30, 2015	448,620,075	270,562,552	301,775,110	1,256,869,622

The accompanying notes form an integral part of these financial statements

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2017 (CONTINUED)

Templeton Global Fund (USD)	Templeton Global (Euro) Fund (EUR)	Templeton Global Balanced Fund (USD)	Templeton Global Bond Fund (USD)	Templeton Global Bond (Euro) Fund (EUR)	Templeton Global Currency Fund (USD)	Templeton Global Equity Income Fund (USD)
1,237,229,320	691,150,070	862,015,651	16,631,158,156	267,085,002	6,812,127	155,697,779
-	3,713,270	112,610,632	745,757,309	24,254,383	269,112	56,885
16,100,000	-	-	-	-	-	8,300,000
1,090,493	-	747,238	263,435,954	-	1,360,000	117,585
-	-	-	-	-	-	-
1,296,548	1,412,534	1,435,802	20,647,738	2,287,925	-	133,482
1,388,867	662,188	3,786,124	213,590,323	4,379,446	32,086	232,119
-	-	-	-	5,631,847	45,837	9,750
-	-	-	-	-	-	-
-	-	-	-	747,893	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
938,212	414,300	401,792	15,024,609	187,965	1,147	159,838
1,258,043,440	697,352,362	980,997,239	17,889,614,089	304,574,461	8,520,309	164,707,438
4,440	-	5,221	35,558,220	340,273	-	5,221
-	-	-	-	-	-	-
7,777,064	214,227	1,984,244	33,570,057	529,502	-	538,254
994,811	593,673	649,406	10,478,469	181,936	4,945	134,247
41,410	-	-	-	-	-	-
-	-	774,377	88,659,412	-	-	-
-	-	-	-	-	-	-
-	-	-	307,332,111	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,288,816	709,640	1,273,648	58,555,850	916,682	17,540	200,003
10,106,541	1,517,540	4,686,896	534,154,119	1,968,393	22,485	877,725
1,247,936,899	695,834,822	976,310,343	17,355,459,970	302,606,068	8,497,824	163,829,713
1,259,094,531	693,378,176	953,322,447	18,426,706,919	325,525,488	8,481,440	150,633,469
1,159,102,438	620,499,565	938,407,418	22,001,556,826	365,968,734	-	164,081,704
1,500,917,332	784,348,115	1,235,789,670	32,732,039,223	388,655,489	-	248,399,545

The accompanying notes form an integral part of these financial statements

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2017 (CONTINUED)

	Templeton Global High Yield Fund (USD)	Templeton Global Income Fund (USD)	Templeton Global Smaller Companies Fund (USD)	Templeton Global Total Return Fund (USD)
<b>ASSETS</b>				
Investment in securities at market value (notes 2(b), 3)	160,506,302	1,020,475,890	123,721,069	19,534,560,504
Cash	1,230,635	14,995,249	116,453	683,990,931
Time deposits and repurchase agreements (note 4)	-	-	6,000,000	-
Amounts receivable on sale of investments	532,130	39,761,950	405,023	515,415,225
Amounts receivable on sale of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts receivable on subscriptions	69,803	1,324,386	262,743	38,265,422
Interest and dividends receivable, net	3,165,196	6,645,783	156,774	272,136,816
Unrealised profit on forward foreign exchange contracts (notes 2(c), 5)	-	-	-	-
Unrealised profit on financial future contracts (notes 2(d), 6)	-	-	-	-
Unrealised profit on interest rate swap contracts (notes 2(e), 7)	108,735	794,280	-	-
Unrealised profit on inflation swap contracts (notes 2(f), 8)	-	-	-	-
Unrealised profit on total return swap contracts (notes 2(h), 10)	-	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	-	-	-
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Investment in mortgage dollar rolls at market value (notes 2(m), 14)	-	-	-	-
Other receivables	21,780	914,210	75,908	5,452,603
<b>TOTAL ASSETS</b>	<b>165,634,581</b>	<b>1,084,911,748</b>	<b>130,737,970</b>	<b>21,049,821,501</b>
<b>LIABILITIES</b>				
Amounts payable on purchases of investments	55,028	1,639,698	-	33,433,452
Amounts payable on purchases of mortgage dollar rolls (note 2(m))	-	-	-	-
Amounts payable on redemptions	199,875	2,801,681	252,005	74,820,254
Investment management fees payable (note 16)	120,029	753,907	108,980	12,403,384
Bank overdraft	-	-	-	-
Unrealised loss on forward foreign exchange contracts (notes 2(c), 5)	616,624	3,797,115	-	116,726,456
Unrealised loss on financial future contracts (notes 2(d), 6)	-	-	-	-
Unrealised loss on interest rate swap contracts (notes 2(e), 7)	-	-	-	182,408,255
Unrealised loss on cross currency swap contracts (notes 2(g), 9)	-	-	-	-
Unrealised loss on total return swap contracts (notes 2(h), 10)	-	-	-	-
Credit default swap contracts at market value (notes 2(j), 12)	-	-	-	-
Option contracts at market value (notes 2(k), 13)	-	-	-	-
Open Short Positions on mortgage dollar rolls (notes 2(m), 14)	-	-	-	-
Taxes and expenses payable	295,750	1,538,628	181,624	54,150,718
<b>TOTAL LIABILITIES</b>	<b>1,287,306</b>	<b>10,531,029</b>	<b>542,609</b>	<b>473,942,519</b>
<b>TOTAL NET ASSETS</b>	<b>164,347,275</b>	<b>1,074,380,719</b>	<b>130,195,361</b>	<b>20,575,878,982</b>
<b>THREE YEAR ASSET SUMMARY</b>				
June 30, 2017	180,421,557	1,137,684,998	120,018,892	20,185,056,502
June 30, 2016	163,016,307	1,481,892,095	113,758,358	21,120,878,212
June 30, 2015	203,340,828	2,206,717,655	142,872,980	30,788,646,224

The accompanying notes form an integral part of these financial statements

## STATEMENT OF NET ASSETS AT DECEMBER 31, 2017 (CONTINUED)

Templeton Growth (Euro) Fund (EUR)	Templeton Korea Fund (USD)	Templeton Latin America Fund (USD)	Templeton Thailand Fund (USD)
7,198,320,367	32,098,335	1,209,891,888	167,511,163
260,078,653	72,502	885,588	157,574
145,450,098	1,200,000	26,100,000	9,100,000
463,042	46	1,050	53,210
-	-	-	-
1,853,955	178,351	4,068,894	2,186,410
8,347,354	331,616	5,666,853	-
-	-	754,677	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,504,689	-	44	-
<u>7,617,018,158</u>	<u>33,880,850</u>	<u>1,247,368,994</u>	<u>179,008,357</u>
1,161,040	108,843	-	5,830,030
-	-	-	-
30,982,138	281,036	3,044,628	1,668,525
6,438,064	45,170	1,389,553	222,372
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
6,906,240	79,825	2,524,687	206,552
<u>45,487,482</u>	<u>514,874</u>	<u>6,958,868</u>	<u>7,927,479</u>
<u>7,571,530,676</u>	<u>33,365,976</u>	<u>1,240,410,126</u>	<u>171,080,878</u>
7,584,398,180	38,338,370	1,199,770,938	139,450,128
6,563,260,233	38,599,896	1,103,673,787	143,285,738
7,445,372,975	62,085,345	1,177,268,298	155,284,109

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017

	Total (USD)	Franklin Asia Credit Fund (USD)	Franklin Biotechnology Discovery Fund (USD)	Franklin Brazil Opportunities Fund (USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	106,341,225,772	8,920,119	2,408,642,311	28,894,121
Currency translation adjustment	876,806,896	-	-	-
	<u>107,218,032,668</u>	<u>8,920,119</u>	<u>2,408,642,311</u>	<u>28,894,121</u>
<b>INCOME</b>				
Dividends (net of withholding taxes) (note 2(n))	388,482,748	-	1,725,989	31,580
Interest on bonds (net of withholding taxes) (note 2(n))	1,919,912,714	176,464	13,601	963,175
Bank interest	12,433,633	108	122,372	1,652
Securities lending (notes 2(o), 15)	3,617,201	-	1,748,860	-
Net interest income on swaps	9,179,258	-	-	-
Sundry income	12,414,766	-	61,048	3,193
<b>TOTAL INCOME</b>	<u>2,346,040,320</u>	<u>176,572</u>	<u>3,671,870</u>	<u>999,600</u>
<b>EXPENSES</b>				
Investment management fees (note 16)	491,078,268	32,171	12,404,140	151,951
Administration and transfer agency fees	126,563,590	10,157	2,893,794	41,146
Directors fees	112,646	-	2,559	31
Subscription tax (note 19)	23,209,824	1,831	596,044	7,547
Custodian fees	20,897,965	289	42,087	3,884
Audit fees	636,938	6,152	7,723	5,031
Printing and publishing expenses	3,941,565	328	89,427	1,082
Bank charges	4,989,016	-	-	-
Net interest expenses on swaps	59,933,770	-	-	2,184
Class A (dis) and Class A (acc) shares' maintenance charges (note 20)	152,822,916	10,349	5,265,152	27,967
Class AS (dis) and Class AS (acc) shares' maintenance charges (note 20)	622,931	-	-	-
Class AX (acc) shares' maintenance charges (note 20)	891,064	-	-	-
Class B (dis) and Class B (acc) shares' maintenance and service charges (note 20)	8,917,161	-	201,542	-
Class C (dis) and Class C (acc) shares' maintenance and service charges (note 20)	9,028,408	-	105,510	-
Class F (dis) and Class F (acc) shares' maintenance and service charges (note 20)	7,327,522	-	231,824	-
Class G (dis) and Class G (acc) shares' maintenance and service charges (note 20)	92,939	-	-	-
Class N (dis) and Class N (acc) shares' maintenance charges (note 20)	54,983,677	-	1,040,763	95,999
Other charges	19,024,770	1,345	371,795	4,411
<b>TOTAL EXPENSES</b>	<u>985,074,970</u>	<u>62,622</u>	<u>23,252,360</u>	<u>341,233</u>
Expenses reimbursement (note 21)	(5,762,078)	(222)	(611)	-
<b>NET EXPENSES</b>	<u>979,312,892</u>	<u>62,400</u>	<u>23,251,749</u>	<u>341,233</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	1,366,727,428	114,172	(19,579,879)	658,367
Net realised profit/(loss) on sale of investments	1,400,196,421	15,651	85,699,689	387,179
Net realised profit/(loss) on forward foreign exchange contracts	(1,547,631)	43,882	287,108	243,114
Net realised profit/(loss) on financial future contracts	(15,741,707)	-	-	(417,281)
Net realised profit/(loss) on cross currency swap contracts	(636,588)	-	-	-
Net realised profit/(loss) on interest rate swap contracts	280,513	-	-	-
Net realised profit/(loss) on inflation swap contracts	146,564	-	-	-
Net realised profit/(loss) on total return swap contracts	(811,328)	-	-	-
Net realised profit/(loss) on volatility swap contracts	(83,450)	-	-	-
Net realised profit/(loss) on credit default swap contracts	(1,077,914)	-	-	386,588
Net realised profit/(loss) on option contracts	(3,911,462)	-	-	(147,675)
Net realised profit/(loss) on foreign exchange transactions	(73,582,570)	(45)	(4,062)	(81,336)
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	2,669,958,276	173,660	66,402,856	1,028,956
Change in net unrealised appreciation/(depreciation) on:				
Investments	1,456,911,078	15,970	18,237,772	1,330,030
Forward foreign exchange contracts	(366,642,423)	34,308	13,607	(34,602)
Financial future contracts	1,337,043	-	-	(792,446)
Interest rate swap contracts	72,208,712	-	-	-
Inflation swap contracts	555,624	-	-	13,498
Cross currency swap contracts	(1,041,986)	-	-	-
Total return swap contracts	12,531,583	-	-	-
Volatility swap contracts	1,411,698	-	-	-
Credit default swap contracts	1,570,877	-	-	(344,679)
Option contracts	(2,906,714)	-	-	(26,199)
Mortgage dollar rolls	517,358	-	-	-
Foreign exchange transactions	4,037,097	-	762	(7,142)
Capital gains tax	(4,583,054)	-	-	-
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>3,845,865,169</u>	<u>223,938</u>	<u>84,654,997</u>	<u>1,167,416</u>
<b>MOVEMENT OF CAPITAL</b>				
Issue of shares	23,439,086,220	314,370	1,289,745,313	6,915,763
Redemption of shares	(21,101,314,934)	(138,354)	(1,169,666,295)	(6,072,346)
Equalisation (note 24)	35,290,887	438	-	17,089
	<u>2,373,062,173</u>	<u>176,454</u>	<u>120,079,018</u>	<u>860,506</u>
Dividends paid/accumulated (note 25)	(2,325,539,487)	(176,498)	-	(1,200,934)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	47,522,686	(44)	120,079,018	(340,428)
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u>111,111,420,523</u>	<u>9,144,013</u>	<u>2,613,376,326</u>	<u>29,721,109</u>
Portfolio Turnover Ratio (note 26)		9.50%	2.56%	131.92%

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

Franklin Diversified Balanced Fund (EUR)	Franklin Diversified Conservative Fund (EUR)	Franklin Diversified Dynamic Fund (EUR)	Franklin Euro Government Bond Fund (EUR)	Franklin Euro High Yield Fund (EUR)	Franklin Euro Short Duration Bond Fund (EUR)	Franklin Euro Short-Term Money Market Fund (EUR)
212,716,472	305,343,335	86,613,579	90,465,722	727,071,302	79,066,843	118,230,964
-	-	-	-	-	-	-
212,716,472	305,343,335	86,613,579	90,465,722	727,071,302	79,066,843	118,230,964
1,302,972	1,087,046	715,191	-	205,650	-	-
830,846	1,580,194	193,808	333,796	14,137,477	146,134	(179,382)
5,937	7,330	1,049	-	5,118	214	-
-	-	-	-	-	-	-
1,623,298	1,929,986	712,162	-	-	-	-
1,723	4,427	-	-	4,145	-	-
3,764,776	4,608,983	1,622,210	333,796	14,352,390	146,348	(179,382)
780,760	1,185,233	401,515	172,727	2,779,156	162,559	134,450
243,536	367,012	101,485	95,370	814,811	98,272	77,908
219	324	90	86	737	89	115
31,971	60,936	20,154	11,970	160,557	11,349	5,684
8,695	12,557	5,682	3,807	28,791	5,474	4,625
5,753	5,900	5,863	4,081	6,080	5,058	3,876
7,659	11,324	3,142	3,017	25,742	3,121	4,030
52,984	130,562	14,861	2,554	104,621	6,819	40,943
-	-	-	-	-	-	-
225,565	265,374	219,121	20,898	1,015,047	17,717	44,051
-	-	-	-	-	-	-
-	-	-	-	128,025	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,621	7,703	-	-	-	-	-
42,646	452,867	8,725	61,462	509,042	79,019	-
31,214	46,107	12,807	12,298	104,944	12,716	16,442
1,435,623	2,545,899	793,445	388,270	5,677,553	402,193	332,124
-	-	-	(263)	(2,092)	(24,088)	(167,511)
1,435,623	2,545,899	793,445	388,007	5,675,461	378,105	164,613
2,329,153	2,063,084	828,765	(54,211)	8,676,929	(231,757)	(343,995)
2,671,307	(233,712)	2,164,592	(242,407)	6,030,154	253,603	56
3,867,413	6,177,144	1,257,523	-	2,982,870	5,895	-
(898,688)	(2,180,233)	55,919	(478,063)	-	(33,425)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(211,149)	(328,304)	14,199	-	-	-	-
(15,638)	(24,508)	(7,544)	-	-	-	-
-	-	-	-	-	-	-
(536,198)	(339,343)	(334,727)	-	-	-	-
(92,405)	(169,132)	(27,813)	-	(253,998)	(3,764)	-
7,113,795	4,964,996	3,950,914	(774,681)	17,435,955	(9,448)	(343,939)
(2,774,828)	(3,424,593)	(1,251,567)	1,133,885	(3,949,267)	(26,431)	-
31,474	(698,525)	133,242	-	(2,010,775)	(71,798)	-
466,942	278,097	320,842	(146,550)	-	153,400	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
576,001	888,786	193,282	-	-	-	-
275,786	382,217	133,039	-	-	-	-
(14,199)	(26,923)	(13,417)	-	-	-	-
(432,590)	(250,340)	(246,050)	-	-	-	-
-	-	-	-	-	-	-
9,230	18,329	5,824	-	30,270	(4,147)	-
-	-	-	-	-	-	-
5,251,611	2,132,044	3,226,109	212,654	11,506,183	41,576	(343,939)
39,830,688	69,753,170	10,222,097	3,169,467	93,164,596	60,316,396	35,617,945
(12,762,027)	(42,881,485)	(2,817,608)	(15,706,517)	(121,514,627)	(37,332,702)	(37,432,745)
317,215	83,744	34,743	(17,681)	(377,087)	26,955	-
27,385,876	26,955,429	7,439,232	(12,554,731)	(28,727,118)	23,010,649	(1,814,800)
(11,303,715)	(10,836,991)	(5,025,520)	(783,422)	(21,726,402)	(558,281)	-
16,082,161	16,118,438	2,413,712	(13,338,153)	(50,453,520)	22,452,368	(1,814,800)
234,050,244	323,593,817	92,253,400	77,340,223	688,123,965	101,560,787	116,072,225
144.26%	99.35%	187.61%	38.72%	88.50%	52.35%	N/A

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

	Franklin European Fund <sup>1</sup> (EUR)	Franklin European Corporate Bond Fund (EUR)	Franklin European Dividend Fund (EUR)	Franklin European Growth Fund (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	9,437,889	104,153,323	152,193,195	736,996,088
Currency translation adjustment	-	-	-	-
	<u>9,437,889</u>	<u>104,153,323</u>	<u>152,193,195</u>	<u>736,996,088</u>
<b>INCOME</b>				
Dividends (net of withholding taxes) (note 2(n))	30,622	-	1,306,223	4,254,816
Interest on bonds (net of withholding taxes) (note 2(n))	-	851,133	-	-
Bank interest	-	-	-	17,470
Securities lending (notes 2(o), 15)	-	-	-	-
Net interest income on swaps	-	-	-	-
Sundry income	49	1,700	104	-
<b>TOTAL INCOME</b>	<u>30,671</u>	<u>852,833</u>	<u>1,306,327</u>	<u>4,272,286</u>
<b>EXPENSES</b>				
Investment management fees (note 16)	37,728	269,684	692,383	3,113,359
Administration and transfer agency fees	10,061	114,377	178,883	780,955
Directors fees	-	106	159	726
Subscription tax (note 19)	1,856	16,295	27,184	133,617
Custodian fees	517	4,138	8,816	39,225
Audit fees	2,602	4,290	4,499	5,555
Printing and publishing expenses	1,296	3,711	5,544	25,364
Bank charges	-	12,142	20,029	60,309
Net interest expenses on swaps	-	-	-	-
Class A (dis) and Class A (acc) shares' maintenance charges (note 20)	9,355	38,538	187,802	857,108
Class AS (dis) and Class AS (acc) shares' maintenance charges (note 20)	-	-	-	-
Class AX (acc) shares' maintenance charges (note 20)	-	-	-	-
Class B (dis) and Class B (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class C (dis) and Class C (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class F (dis) and Class F (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class G (dis) and Class G (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class N (dis) and Class N (acc) shares' maintenance charges (note 20)	14,512	144,242	166,437	757,639
Other charges	409	15,129	22,586	103,454
<b>TOTAL EXPENSES</b>	<u>78,336</u>	<u>622,652</u>	<u>1,314,322</u>	<u>5,877,311</u>
Expenses reimbursement (note 21)	-	(24,996)	-	(13,712)
<b>NET EXPENSES</b>	<u>78,336</u>	<u>597,656</u>	<u>1,314,322</u>	<u>5,863,599</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	(47,665)	255,177	(7,995)	(1,591,313)
Net realised profit/(loss) on sale of investments	1,256,822	175,882	142,509	30,920,069
Net realised profit/(loss) on forward foreign exchange contracts	-	(64,340)	36,259	(1,790,026)
Net realised profit/(loss) on financial future contracts	-	(303,000)	-	-
Net realised profit/(loss) on cross currency swap contracts	-	-	-	-
Net realised profit/(loss) on interest rate swap contracts	-	-	-	-
Net realised profit/(loss) on inflation swap contracts	-	-	-	-
Net realised profit/(loss) on total return swap contracts	-	-	-	-
Net realised profit/(loss) on volatility swap contracts	-	-	-	-
Net realised profit/(loss) on credit default swap contracts	-	-	-	-
Net realised profit/(loss) on option contracts	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	26,660	-	(16,085)	94,809
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	<u>1,235,817</u>	<u>63,719</u>	<u>154,688</u>	<u>27,633,539</u>
Change in net unrealised appreciation/(depreciation) on:				
Investments	(1,091,632)	1,070,727	5,016,061	(13,318,850)
Forward foreign exchange contracts	-	(41,581)	246,324	216,023
Financial future contracts	-	55,670	-	-
Interest rate swap contracts	-	-	-	-
Inflation swap contracts	-	-	-	-
Cross currency swap contracts	-	-	-	-
Total return swap contracts	-	-	-	-
Volatility swap contracts	-	-	-	-
Credit default swap contracts	-	-	-	-
Option contracts	-	-	-	-
Mortgage dollar rolls	-	-	-	-
Foreign exchange transactions	222	-	2,632	21,496
Capital gains tax	-	-	-	-
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>144,407</u>	<u>1,148,535</u>	<u>5,419,705</u>	<u>14,552,208</u>
<b>MOVEMENT OF CAPITAL</b>				
Issue of shares	497,121	11,243,946	32,591,369	57,276,440
Redemption of shares	(10,044,029)	(14,992,338)	(29,373,616)	(224,337,067)
Equalisation (note 24)	(31)	(24,202)	(80,426)	(124,579)
	<u>(9,546,939)</u>	<u>(3,772,594)</u>	<u>3,137,327</u>	<u>(167,185,206)</u>
Dividends paid/accumulated (note 25)	(35,357)	(1,882,403)	(8,214,642)	(9,124,756)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<u>(9,582,296)</u>	<u>(5,654,997)</u>	<u>(5,077,315)</u>	<u>(176,309,962)</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u>-</u>	<u>99,646,861</u>	<u>152,535,585</u>	<u>575,238,334</u>
Portfolio Turnover Ratio (note 26)	N/A	44.51%	161.68%	60.94%

<sup>1</sup> This Fund was closed on December 12, 2017

The accompanying notes form an integral part of these financial statements



## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

Franklin European Income Fund (EUR)	Franklin European Small-Mid Cap Growth Fund (EUR)	Franklin European Total Return Fund (EUR)	Franklin Flexible Alpha Bond Fund (USD)	Franklin GCC Bond Fund (USD)	Franklin Global Aggregate Bond Fund (USD)	Franklin Global Aggregate Investment Grade Bond Fund (USD)
17,654,854	512,480,130	550,100,840	341,435,113	56,209,469	89,242,077	11,580,371
-	-	-	-	-	-	-
17,654,854	512,480,130	550,100,840	341,435,113	56,209,469	89,242,077	11,580,371
86,309	4,982,314	-	-	-	-	-
64,147	-	3,228,845	6,731,348	1,278,939	1,144,538	96,723
-	-	18,636	69,592	25,095	4,496	67
-	-	-	-	-	-	-
-	2,600,054	2,120	2,785	-	-	-
150,456	7,582,368	3,249,601	6,803,725	1,304,034	1,149,034	96,790
76,729	2,237,812	1,916,447	857,250	192,193	145,062	23,736
22,980	575,148	620,028	338,293	70,225	67,156	12,504
19	525	568	454	62	102	11
4,214	84,809	105,682	21,407	7,700	9,373	808
1,177	31,610	51,022	7,789	2,430	769	823
5,558	4,830	4,814	7,368	4,842	5,922	4,341
663	18,334	19,869	15,798	2,168	3,553	403
-	46,995	67,510	7,228	-	8,798	-
-	-	-	760,996	-	-	-
17,314	651,346	374,884	2,581	32,001	23,782	1,805
-	-	-	-	-	-	-
-	-	-	-	2,572	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
49,373	144,999	679,270	3,925	-	26,631	-
2,700	74,767	80,908	64,241	8,839	14,471	1,644
180,727	3,871,175	3,921,002	2,087,330	323,032	305,619	46,075
(2,006)	-	(542,493)	(102,089)	(41)	(19,227)	(8,321)
178,721	3,871,175	3,378,509	1,985,241	322,991	286,392	37,754
(28,265)	3,711,193	(128,908)	4,818,484	981,043	862,642	59,036
(62,955)	14,049,973	1,984,076	756,286	259,436	1,029,136	61,099
(61,764)	(9,740)	(3,111,108)	1,668,026	12,829	(621,775)	(129,604)
(62,849)	-	(3,204,274)	1,927,162	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(37,474)	-	-	-
-	-	-	(145,026)	-	-	-
-	-	-	(344,997)	-	-	-
(16,289)	(9,897)	(344,710)	(84,381)	247	(12,999)	4,620
(232,122)	17,741,529	(4,804,924)	8,558,080	1,253,555	1,257,004	(4,849)
376,754	12,800,512	4,822,886	(1,425,812)	(152,152)	345,224	119,326
(21,773)	410	(1,637,505)	2,115,648	52,574	407,554	48,622
(32,040)	-	(709,880)	387,649	-	-	-
-	-	-	-	-	-	-
-	-	-	152,731	-	-	-
-	-	-	(1,026,120)	-	-	-
-	-	-	132,703	-	-	-
-	-	-	-	-	-	-
-	-	-	786,683	-	-	-
-	-	-	26,157	-	-	-
-	-	-	(4,548)	-	-	-
147	84,844	(36,726)	2,649	(85)	11,187	682
-	-	-	-	-	-	-
90,966	30,627,295	(2,366,149)	9,705,820	1,153,892	2,020,969	163,781
4,195,402	55,541,082	114,384,776	423,385,175	17,008,407	30,034,879	1,170,707
(2,388,398)	(65,484,106)	(112,545,196)	(130,329)	(12,041,475)	(7,510,055)	(2,013,530)
17,129	(6,475)	3,905	2,264,698	7,343	21,397	(1,571)
1,824,133	(9,949,499)	1,843,485	425,519,544	4,974,275	22,546,221	(844,394)
(253,352)	(6,686,904)	(3,496,546)	(5,219,142)	(1,288,104)	(1,066,158)	(128,253)
1,570,781	(16,636,403)	(1,653,061)	420,300,402	3,686,171	21,480,063	(972,647)
19,316,601	526,471,022	546,081,630	771,441,335	61,049,532	112,743,109	10,771,505
47.52%	8.04%	95.80%	78.55%	108.05%	72.12%	39.24%

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

	Franklin Global Convertible Securities Fund (USD)	Franklin Global Equity Strategies Fund (USD)	Franklin Global Fundamental Strategies Fund (USD)	Franklin Global Growth Fund (USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	109,204,730	118,451,265	2,050,664,897	86,257,201
Currency translation adjustment	-	-	-	-
	<u>109,204,730</u>	<u>118,451,265</u>	<u>2,050,664,897</u>	<u>86,257,201</u>
<b>INCOME</b>				
Dividends (net of withholding taxes) (note 2(n))	287,565	1,140,022	12,660,110	278,371
Interest on bonds (net of withholding taxes) (note 2(n))	583,095	38,580	20,948,457	-
Bank interest	2,714	55,503	148,776	13,232
Securities lending (notes 2(o), 15)	-	-	-	-
Net interest income on swaps	-	-	-	-
Sundry income	15,518	6,885	107,131	-
<b>TOTAL INCOME</b>	<u>888,892</u>	<u>1,240,990</u>	<u>33,864,474</u>	<u>291,603</u>
<b>EXPENSES</b>				
Investment management fees (note 16)	402,653	784,173	10,372,605	329,543
Administration and transfer agency fees	135,706	207,425	2,450,250	90,036
Directors fees	116	128	2,134	79
Subscription tax (note 19)	19,749	31,345	510,754	12,429
Custodian fees	1,874	12,020	8,559	3,260
Audit fees	6,277	4,982	7,128	4,854
Printing and publishing expenses	4,046	4,461	74,565	2,768
Bank charges	555	-	29,143	-
Net interest expenses on swaps	-	-	635,473	-
Class A (dis) and Class A (acc) shares' maintenance charges (note 20)	126,341	229,943	4,664,789	82,644
Class AS (dis) and Class AS (acc) shares' maintenance charges (note 20)	-	-	-	-
Class AX (acc) shares' maintenance charges (note 20)	-	-	-	-
Class B (dis) and Class B (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class C (dis) and Class C (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class F (dis) and Class F (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class G (dis) and Class G (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class N (dis) and Class N (acc) shares' maintenance charges (note 20)	144,452	209,315	995,557	59,377
Other charges	16,473	45,102	753,296	11,326
<b>TOTAL EXPENSES</b>	<u>858,242</u>	<u>1,528,894</u>	<u>20,504,253</u>	<u>596,316</u>
Expenses reimbursement (note 21)	(2,251)	(4,211)	-	-
<b>NET EXPENSES</b>	<u>855,991</u>	<u>1,524,683</u>	<u>20,504,253</u>	<u>596,316</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	32,901	(283,693)	13,360,221	(304,713)
Net realised profit/(loss) on sale of investments	1,752,855	2,628,844	23,894,002	5,607,429
Net realised profit/(loss) on forward foreign exchange contracts	761,149	280,421	(4,930,852)	-
Net realised profit/(loss) on financial future contracts	-	-	-	-
Net realised profit/(loss) on cross currency swap contracts	-	-	-	-
Net realised profit/(loss) on interest rate swap contracts	-	-	-	-
Net realised profit/(loss) on inflation swap contracts	-	-	-	-
Net realised profit/(loss) on total return swap contracts	-	-	-	-
Net realised profit/(loss) on volatility swap contracts	-	-	-	-
Net realised profit/(loss) on credit default swap contracts	-	-	-	-
Net realised profit/(loss) on option contracts	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	(13,077)	57,462	(979,033)	2,422
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	<u>2,533,828</u>	<u>2,683,034</u>	<u>31,344,338</u>	<u>5,305,138</u>
Change in net unrealised appreciation/(depreciation) on:				
Investments	402,900	7,206,239	31,284,739	2,654,643
Forward foreign exchange contracts	186,910	2,655	(4,622,885)	-
Financial future contracts	-	-	-	-
Interest rate swap contracts	-	-	999,634	-
Inflation swap contracts	-	-	-	-
Cross currency swap contracts	-	-	-	-
Total return swap contracts	-	-	-	-
Volatility swap contracts	-	-	-	-
Credit default swap contracts	-	-	-	-
Option contracts	-	-	-	-
Mortgage dollar rolls	-	-	-	-
Foreign exchange transactions	(3,338)	11,066	127,853	381
Capital gains tax	-	-	(7,836)	-
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>3,120,300</u>	<u>9,902,994</u>	<u>59,125,843</u>	<u>7,960,162</u>
<b>MOVEMENT OF CAPITAL</b>				
Issue of shares	53,527,585	11,924,553	169,195,424	15,409,132
Redemption of shares	(41,405,024)	(17,958,644)	(155,203,847)	(33,981,385)
Equalisation (note 24)	11,411	2,060	(73,547)	(1,794)
	<u>12,133,972</u>	<u>(6,032,031)</u>	<u>13,918,030</u>	<u>(18,574,047)</u>
Dividends paid/accumulated (note 25)	(460,465)	(29,899)	(27,012,296)	(78,886)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<u>11,673,507</u>	<u>(6,061,930)</u>	<u>(13,094,266)</u>	<u>(18,652,933)</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u>123,998,537</u>	<u>122,292,329</u>	<u>2,096,696,474</u>	<u>75,564,430</u>
Portfolio Turnover Ratio (note 26)	3.33%	22.58%	33.17%	24.49%

<sup>2</sup> This Fund was merged into Franklin High Yield Fund on October 20, 2017

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

Franklin Global High Income Bond Fund <sup>2</sup> (USD)	Franklin Global Listed Infrastructure Fund (USD)	Franklin Global Multi-Asset Income Fund (EUR)	Franklin Global Real Estate Fund (USD)	Franklin Global Small-Mid Cap Growth Fund (USD)	Franklin Gold and Precious Metals Fund (USD)	Franklin High Yield Fund (USD)
46,927,608	69,873,407	339,752,720	251,611,501	163,701,065	250,181,745	2,466,883,234
-	-	-	-	-	-	-
46,927,608	69,873,407	339,752,720	251,611,501	163,701,065	250,181,745	2,466,883,234
9,327	853,552	2,099,754	2,717,521	1,200,800	595,450	-
803,007	-	1,578,380	-	-	11,743	67,413,231
-	2,734	8,305	7,637	8,027	757	17,818
-	-	-	-	-	-	-
-	-	2,464,095	-	-	-	-
8,098	-	4,192	-	-	-	2,327,865
820,432	856,286	6,154,726	2,725,158	1,208,827	607,950	69,758,914
100,588	311,839	1,458,809	1,122,522	761,976	1,249,604	9,403,390
29,877	84,620	411,093	300,787	192,406	313,682	2,839,551
30	74	363	250	166	258	2,469
10,245	11,659	75,283	51,701	35,773	63,091	591,442
683	1,049	94	9,427	6,597	141	37,254
3,936	5,949	6,375	6,793	4,900	6,151	8,391
1,044	2,571	12,676	8,745	5,794	9,007	86,271
-	-	102,794	11	4,245	374	195
-	-	-	-	-	-	-
33,477	79,557	401,115	295,225	297,741	472,519	3,844,930
-	-	-	-	-	-	-
-	-	-	73,676	12,571	-	2,038,900
-	-	13,517	118,554	-	-	172,092
-	-	-	-	-	-	101,572
-	-	58,732	-	-	-	-
36,594	55,902	678,394	220,754	93,147	377,450	426,628
4,197	10,566	51,596	35,692	23,624	36,728	354,136
220,671	563,786	3,270,841	2,244,137	1,438,940	2,529,005	19,907,221
(4,673)	(1,983)	-	(35)	(44)	-	-
215,998	561,803	3,270,841	2,244,102	1,438,896	2,529,005	19,907,221
604,434	294,483	2,883,885	481,056	(230,069)	(1,921,055)	49,851,693
(109,777)	3,662,467	231,989	2,692,233	(13,783,513)	(1,261,339)	(18,228,476)
5,076	8,191	3,847,661	968,263	-	425,437	1,180,316
-	-	(1,076,111)	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(369,204)	-	-	-	-
-	-	(21,863)	-	-	-	-
-	-	-	-	-	-	-
-	-	(947,855)	-	-	-	-
13,155	8,609	(160,226)	5,526	17,314	(182)	(905)
512,888	3,973,750	4,388,276	4,147,078	(13,996,268)	(2,757,139)	32,802,628
495,818	(44,203)	(1,201,751)	7,016,991	19,731,023	(7,918,380)	12,371,123
(1,535)	621	(132,217)	(161,453)	-	(142,651)	125,011
-	-	540,984	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	806,311	-	-	-	-
-	-	385,569	-	-	-	-
-	-	(36,919)	-	-	-	-
-	-	(715,939)	-	-	-	-
-	-	-	-	-	-	-
(3,439)	1,010	4,300	5,029	37,107	1,985	(2,086)
-	-	-	-	-	-	-
1,003,732	3,931,178	4,038,614	11,007,645	5,771,862	(10,816,185)	45,296,676
4,378,197	10,947,104	82,176,765	26,884,711	31,127,328	65,577,479	241,946,609
(51,367,980)	(10,487,849)	(50,557,724)	(57,608,224)	(52,405,770)	(52,943,365)	(438,503,280)
(15,061)	(8,502)	(25,405)	(93,786)	(33,814)	-	(915,210)
(47,004,844)	450,753	31,593,636	(30,817,299)	(21,312,256)	12,634,114	(197,471,881)
(926,496)	(1,780,809)	(15,006,303)	(3,222,871)	(702,775)	-	(70,442,133)
(47,931,340)	(1,330,056)	16,587,333	(34,040,170)	(22,015,031)	12,634,114	(267,914,014)
-	72,474,529	360,378,667	228,578,976	147,457,896	251,999,674	2,244,265,896
N/A	101.96%	73.65%	34.88%	26.95%	(22.40)%	31.20%

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

	Franklin Income Fund (USD)	Franklin India Fund (USD)	Franklin Japan Fund (JPY)	Franklin K2 Alternative Strategies Fund (USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	2,200,863,666	4,279,578,096	32,561,977,383	1,320,092,754
Currency translation adjustment	-	-	-	-
	<u>2,200,863,666</u>	<u>4,279,578,096</u>	<u>32,561,977,383</u>	<u>1,320,092,754</u>
<b>INCOME</b>				
Dividends (net of withholding taxes) (note 2(n))	19,723,829	18,897,587	224,308,861	1,443,751
Interest on bonds (net of withholding taxes) (note 2(n))	27,203,582	-	-	14,641,331
Bank interest	9,003	377,952	-	-
Securities lending (notes 2(o), 15)	-	-	-	-
Net interest income on swaps	-	-	-	58,999
Sundry income	126,074	-	-	51,998
<b>TOTAL INCOME</b>	<u>47,062,488</u>	<u>19,275,539</u>	<u>224,308,861</u>	<u>16,196,079</u>
<b>EXPENSES</b>				
Investment management fees (note 16)	8,712,526	18,542,981	127,196,289	14,394,278
Administration and transfer agency fees	2,470,278	4,976,850	36,884,501	1,709,155
Directors fees	2,163	4,541	32,057	1,486
Subscription tax (note 19)	525,696	616,148	3,819,958	239,235
Custodian fees	33,973	1,561,420	1,788,462	293,478
Audit fees	7,702	8,806	574,710	20,608
Printing and publishing expenses	75,606	158,642	1,120,225	51,930
Bank charges	3,472	1,687	797,845	-
Net interest expenses on swaps	-	-	-	-
Class A (dis) and Class A (acc) shares' maintenance charges (note 20)	3,128,522	4,164,251	21,578,170	1,226,276
Class AS (dis) and Class AS (acc) shares' maintenance charges (note 20)	-	5,440	-	-
Class AX (acc) shares' maintenance charges (note 20)	-	-	-	-
Class B (dis) and Class B (acc) shares' maintenance and service charges (note 20)	1,080,449	198,270	-	-
Class C (dis) and Class C (acc) shares' maintenance and service charges (note 20)	1,239,924	70,927	1,401,108	8,357
Class F (dis) and Class F (acc) shares' maintenance and service charges (note 20)	80,448	-	-	-
Class G (dis) and Class G (acc) shares' maintenance and service charges (note 20)	-	-	-	7,686
Class N (dis) and Class N (acc) shares' maintenance charges (note 20)	1,640,143	1,437,184	14,543,539	1,472,123
Other charges	322,860	646,997	4,571,171	392,115
<b>TOTAL EXPENSES</b>	<u>19,323,762</u>	<u>32,394,144</u>	<u>214,308,035</u>	<u>19,816,727</u>
Expenses reimbursement (note 21)	(5,120)	(9,206)	(22,532)	(1,343,681)
<b>NET EXPENSES</b>	<u>19,318,642</u>	<u>32,384,938</u>	<u>214,285,503</u>	<u>18,473,046</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	27,743,846	(13,109,399)	10,023,358	(2,276,967)
Net realised profit/(loss) on sale of investments	21,238,737	158,126,194	3,228,998,623	7,800,291
Net realised profit/(loss) on forward foreign exchange contracts	3,177,857	2,516,325	13,737,765	16,573,212
Net realised profit/(loss) on financial future contracts	-	-	-	(5,947,959)
Net realised profit/(loss) on cross currency swap contracts	-	-	-	(527,066)
Net realised profit/(loss) on interest rate swap contracts	-	-	-	(26,369)
Net realised profit/(loss) on inflation swap contracts	-	-	-	116,260
Net realised profit/(loss) on total return swap contracts	-	-	-	712,796
Net realised profit/(loss) on volatility swap contracts	-	-	-	-
Net realised profit/(loss) on credit default swap contracts	-	-	-	(167,163)
Net realised profit/(loss) on option contracts	3,610,607	-	-	(4,606,133)
Net realised profit/(loss) on foreign exchange transactions	14,185	(2,563,630)	(2,105,862)	378,919
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	<u>55,785,232</u>	<u>144,969,490</u>	<u>3,250,653,884</u>	<u>12,029,821</u>
Change in net unrealised appreciation/(depreciation) on:				
Investments	35,734,792	378,492,624	1,419,465,337	39,093,293
Forward foreign exchange contracts	(188,625)	358,337	(6,861,872)	6,331,892
Financial future contracts	-	-	-	542,794
Interest rate swap contracts	-	-	-	(233,653)
Inflation swap contracts	-	-	-	50,306
Cross currency swap contracts	-	-	-	23,021
Total return swap contracts	-	-	-	7,499,273
Volatility swap contracts	-	-	-	-
Credit default swap contracts	-	-	-	(53,270)
Option contracts	(270,871)	-	-	(688,546)
Mortgage dollar rolls	-	-	-	-
Foreign exchange transactions	(278)	(62,244)	357,263	13,902
Capital gains tax	-	-	-	-
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>91,060,250</u>	<u>523,758,207</u>	<u>4,663,614,612</u>	<u>64,608,833</u>
<b>MOVEMENT OF CAPITAL</b>				
Issue of shares	228,115,618	674,050,236	12,229,643,190	671,255,545
Redemption of shares	(540,064,016)	(1,035,856,867)	(15,939,466,996)	(279,393,072)
Equalisation (note 24)	27,378	-	1,196,392	11,369,846
	<u>(311,921,020)</u>	<u>(361,806,631)</u>	<u>(3,708,627,414)</u>	<u>403,232,319</u>
Dividends paid/accumulated (note 25)	(47,100,049)	(72)	(118,416,271)	(14,277)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<u>(359,021,069)</u>	<u>(361,806,703)</u>	<u>(3,827,043,685)</u>	<u>403,218,042</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u>1,932,902,847</u>	<u>4,441,529,600</u>	<u>33,398,548,310</u>	<u>1,787,919,629</u>
Portfolio Turnover Ratio (note 26)	35.38%	31.29%	301.24%	170.83%

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

Franklin K2 Global Macro Opportunities Fund (USD)	Franklin K2 Long Short Credit Fund (USD)	Franklin MENA Fund (USD)	Franklin Natural Resources Fund (USD)	Franklin NextStep Balanced Growth Fund (USD)	Franklin NextStep Conservative Fund (USD)	Franklin NextStep Dynamic Growth Fund (USD)
25,215,832	73,961,073	86,705,941	357,146,962	141,120,021	22,235,224	31,624,652
-	-	-	-	-	-	-
25,215,832	73,961,073	86,705,941	357,146,962	141,120,021	22,235,224	31,624,652
-	27,926	555,338	4,398,225	992,621	192,628	149,942
300,886	1,852,339	-	47,426	-	-	-
-	-	3,730	2,208	43,998	6,856	8,262
-	-	-	41,624	-	-	-
-	-	-	-	-	-	-
1,654	-	-	103,655	-	7,116	-
302,540	1,880,265	559,068	4,593,138	1,036,619	206,600	158,204
239,866	831,119	603,336	1,828,768	863,153	98,276	188,578
26,648	94,938	130,281	450,523	221,238	34,761	48,582
25	86	88	380	189	25	40
4,768	13,571	18,916	90,773	26,635	3,084	6,252
81,501	98,159	55,818	5,637	1,178	4,930	1,733
17,929	17,975	6,058	6,218	6,182	5,945	6,100
887	2,995	3,065	13,276	6,597	889	1,402
-	-	2,189	59	329	108	-
8,303	179,851	-	-	-	-	-
23,686	95,977	134,911	683,458	406,190	25,662	110,929
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	26,479	95,959	-	-	-
-	-	-	24,180	-	-	-
-	-	-	44,856	-	-	-
-	-	-	-	-	-	-
19,367	37,736	69,169	365,738	-	12,546	-
6,048	20,682	12,507	55,061	26,791	3,618	5,693
429,028	1,393,089	1,062,817	3,664,886	1,558,482	189,844	369,309
(114,852)	(170,704)	(89)	-	-	(14,305)	-
314,176	1,222,385	1,062,728	3,664,886	1,558,482	175,539	369,309
(11,636)	657,880	(503,660)	928,252	(521,863)	31,061	(211,105)
2,342	512,562	2,992,597	(11,547,374)	2,336,019	186,798	704,558
170,803	1,519,732	369,791	1,389,695	(270,188)	785,259	(43,515)
149,257	(49,383)	-	-	-	-	-
(25,577)	(83,945)	-	-	-	-	-
10,198	19,120	-	-	-	-	-
11,580	18,724	-	-	-	-	-
247,803	(40,441)	-	-	-	-	-
-	-	-	-	-	-	-
(2,159)	375,910	-	-	-	-	-
-	(376,433)	-	-	-	-	-
8,055	11,452	(174,617)	135	(61,322)	(2,062)	(18,363)
560,666	2,565,178	2,684,111	(9,229,292)	1,482,646	1,001,056	431,575
127,670	476,449	(420,327)	64,721,736	11,594,648	577,757	3,045,861
(12,608)	(159,445)	7,393	244,773	35,696	146,893	25,091
(46,689)	3,078	-	-	-	-	-
(26,624)	(34,947)	-	-	-	-	-
3,892	6,700	-	-	-	-	-
(22)	3,653	-	-	-	-	-
(3,470)	(20,123)	-	-	-	-	-
-	-	-	-	-	-	-
(9,161)	(243,361)	-	-	-	-	-
-	44,523	-	-	-	-	-
-	-	-	-	-	-	-
(1,206)	10,369	1,137	(1,971)	13,479	631	2,548
-	-	-	-	-	-	-
592,448	2,652,074	2,272,314	55,735,246	13,126,469	1,726,337	3,505,075
278,804	37,687,180	9,865,423	161,580,285	131,714,697	11,584,130	38,247,607
(1,005,793)	(24,143,371)	(18,114,319)	(199,843,374)	(34,848,731)	(3,288,996)	(9,672,094)
923	(197,368)	(4,164)	1,370	237,736	26,285	69,357
(726,066)	13,346,441	(8,253,060)	(38,261,719)	97,103,702	8,321,419	28,644,870
-	(43,154)	(144,694)	(100,219)	(1,441,468)	(285,836)	(241,018)
(726,066)	13,303,287	(8,397,754)	(38,361,938)	95,662,234	8,035,583	28,403,852
25,082,214	89,916,434	80,580,501	374,520,270	249,908,724	31,997,144	63,533,579
55.46%	292.86%	192.41%	23.27%	98.57%	120.27%	100.25%

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

	Franklin NextStep Growth Fund (USD)	Franklin NextStep Moderate Fund (USD)	Franklin NextStep Stable Growth Fund (USD)	Franklin Real Return Fund <sup>3</sup> (USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	14,170,474	39,419,097	19,876,634	9,881,702
Currency translation adjustment	-	-	-	-
	<u>14,170,474</u>	<u>39,419,097</u>	<u>19,876,634</u>	<u>9,881,702</u>
<b>INCOME</b>				
Dividends (net of withholding taxes) (note 2(n))	69,558	238,407	189,787	11,024
Interest on bonds (net of withholding taxes) (note 2(n))	-	-	-	80,960
Bank interest	3,460	10,484	5,253	121
Securities lending (notes 2(o), 15)	-	-	-	-
Net interest income on swaps	-	-	-	3,788
Sundry income	-	9,327	5,803	2,639
<b>TOTAL INCOME</b>	<u>73,018</u>	<u>258,218</u>	<u>200,843</u>	<u>98,532</u>
<b>EXPENSES</b>				
Investment management fees (note 16)	96,015	221,496	89,019	30,753
Administration and transfer agency fees	25,049	66,665	24,526	10,848
Directors fees	19	49	22	-
Subscription tax (note 19)	2,535	6,238	2,671	2,414
Custodian fees	1,419	7,416	5,532	321
Audit fees	5,941	5,957	6,091	2,803
Printing and publishing expenses	671	1,711	781	2,917
Bank charges	-	558	-	-
Net interest expenses on swaps	-	-	-	-
Class A (dis) and Class A (acc) shares' maintenance charges (note 20)	31,943	54,976	33,382	13,135
Class AS (dis) and Class AS (acc) shares' maintenance charges (note 20)	-	-	-	-
Class AX (acc) shares' maintenance charges (note 20)	-	-	-	-
Class B (dis) and Class B (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class C (dis) and Class C (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class F (dis) and Class F (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class G (dis) and Class G (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class N (dis) and Class N (acc) shares' maintenance charges (note 20)	22,104	52,586	-	14,734
Other charges	2,726	6,955	3,181	155
<b>TOTAL EXPENSES</b>	<u>188,422</u>	<u>424,607</u>	<u>165,205</u>	<u>78,080</u>
Expenses reimbursement (note 21)	(14,783)	(30,313)	(6,947)	(14,989)
<b>NET EXPENSES</b>	<u>173,639</u>	<u>394,294</u>	<u>158,258</u>	<u>63,091</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	(100,621)	(136,076)	42,585	35,441
Net realised profit/(loss) on sale of investments	374,759	845,887	295,621	(2,602)
Net realised profit/(loss) on forward foreign exchange contracts	176,961	745,219	(25,535)	87,236
Net realised profit/(loss) on financial future contracts	-	-	-	-
Net realised profit/(loss) on cross currency swap contracts	-	-	-	-
Net realised profit/(loss) on interest rate swap contracts	-	-	-	-
Net realised profit/(loss) on inflation swap contracts	-	-	-	-
Net realised profit/(loss) on total return swap contracts	-	-	-	-
Net realised profit/(loss) on volatility swap contracts	-	-	-	-
Net realised profit/(loss) on credit default swap contracts	-	-	-	(11,900)
Net realised profit/(loss) on option contracts	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	(14,405)	(21,580)	(2,868)	(2,562)
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	436,694	1,433,450	309,803	105,613
Change in net unrealised appreciation/(depreciation) on:				
Investments	1,121,281	2,217,468	467,247	30,237
Forward foreign exchange contracts	20,132	503,116	18,680	(44,504)
Financial future contracts	-	-	-	-
Interest rate swap contracts	-	-	-	-
Inflation swap contracts	-	-	-	-
Cross currency swap contracts	-	-	-	-
Total return swap contracts	-	-	-	-
Volatility swap contracts	-	-	-	-
Credit default swap contracts	-	-	-	4,386
Option contracts	-	-	-	-
Mortgage dollar rolls	-	-	-	-
Foreign exchange transactions	1,701	2,688	1,105	(4,478)
Capital gains tax	-	-	-	15
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>1,579,808</u>	<u>4,156,722</u>	<u>796,835</u>	<u>91,269</u>
<b>MOVEMENT OF CAPITAL</b>				
Issue of shares	10,545,854	28,172,131	6,812,651	1,343,559
Redemption of shares	(2,283,248)	(8,661,914)	(5,546,406)	(11,269,388)
Equalisation (note 24)	9,219	47,106	(2,524)	(8,392)
	<u>8,271,825</u>	<u>19,557,323</u>	<u>1,263,721</u>	<u>(9,934,221)</u>
Dividends paid/accumulated (note 25)	(107,498)	(351,524)	(250,950)	(38,750)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	8,164,327	19,205,799	1,012,771	(9,972,971)
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u>23,914,609</u>	<u>62,781,618</u>	<u>21,686,240</u>	<u>-</u>
Portfolio Turnover Ratio (note 26)	114.49%	118.27%	99.65%	N/A

<sup>3</sup> This Fund was closed on December 12, 2017

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

Franklin Strategic Income Fund (USD)	Franklin Technology Fund (USD)	Franklin U.S. Dollar Liquid Reserve Fund (USD)	Franklin U.S. Equity Fund (USD)	Franklin U.S. Government Fund (USD)	Franklin U.S. Low Duration Fund (USD)	Franklin U.S. Opportunities Fund (USD)
1,123,520,954	1,229,456,650	310,691,013	461,625,826	855,045,873	1,184,520,738	2,937,414,397
-	-	-	-	-	-	-
1,123,520,954	1,229,456,650	310,691,013	461,625,826	855,045,873	1,184,520,738	2,937,414,397
689,945	3,467,398	-	1,982,271	-	-	8,047,029
19,039,607	3,814	1,686,508	15,011	12,610,336	14,569,877	3,814
75,020	47,530	-	1,886	4,342	48,802	58,599
-	187,435	-	9,069	-	-	34,175
1,042,367	-	-	-	-	-	-
308,893	8,840	514	17,284	-	13,196	555,520
21,155,832	3,715,017	1,687,022	2,025,521	12,614,678	14,631,875	8,699,137
4,096,903	7,182,932	463,448	2,089,768	2,372,505	3,334,581	14,530,485
1,342,875	1,716,595	201,365	502,274	937,374	1,325,557	3,527,177
1,179	1,421	318	461	853	1,232	3,140
250,802	314,683	15,822	107,385	167,922	211,045	651,695
18,411	22,975	5,089	6,943	11,714	22,575	47,255
7,144	6,581	5,233	6,365	6,578	6,431	9,304
41,214	49,627	11,100	16,113	29,804	43,057	109,662
15,896	-	-	448	2,153	24,263	5,931
-	-	-	-	-	952,505	-
1,588,782	2,750,608	125,610	782,853	663,263	934,431	4,983,356
-	-	-	-	-	-	20,091
-	-	-	-	122,289	106,909	-
53,999	59,036	27,823	46,409	77,048	71,199	249,516
529,914	249,195	23,278	179,772	104,951	109,004	638,410
-	-	7,338	-	-	-	9,174
-	-	-	-	-	-	-
925,034	1,041,745	203,917	313,765	284,629	246,869	1,975,171
168,094	202,085	45,256	65,763	121,600	175,589	454,416
9,040,247	13,597,483	1,135,597	4,118,319	4,902,683	7,565,247	27,214,783
(830,622)	(10,496)	(512,263)	(237)	(79,085)	(418,213)	(1,133)
8,209,625	13,586,987	623,334	4,118,082	4,823,598	7,147,034	27,213,650
12,946,207	(9,871,970)	1,063,688	(2,092,561)	7,791,080	7,484,841	(18,514,513)
(7,750,281)	48,185,273	-	(3,768,693)	(526,153)	(716,864)	69,294,506
7,126,724	3,766	-	540,983	3,533,531	8,553,255	6,271,930
(221,231)	-	-	-	-	(1,367,039)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(384,948)	-	-	-	-	(235,893)	-
-	-	-	-	-	-	-
(450,814)	-	-	-	-	(1,063,350)	-
-	-	-	31,284	-	-	-
(97,546)	228,594	-	10,773	(2,923)	85,152	(19,343)
11,168,111	38,545,663	1,063,688	(5,278,214)	10,795,535	12,740,102	57,032,580
6,441,769	143,584,225	(8,038)	30,469,670	(6,360,596)	(3,034,193)	243,559,933
2,664,204	19,376	-	(90,601)	(224,093)	185,796	277,108
295,805	-	-	-	-	(165,921)	-
-	-	-	-	-	(309,611)	-
(42,518)	-	-	-	-	328,497	-
1,277,153	-	-	-	-	689,284	-
-	-	-	-	-	-	-
93,182	-	-	-	-	1,446,828	-
-	-	-	-	-	-	-
519,406	-	-	-	-	2,500	-
2,267	8,749	-	1,106	(29)	3,366	1,946
(2,724)	-	-	-	-	(69)	-
22,416,655	182,158,013	1,055,650	25,101,961	4,210,817	11,886,579	300,871,567
207,896,555	855,039,141	172,655,333	36,827,640	105,297,134	202,944,492	617,661,096
(225,244,951)	(467,328,218)	(181,564,365)	(80,345,827)	(208,147,871)	(243,085,116)	(622,611,812)
(126,948)	76,793	-	7,768	(319,359)	(42,716)	(3,860)
(17,475,344)	387,787,716	(8,909,032)	(43,510,419)	(103,170,096)	(40,183,340)	(4,954,576)
(22,530,915)	(17)	(33,233)	(100,212)	(7,607,077)	(7,552,693)	(71,821)
(40,006,259)	387,787,699	(8,942,265)	(43,610,631)	(110,777,173)	(47,736,033)	(5,026,397)
1,105,931,350	1,799,402,362	302,804,398	443,117,156	748,479,517	1,148,671,284	3,233,259,567
174.50%	47.03%	N/A	39.23%	107.80%	49.12%	38.57%

The accompanying notes form an integral part of these financial statements



## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

	Franklin U.S. Small-Mid Cap Growth Fund <sup>††</sup> (USD)	Franklin World Perspectives Fund (USD)	Franklin Mutual Beacon Fund (USD)	Franklin Mutual European Fund (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	165,121,050	312,784,198	750,634,285	1,613,768,701
Currency translation adjustment	-	-	-	-
	<u>165,121,050</u>	<u>312,784,198</u>	<u>750,634,285</u>	<u>1,613,768,701</u>
<b>INCOME</b>				
Dividends (net of withholding taxes) (note 2(n))	181,164	1,576,184	8,171,947	11,291,403
Interest on bonds (net of withholding taxes) (note 2(n))	9,241	-	1,377,230	332,131
Bank interest	-	14,387	140	2,016
Securities lending (notes 2(o), 15)	-	-	-	284,700
Net interest income on swaps	-	-	-	-
Sundry income	2,035	1,073	210,465	12,724
<b>TOTAL INCOME</b>	<u>192,440</u>	<u>1,591,644</u>	<u>9,759,782</u>	<u>11,922,974</u>
<b>EXPENSES</b>				
Investment management fees (note 16)	521,731	1,256,688	3,177,701	7,091,817
Administration and transfer agency fees	134,650	367,691	801,986	1,789,396
Directors fees	112	307	720	1,637
Subscription tax (note 19)	37,551	47,358	148,968	298,243
Custodian fees	1,726	19,109	13,224	90,537
Audit fees	3,198	5,228	7,049	7,021
Printing and publishing expenses	3,947	10,723	25,144	57,177
Bank charges	-	770	3,014	70,313
Net interest expenses on swaps	-	-	-	-
Class A (dis) and Class A (acc) shares' maintenance charges (note 20)	191,309	295,622	907,881	2,164,946
Class AS (dis) and Class AS (acc) shares' maintenance charges (note 20)	-	-	-	-
Class AX (acc) shares' maintenance charges (note 20)	-	-	-	-
Class B (dis) and Class B (acc) shares' maintenance and service charges (note 20)	11,023	-	14,417	58,125
Class C (dis) and Class C (acc) shares' maintenance and service charges (note 20)	64,780	-	254,944	84,451
Class F (dis) and Class F (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class G (dis) and Class G (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class N (dis) and Class N (acc) shares' maintenance charges (note 20)	53,453	266,259	641,491	834,389
Other charges	15,839	44,654	879,222	233,202
<b>TOTAL EXPENSES</b>	<u>1,039,319</u>	<u>2,314,409</u>	<u>6,875,761</u>	<u>12,781,254</u>
Expenses reimbursement (note 21)	-	(154)	(860)	(11,093)
<b>NET EXPENSES</b>	<u>1,039,319</u>	<u>2,314,255</u>	<u>6,874,901</u>	<u>12,770,161</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	(846,879)	(722,611)	2,884,881	(847,187)
Net realised profit/(loss) on sale of investments	7,037,411	14,763,041	28,729,406	34,296,825
Net realised profit/(loss) on forward foreign exchange contracts	-	-	376,454	(2,135,906)
Net realised profit/(loss) on financial future contracts	-	-	-	-
Net realised profit/(loss) on cross currency swap contracts	-	-	-	-
Net realised profit/(loss) on interest rate swap contracts	-	-	-	-
Net realised profit/(loss) on inflation swap contracts	-	-	-	-
Net realised profit/(loss) on total return swap contracts	-	-	-	-
Net realised profit/(loss) on volatility swap contracts	-	-	-	-
Net realised profit/(loss) on credit default swap contracts	-	-	-	-
Net realised profit/(loss) on option contracts	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	-	35,835	58,312	45,705
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	<u>6,190,532</u>	<u>14,076,265</u>	<u>32,049,053</u>	<u>31,359,437</u>
Change in net unrealised appreciation/(depreciation) on:				
Investments	3,975,569	12,724,580	(11,163,397)	(19,222,415)
Forward foreign exchange contracts	-	411,644	(7,145)	153,118
Financial future contracts	-	-	-	-
Interest rate swap contracts	-	-	-	-
Inflation swap contracts	-	-	-	-
Cross currency swap contracts	-	-	-	-
Total return swap contracts	-	-	-	-
Volatility swap contracts	-	-	-	-
Credit default swap contracts	-	-	-	-
Option contracts	-	-	-	-
Mortgage dollar rolls	-	-	-	-
Foreign exchange transactions	-	11,837	14,947	(177,814)
Capital gains tax	-	-	-	-
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>10,166,101</u>	<u>27,224,326</u>	<u>20,893,458</u>	<u>12,112,326</u>
<b>MOVEMENT OF CAPITAL</b>				
Issue of shares	15,250,362	19,937,084	65,528,116	136,005,178
Redemption of shares	(190,537,513)	(97,700,975)	(214,729,894)	(319,137,223)
Equalisation (note 24)	-	(31,508)	(324,705)	(309,730)
	<u>(175,287,151)</u>	<u>(77,795,399)</u>	<u>(149,526,483)</u>	<u>(183,441,775)</u>
Dividends paid/accumulated (note 25)	-	(743,313)	(1,162,093)	(15,390,908)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<u>(175,287,151)</u>	<u>(78,538,712)</u>	<u>(150,688,576)</u>	<u>(198,832,683)</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u>-</u>	<u>261,469,812</u>	<u>620,839,167</u>	<u>1,427,048,344</u>
Portfolio Turnover Ratio (note 26)	N/A	68.13%	9.61%	16.25%

<sup>††</sup> This Fund was merged into Franklin U.S. Opportunities Fund on November 3, 2017

<sup>4</sup> This Fund was closed on December 12, 2017

<sup>5</sup> This Fund was closed on October 25, 2017

The accompanying notes form an integral part of these financial statements



## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

Franklin Mutual Global Discovery Fund (USD)	Templeton Africa Fund (USD)	Templeton ASEAN Fund <sup>4</sup> (USD)	Templeton Asian Bond Fund (USD)	Templeton Asian Dividend Fund <sup>5</sup> (USD)	Templeton Asian Growth Fund (USD)	Templeton Asian Smaller Companies Fund (USD)
980,850,083	68,140,124	3,246,239	673,256,171	2,887,250	4,944,781,465	1,577,382,433
-	-	-	-	-	-	-
980,850,083	68,140,124	3,246,239	673,256,171	2,887,250	4,944,781,465	1,577,382,433
10,629,921	799,190	23,132	-	33,970	51,667,881	16,842,634
878,301	-	-	16,083,615	-	-	-
8,954	86,080	328	185,995	-	28,252	364,650
122,154	-	-	-	-	-	296,256
-	-	-	-	-	-	-
214,601	-	216	48,828	-	27	-
11,853,931	885,270	23,676	16,318,438	33,970	51,696,160	17,503,540
4,303,170	563,447	19,575	2,264,564	12,415	32,012,763	9,355,477
1,085,416	129,450	3,815	715,083	2,605	5,655,588	1,960,933
960	73	-	680	-	5,125	1,711
197,296	18,243	800	147,880	724	1,118,913	261,720
33,600	50,487	2,171	167,072	371	1,260,473	453,150
7,181	5,903	5,564	7,644	6,065	10,693	6,739
33,548	2,563	440	23,742	496	179,053	59,789
21,148	2,655	-	44,725	-	61,329	-
-	-	-	779,848	-	-	-
1,313,286	123,719	7,250	688,834	2,652	9,753,474	2,048,723
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,637	-	-	29,259	-	157,163	47,212
196,609	-	-	54,401	-	209,449	-
-	-	-	-	-	-	79,550
-	-	-	-	-	-	-
905,774	71,318	-	241,187	3,893	1,542,302	327,115
947,426	12,230	-	96,877	1,561	730,316	253,518
9,071,051	980,088	39,615	5,261,796	30,782	52,696,641	14,855,637
(95)	(106,656)	(7,496)	(8,475)	(8,148)	(2,833)	(10,885)
9,070,956	873,432	32,119	5,253,321	22,634	52,693,808	14,844,752
2,782,975	11,838	(8,443)	11,065,117	11,336	(997,648)	2,658,788
15,734,567	(959,587)	436,058	(3,470,327)	642,901	156,297,643	42,117,751
5,721,044	898,941	-	8,503,648	-	7,627,719	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
878,318	60,130	(3,304)	113,807	(3,220)	(282,988)	164,438
25,116,904	11,322	424,311	16,212,245	651,017	162,644,726	44,940,977
3,956,888	9,683,507	(235,104)	10,447,839	(372,313)	401,933,125	125,737,352
(1,810,226)	13,941	-	(10,354,419)	-	499,693	-
-	-	-	519,085	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
99,783	(1,166)	-	20,390	(3,331)	(163,204)	29,012
-	-	-	(25,011)	-	-	-
27,363,349	9,707,604	189,207	16,820,129	275,373	564,914,340	170,707,341
66,972,035	21,280,118	209,152	117,577,129	130,297	498,513,077	405,436,702
(197,250,908)	(18,775,478)	(3,620,367)	(140,671,484)	(3,215,133)	(1,150,481,460)	(403,743,240)
(245,373)	(817)	-	(121,258)	(9,175)	(689,696)	(92,157)
(130,524,246)	2,503,823	(3,411,215)	(23,215,613)	(3,094,011)	(652,658,079)	1,601,305
(5,015,548)	(755,256)	(24,231)	(17,007,828)	(68,612)	(17,801,858)	(6,858,561)
(135,539,794)	1,748,567	(3,435,446)	(40,223,441)	(3,162,623)	(670,459,937)	(5,257,256)
872,673,638	79,596,295	-	649,852,859	-	4,839,235,868	1,742,832,518
4.91%	(4.06)%	N/A	2.52%	N/A	10.18%	(1.82)%

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

	Templeton BRIC Fund (USD)	Templeton China Fund (USD)	Templeton Eastern Europe Fund (EUR)	Templeton Emerging Markets Fund (USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	761,260,242	525,402,818	310,573,410	768,743,294
Currency translation adjustment	-	-	-	-
	<u>761,260,242</u>	<u>525,402,818</u>	<u>310,573,410</u>	<u>768,743,294</u>
<b>INCOME</b>				
Dividends (net of withholding taxes) (note 2(n))	10,677,892	5,616,007	3,951,308	9,192,496
Interest on bonds (net of withholding taxes) (note 2(n))	-	-	-	-
Bank interest	62,870	36,197	-	152,776
Securities lending (notes 2(o), 15)	-	-	-	-
Net interest income on swaps	-	-	81	-
Sundry income	-	-	-	-
<b>TOTAL INCOME</b>	<u>10,740,762</u>	<u>5,652,204</u>	<u>3,951,389</u>	<u>9,345,272</u>
<b>EXPENSES</b>				
Investment management fees (note 16)	6,573,602	4,292,872	2,473,122	6,677,982
Administration and transfer agency fees	1,015,224	650,045	416,227	1,068,348
Directors fees	830	560	329	874
Subscription tax (note 19)	196,559	131,931	71,602	178,412
Custodian fees	195,368	66,879	114,482	159,841
Audit fees	6,907	6,429	5,410	7,348
Printing and publishing expenses	29,008	19,572	11,508	30,516
Bank charges	1,135	2,847	28,018	575
Net interest expenses on swaps	-	-	-	-
Class A (dis) and Class A (acc) shares' maintenance charges (note 20)	1,888,244	1,193,558	624,840	1,551,713
Class AS (dis) and Class AS (acc) shares' maintenance charges (note 20)	-	-	-	-
Class AX (acc) shares' maintenance charges (note 20)	-	-	-	-
Class B (dis) and Class B (acc) shares' maintenance and service charges (note 20)	32,815	110,106	21,781	33,138
Class C (dis) and Class C (acc) shares' maintenance and service charges (note 20)	54,343	40,491	-	102,047
Class F (dis) and Class F (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class G (dis) and Class G (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class N (dis) and Class N (acc) shares' maintenance charges (note 20)	240,926	108,521	139,931	287,595
Other charges	266,738	79,802	108,856	171,033
<b>TOTAL EXPENSES</b>	<u>10,501,699</u>	<u>6,703,613</u>	<u>4,016,106</u>	<u>10,269,422</u>
Expenses reimbursement (note 21)	-	(908)	(7,421)	(1,474)
<b>NET EXPENSES</b>	<u>10,501,699</u>	<u>6,702,705</u>	<u>4,008,685</u>	<u>10,267,948</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	239,063	(1,050,501)	(57,296)	(922,676)
Net realised profit/(loss) on sale of investments	24,319,813	37,156,189	7,569,346	8,660,166
Net realised profit/(loss) on forward foreign exchange contracts	436,804	-	-	851,840
Net realised profit/(loss) on financial future contracts	-	-	-	-
Net realised profit/(loss) on cross currency swap contracts	-	-	-	-
Net realised profit/(loss) on interest rate swap contracts	-	-	-	-
Net realised profit/(loss) on inflation swap contracts	-	-	-	-
Net realised profit/(loss) on total return swap contracts	-	-	-	-
Net realised profit/(loss) on volatility swap contracts	-	-	-	-
Net realised profit/(loss) on credit default swap contracts	-	-	-	-
Net realised profit/(loss) on option contracts	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	(84,604)	(19,796)	(73,731)	(52,408)
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	<u>24,911,076</u>	<u>36,085,892</u>	<u>7,438,319</u>	<u>8,536,922</u>
Change in net unrealised appreciation/(depreciation) on:				
Investments	148,976,249	31,190,886	28,072,261	118,849,392
Forward foreign exchange contracts	84,182	-	-	227,781
Financial future contracts	-	-	-	-
Interest rate swap contracts	-	-	-	-
Inflation swap contracts	-	-	-	-
Cross currency swap contracts	-	-	-	-
Total return swap contracts	-	-	-	-
Volatility swap contracts	-	-	-	-
Credit default swap contracts	-	-	-	-
Option contracts	-	-	-	-
Mortgage dollar rolls	-	-	-	-
Foreign exchange transactions	7,686	7,148	29,089	20,494
Capital gains tax	-	-	-	-
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>173,979,193</u>	<u>67,283,926</u>	<u>35,539,669</u>	<u>127,634,589</u>
<b>MOVEMENT OF CAPITAL</b>				
Issue of shares	147,202,269	164,165,993	56,310,937	267,875,960
Redemption of shares	(234,370,324)	(210,626,789)	(73,201,318)	(174,288,676)
Equalisation (note 24)	(1,347)	16,577	17,337	248,136
	<u>(87,169,402)</u>	<u>(46,444,219)</u>	<u>(16,873,044)</u>	<u>93,835,420</u>
Dividends paid/accumulated (note 25)	(48,507)	(187,027)	(436,080)	(871,584)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<u>(87,217,909)</u>	<u>(46,631,246)</u>	<u>(17,309,124)</u>	<u>92,963,836</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u>848,021,526</u>	<u>546,055,498</u>	<u>328,803,955</u>	<u>989,341,719</u>
Portfolio Turnover Ratio (note 26)	25.72%	(0.15)%	65.61%	0.59%

The accompanying notes form an integral part of these financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)**

Templeton Emerging Markets Balanced Fund (USD)	Templeton Emerging Markets Bond Fund (USD)	Templeton Emerging Markets Smaller Companies Fund (USD)	Templeton Euroland Fund (EUR)	Templeton European Fund (EUR)	Templeton Frontier Markets Fund (USD)	Templeton Global Fund (USD)
64,654,834	6,296,345,122	778,914,351	465,137,539	209,415,616	882,514,750	1,259,094,531
64,654,834	6,296,345,122	778,914,351	465,137,539	209,415,616	882,514,750	1,259,094,531
462,271	-	7,831,784	2,507,585	1,537,734	7,948,779	10,523,088
1,724,048	369,824,653	347,736	-	-	-	-
12,441	1,543,837	165,764	-	-	210,974	114,315
-	-	128,724	85,753	41,963	-	49,355
-	-	-	-	-	-	-
766	200,673	-	-	-	-	46,402
2,199,526	371,569,163	8,474,008	2,593,338	1,579,697	8,159,753	10,733,160
520,983	38,389,757	6,080,324	2,003,039	982,220	6,173,503	5,951,759
110,548	9,637,344	1,039,511	567,464	237,483	1,049,178	1,478,896
79	7,745	951	509	207	920	1,305
16,531	1,587,293	139,015	83,022	48,640	154,850	270,658
20,232	2,821,149	274,421	33,520	11,537	609,126	69,038
6,701	12,113	6,869	4,718	4,844	6,717	6,834
2,754	270,482	33,229	17,784	7,239	32,156	45,588
2,070	394,271	-	41,464	2,502	4,045	-
14,406	4,704,642	-	-	-	-	-
120,352	13,334,696	910,081	627,513	447,858	959,580	2,386,545
-	-	-	-	-	-	46,527
-	-	-	-	-	-	-
-	2,074,712	-	17,944	-	1,061	65,110
24,879	373,915	73,638	-	-	5,753	66,975
-	6,718,654	-	-	-	-	-
-	-	-	-	-	-	-
98,302	1,066,277	208,941	256,509	48,809	538,363	166,560
14,249	1,099,351	162,409	72,451	29,525	260,678	197,338
952,086	82,492,401	8,929,389	3,725,937	1,820,864	9,795,930	10,753,133
(40,959)	(115,690)	(4,711)	(35,192)	-	(1,043)	(100)
911,127	82,376,711	8,924,678	3,690,745	1,820,864	9,794,887	10,753,033
1,288,399	289,192,452	(450,670)	(1,097,407)	(241,167)	(1,635,134)	(19,873)
120,633	(54,945,464)	(7,538,861)	7,912,398	4,933,580	33,697,627	41,883,902
825,296	24,895,699	5,529	53	-	3,547,050	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(27,526)	(6,440,054)	(371,075)	(1,766)	(28,955)	57,232	(130,281)
2,206,802	252,702,633	(8,355,077)	6,813,278	4,663,458	35,666,775	41,733,748
6,619,674	(61,660,509)	106,984,105	(1,761,301)	(2,054,612)	8,102,021	42,008,086
(546,442)	(79,337,073)	7,623	(4,946)	-	315,622	-
-	-	-	-	-	-	-
37,185	8,911,905	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
24,621	265,706	35,673	1,848	4,548	(30,483)	61,312
(26,365)	(3,878,270)	-	-	-	-	-
8,315,475	117,004,392	98,672,324	5,048,879	2,613,394	44,053,935	83,803,146
49,295,670	4,895,271,556	490,022,753	174,674,326	17,719,819	125,236,288	75,307,123
(15,454,480)	(1,718,585,039)	(154,499,513)	(183,953,699)	(36,644,480)	(182,308,166)	(165,298,639)
264,281	24,732,708	868,880	(175,732)	(2,925)	(17,969)	(157,929)
34,105,471	3,201,419,225	336,392,120	(9,455,105)	(18,927,586)	(57,089,847)	(90,149,445)
(1,472,889)	(366,095,833)	(2,475,649)	(5,560,829)	(2,028,071)	(10,054,830)	(4,811,333)
32,632,582	2,835,323,392	333,916,471	(15,015,934)	(20,955,657)	(67,144,677)	(94,960,778)
105,602,891	9,248,672,906	1,211,503,146	455,170,484	191,073,353	859,424,008	1,247,936,899
3.29%	(10.45)%	(21.13)%	(40.92)%	0.65%	39.11%	44.55%

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

	Templeton Global (Euro) Fund (EUR)	Templeton Global Balanced Fund (USD)	Templeton Global Bond Fund (USD)	Templeton Global Bond (Euro) Fund (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	693,378,176	953,322,447	18,426,706,919	325,525,488
Currency translation adjustment	-	-	-	-
	<u>693,378,176</u>	<u>953,322,447</u>	<u>18,426,706,919</u>	<u>325,525,488</u>
<b>INCOME</b>				
Dividends (net of withholding taxes) (note 2(n))	5,820,472	5,853,412	-	-
Interest on bonds (net of withholding taxes) (note 2(n))	-	7,489,853	563,769,824	9,807,087
Bank interest	-	59,381	3,277,660	28,763
Securities lending (notes 2(o), 15)	-	17,005	-	-
Net interest income on swaps	-	-	-	-
Sundry income	26,185	37,839	2,613,680	31,373
<b>TOTAL INCOME</b>	<u>5,846,657</u>	<u>13,457,490</u>	<u>569,661,164</u>	<u>9,867,223</u>
<b>EXPENSES</b>				
Investment management fees (note 16)	3,494,193	3,874,666	63,814,185	1,131,344
Administration and transfer agency fees	835,664	1,205,895	20,159,116	358,859
Directors fees	713	1,001	18,698	327
Subscription tax (note 19)	172,703	238,339	4,004,036	74,018
Custodian fees	34,463	15,436	4,705,786	81,914
Audit fees	4,931	6,975	19,623	4,411
Printing and publishing expenses	24,883	34,951	653,330	11,424
Bank charges	14,434	381	971,764	61,332
Net interest expenses on swaps	-	-	25,974,763	315,531
Class A (dis) and Class A (acc) shares' maintenance charges (note 20)	1,717,091	1,390,420	17,342,586	321,475
Class AS (dis) and Class AS (acc) shares' maintenance charges (note 20)	-	521,293	-	-
Class AX (acc) shares' maintenance charges (note 20)	-	-	661,866	-
Class B (dis) and Class B (acc) shares' maintenance and service charges (note 20)	282	146,048	586,773	-
Class C (dis) and Class C (acc) shares' maintenance and service charges (note 20)	-	110,380	1,935,961	-
Class F (dis) and Class F (acc) shares' maintenance and service charges (note 20)	-	-	54,106	-
Class G (dis) and Class G (acc) shares' maintenance and service charges (note 20)	-	-	-	-
Class N (dis) and Class N (acc) shares' maintenance charges (note 20)	39,567	388,207	10,592,260	341,657
Other charges	100,835	142,525	2,674,213	46,578
<b>TOTAL EXPENSES</b>	<u>6,439,759</u>	<u>8,076,517</u>	<u>154,169,066</u>	<u>2,748,870</u>
Expenses reimbursement (note 21)	-	(2,677)	(227,687)	(7,883)
<b>NET EXPENSES</b>	<u>6,439,759</u>	<u>8,073,840</u>	<u>153,941,379</u>	<u>2,740,987</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	(593,102)	5,383,650	415,719,785	7,126,236
Net realised profit/(loss) on sale of investments	6,587,709	18,966,325	102,016,565	(1,703,149)
Net realised profit/(loss) on forward foreign exchange contracts	474	837,972	(78,835,907)	11,885,371
Net realised profit/(loss) on financial future contracts	-	-	-	-
Net realised profit/(loss) on cross currency swap contracts	-	-	-	-
Net realised profit/(loss) on interest rate swap contracts	-	-	-	231,342
Net realised profit/(loss) on inflation swap contracts	-	-	-	-
Net realised profit/(loss) on total return swap contracts	-	-	-	-
Net realised profit/(loss) on volatility swap contracts	-	-	-	-
Net realised profit/(loss) on credit default swap contracts	-	-	-	-
Net realised profit/(loss) on option contracts	-	-	-	-
Net realised profit/(loss) on foreign exchange transactions	(97,798)	(446,001)	(23,946,163)	(1,516,439)
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	<u>5,897,283</u>	<u>24,741,946</u>	<u>414,954,280</u>	<u>16,023,361</u>
Change in net unrealised appreciation/(depreciation) on:				
Investments	13,296,828	32,420,019	(261,527,697)	(14,759,209)
Forward foreign exchange contracts	(202)	(1,739,427)	(117,169,424)	(3,927,798)
Financial future contracts	-	-	-	-
Interest rate swap contracts	-	-	29,848,049	(195,634)
Inflation swap contracts	-	-	-	-
Cross currency swap contracts	-	-	-	-
Total return swap contracts	-	-	-	-
Volatility swap contracts	-	-	-	-
Credit default swap contracts	-	-	-	-
Option contracts	-	-	-	-
Mortgage dollar rolls	-	-	-	-
Foreign exchange transactions	10,672	63,213	2,556,792	138,823
Capital gains tax	-	-	(460,945)	(286)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>19,204,581</u>	<u>55,485,751</u>	<u>68,201,055</u>	<u>(2,720,743)</u>
<b>MOVEMENT OF CAPITAL</b>				
Issue of shares	10,298,065	99,753,436	2,214,203,915	44,427,860
Redemption of shares	(24,375,687)	(114,368,066)	(2,708,678,261)	(52,419,678)
Equalisation (note 24)	(14,055)	(176,661)	(2,930,099)	(186,380)
	<u>(14,091,677)</u>	<u>(14,791,291)</u>	<u>(497,404,445)</u>	<u>(8,178,198)</u>
Dividends paid/accumulated (note 25)	(2,656,258)	(17,706,564)	(642,043,559)	(12,020,479)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<u>(16,747,935)</u>	<u>(32,497,855)</u>	<u>(1,139,448,004)</u>	<u>(20,198,677)</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u>695,834,822</u>	<u>976,310,343</u>	<u>17,355,459,970</u>	<u>302,606,068</u>
Portfolio Turnover Ratio (note 26)	14.90%	30.16%	30.06%	(3.22)%

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

Templeton Global Currency Fund (USD)	Templeton Global Equity Income Fund (USD)	Templeton Global High Yield Fund (USD)	Templeton Global Income Fund (USD)	Templeton Global Smaller Companies Fund (USD)	Templeton Global Total Return Fund (USD)	Templeton Growth (Euro) Fund (EUR)
8,481,440	150,633,469	180,421,557	1,137,684,998	120,018,892	20,185,056,502	7,584,398,180
-	-	-	-	-	-	-
8,481,440	150,633,469	180,421,557	1,137,684,998	120,018,892	20,185,056,502	7,584,398,180
-	2,324,225	-	8,806,816	705,733	30,827	65,434,082
195,960	-	6,864,736	11,170,925	-	706,451,921	1,656,395
711	20,088	17,002	138,379	34,095	3,959,216	414,673
-	19,818	-	26,617	86,133	-	296,015
-	-	-	-	-	-	-
-	-	77,869	36,475	1,459	1,413,182	448,429
196,671	2,364,131	6,959,607	20,179,212	827,420	711,855,146	68,249,594
29,387	800,014	737,253	4,565,755	620,868	73,549,867	37,577,987
9,455	196,267	204,685	1,269,583	153,222	23,235,628	8,927,491
-	163	183	1,141	126	21,310	7,700
1,721	39,369	43,004	260,944	30,638	4,281,365	1,852,708
1,929	7,996	23,486	147,711	7,978	5,907,673	344,718
6,517	6,313	6,042	7,043	5,128	21,047	9,090
308	5,683	6,380	39,925	4,387	744,537	268,934
-	-	1,680	16,888	503	1,068,265	1,014,980
-	-	30,034	445,720	-	25,066,471	-
3,997	338,586	325,783	1,666,153	297,486	18,635,022	18,402,308
-	29,580	-	-	-	-	-
-	77,627	-	175,531	3,907	676,464	2,322
-	-	-	339,066	-	1,400,766	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,316	4,336	176,516	1,184,985	25,393	14,681,312	180,713
1,262	29,337	26,033	170,721	23,180	3,035,112	1,270,759
65,892	1,535,271	1,581,079	10,291,166	1,172,816	172,324,839	69,859,710
(8,678)	(148,653)	-	(17,929)	-	(317,742)	-
57,214	1,386,618	1,581,079	10,273,237	1,172,816	172,007,097	69,859,710
139,457	977,513	5,378,528	9,905,975	(345,396)	539,848,049	(1,610,116)
185,298	3,204,151	(814,558)	23,171,408	1,451,791	69,731,022	208,132,870
(190,790)	23,214	(1,114,029)	(7,299,766)	-	(51,302,000)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	59,783	-	451,418	-	-	-
(35,587)	(17,953)	(79,104)	(575,378)	166	(32,077,501)	(3,136,841)
98,378	4,246,708	3,370,837	25,653,657	1,106,561	526,199,570	203,385,913
(310,630)	7,465,518	(183,961)	13,249,697	12,810,285	(274,196,210)	(162,441,182)
214,310	6,273	52,110	892,353	-	(157,195,546)	-
-	-	-	-	-	-	-
-	-	77,801	953,665	-	31,700,945	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	685	-	(18,889)	-	-	-
14,756	17,715	4,270	95,590	6,296	799,536	(226,763)
(145)	-	(48,112)	(16,576)	-	(116,673)	-
16,669	11,736,899	3,272,945	40,809,497	13,923,142	127,191,622	40,717,968
258,242	44,001,050	22,335,706	141,213,079	12,031,681	4,902,091,063	218,432,079
(2,899)	(39,355,033)	(34,705,754)	(218,408,690)	(15,772,705)	(3,854,981,253)	(243,515,503)
(12)	16,084	(69,385)	(736,243)	(44)	3,549,610	(128,460)
255,331	4,662,101	(12,439,433)	(77,931,854)	(3,741,068)	1,050,659,420	(25,211,884)
(255,616)	(3,202,756)	(6,907,794)	(26,181,922)	(5,605)	(787,028,562)	(28,373,588)
(285)	1,459,345	(19,347,227)	(104,113,776)	(3,746,673)	263,630,858	(53,585,472)
8,497,824	163,829,713	164,347,275	1,074,380,719	130,195,361	20,575,878,982	7,571,530,676
102.37%	20.02%	59.11%	45.76%	42.10%	25.67%	54.38%

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2017 (CONTINUED)

	Templeton Korea Fund (USD)	Templeton Latin America Fund (USD)	Templeton Thailand Fund (USD)
<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	38,338,370	1,199,770,938	139,450,128
Currency translation adjustment	-	-	-
	<u>38,338,370</u>	<u>1,199,770,938</u>	<u>139,450,128</u>
<b>INCOME</b>			
Dividends (net of withholding taxes) (note 2(n))	327,167	14,647,039	1,126,192
Interest on bonds (net of withholding taxes) (note 2(n))	-	-	-
Bank interest	2,539	100,605	36,600
Securities lending (notes 2(o), 15)	-	-	-
Net interest income on swaps	-	-	-
Sundry income	-	-	-
<b>TOTAL INCOME</b>	<u>329,706</u>	<u>14,747,644</u>	<u>1,162,792</u>
<b>EXPENSES</b>			
Investment management fees (note 16)	272,949	8,694,638	1,191,756
Administration and transfer agency fees	56,205	1,559,078	189,771
Directors fees	36	1,309	148
Subscription tax (note 19)	8,993	293,416	35,883
Custodian fees	7,360	278,768	33,424
Audit fees	4,921	6,725	4,983
Printing and publishing expenses	1,247	45,759	5,169
Bank charges	-	1,209	-
Net interest expenses on swaps	-	-	-
Class A (dis) and Class A (acc) shares' maintenance charges (note 20)	80,377	2,707,925	336,776
Class AS (dis) and Class AS (acc) shares' maintenance charges (note 20)	-	-	-
Class AX (acc) shares' maintenance charges (note 20)	-	-	-
Class B (dis) and Class B (acc) shares' maintenance and service charges (note 20)	-	49,416	10,165
Class C (dis) and Class C (acc) shares' maintenance and service charges (note 20)	336	15,631	-
Class F (dis) and Class F (acc) shares' maintenance and service charges (note 20)	-	-	-
Class G (dis) and Class G (acc) shares' maintenance and service charges (note 20)	-	-	-
Class N (dis) and Class N (acc) shares' maintenance charges (note 20)	9,101	277,500	59,240
Other charges	5,091	186,486	21,075
<b>TOTAL EXPENSES</b>	<u>446,616</u>	<u>14,117,860</u>	<u>1,888,390</u>
Expenses reimbursement (note 21)	-	(848)	(99)
<b>NET EXPENSES</b>	<u>446,616</u>	<u>14,117,012</u>	<u>1,888,291</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	(116,910)	630,632	(725,499)
Net realised profit/(loss) on sale of investments	412,227	22,513,933	9,952,472
Net realised profit/(loss) on forward foreign exchange contracts	-	1,656,357	-
Net realised profit/(loss) on financial future contracts	-	-	-
Net realised profit/(loss) on cross currency swap contracts	-	-	-
Net realised profit/(loss) on interest rate swap contracts	-	-	-
Net realised profit/(loss) on inflation swap contracts	-	-	-
Net realised profit/(loss) on total return swap contracts	-	-	-
Net realised profit/(loss) on volatility swap contracts	-	-	-
Net realised profit/(loss) on credit default swap contracts	-	-	-
Net realised profit/(loss) on option contracts	-	-	-
Net realised profit/(loss) on foreign exchange transactions	21,091	(30,629)	(80,964)
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	<u>316,408</u>	<u>24,770,293</u>	<u>9,146,009</u>
Change in net unrealised appreciation/(depreciation) on:			
Investments	(1,883,974)	89,814,203	18,087,508
Forward foreign exchange contracts	-	27,928	-
Financial future contracts	-	-	-
Interest rate swap contracts	-	-	-
Inflation swap contracts	-	-	-
Cross currency swap contracts	-	-	-
Total return swap contracts	-	-	-
Volatility swap contracts	-	-	-
Credit default swap contracts	-	-	-
Option contracts	-	-	-
Mortgage dollar rolls	-	-	-
Foreign exchange transactions	2,748	21,361	(27,390)
Capital gains tax	-	-	-
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	<u>(1,564,818)</u>	<u>114,633,785</u>	<u>27,206,127</u>
<b>MOVEMENT OF CAPITAL</b>			
Issue of shares	15,761,525	191,957,972	59,515,606
Redemption of shares	(19,169,101)	(255,952,850)	(54,794,445)
Equalisation (note 24)	-	6,681	(1,537)
	<u>(3,407,576)</u>	<u>(63,988,197)</u>	<u>4,719,624</u>
Dividends paid/accumulated (note 25)	-	(10,006,400)	(295,001)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	<u>(3,407,576)</u>	<u>(73,994,597)</u>	<u>4,424,623</u>
<b>NET ASSETS AT THE END OF THE PERIOD</b>	<u>33,365,976</u>	<u>1,240,410,126</u>	<u>171,080,878</u>
Portfolio Turnover Ratio (note 26)	14.13%	16.17%	77.50%

The accompanying notes form an integral part of these financial statements

## STATISTICAL INFORMATION

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Franklin Asia Credit Fund – USD</b>					
A (acc) USD	1.49%	119,700.907	11.02	10.85	10.50
A (Mdis) AUD-H1 (hedged)	1.49%	229,568.420	10.19	10.22	10.25
A (Mdis) SGD-H1 (hedged)	1.49%	259,620.000	9.82	9.90	10.01
A (Mdis) USD	1.49%	183,476.201	9.82	9.86	9.94
I (acc) USD	0.95%	204,035.000	11.20	11.00	10.59
Y (Mdis) USD	0.19%	500.000	10.36	10.34	10.28
<b>Franklin Biotechnology Discovery Fund – USD</b>					
A (acc) CHF-H1 (hedged)	1.82%	176,745.516	15.20	15.08	12.61
A (acc) HKD	1.82%	1,088,209.184	20.60	20.11	16.38
A (acc) SGD	1.82%	887,404.673	30.83	31.00	24.85
A (acc) USD	1.82%	67,116,727.517	31.64	30.91	25.33
B (acc) USD	3.13%	984,263.549	25.23	24.81	20.60
C (acc) USD	2.40%	535,006.056	37.50	36.74	30.27
F (acc) USD	2.82%	6,570,609.567	10.65	10.45	-
I (acc) EUR-H1 (hedged)	0.96%	457,954.833	20.91	20.60	16.96
I (acc) USD	0.97%	2,879,128.657	47.64	46.33	37.64
N (acc) USD	2.57%	5,769,854.864	27.48	26.95	22.24
W (acc) USD	1.07%	2,139,959.036	14.93	14.53	11.82
Z (acc) GBP	1.32%	107,416.175	30.67	30.98	24.67
Z (acc) USD	1.33%	434,688.072	11.44	11.15	-
<b>Franklin Brazil Opportunities Fund – USD</b>					
A (acc) EUR-H1 (hedged)	1.90%	142,341.608	10.14	9.95	9.48
A (acc) USD	1.91%	423,541.260	10.58	10.22	9.59
A (Qdis) HKD	1.84%	5,560.398	8.03	8.07	8.15
A (Qdis) USD	1.91%	583,731.971	7.95	8.00	8.13
I (acc) USD	1.02%	463.392	11.05	10.63	9.90
N (acc) EUR-H1 (hedged)	2.40%	350,062.379	9.90	9.73	9.32
N (acc) USD	2.42%	851,027.378	10.30	9.98	9.41
N (Qdis) USD	2.42%	757,426.446	7.84	7.91	8.08
<b>Franklin Diversified Balanced Fund – EUR</b>					
A (acc) CZK-H1 (hedged)	1.57%	95,698.214	102.91	101.39	99.97
A (acc) EUR	1.57%	4,733,936.278	13.79	13.48	13.18
A (acc) SGD-H1 (hedged)	1.58%	34,575.429	10.55	10.22	-
A (Qdis) EUR	1.57%	82,678.634	9.13	9.26	9.42
A (Ydis) EUR	1.57%	3,905,303.736	12.86	13.28	13.19
G (acc) EUR	2.28%	106,604.975	10.01	9.82	-
I (acc) EUR	0.83%	7,408,894.091	14.62	14.24	13.82
I (acc) USD-H1 (hedged)	0.81%	24,801.255	10.70	10.30	-
I (Qdis) EUR	0.79%	447.828	9.31	9.39	9.49
I (Ydis) EUR	0.81%	36,576.445	14.59	14.23	13.81
N (acc) EUR	2.37%	487,665.011	12.78	12.54	12.37
N (Ydis) EUR	2.38%	89,065.956	9.07	9.40	9.58
W (Ydis) EUR	0.96%	1,726.686	9.68	9.97	9.99
<b>Franklin Diversified Conservative Fund – EUR</b>					
A (acc) CZK-H1 (hedged)	1.42%	83,465.932	99.83	99.89	100.25
A (acc) EUR	1.42%	5,854,166.914	13.74	13.64	13.57
A (acc) SGD-H1 (hedged)	1.43%	34,575.429	10.28	10.11	-
A (Qdis) EUR	1.42%	497,763.023	9.50	9.68	9.90
A (Qdis) USD-H1 (hedged)*	1.41%	24,572.283	10.18	-	-
A (Ydis) EUR	1.42%	7,079,875.508	13.09	13.48	13.57
G (acc) EUR	2.23%	183,873.587	9.93	9.90	-
I (acc) EUR	0.78%	4,796,661.306	14.41	14.26	14.10
I (acc) USD-H1 (hedged)	0.82%	422,753.724	10.42	10.18	-
I (Qdis) EUR	0.74%	447.828	9.65	9.80	9.95
I (Ydis) EUR	0.77%	504.873	13.77	14.14	14.10
N (acc) EUR	2.32%	4,955,878.509	12.57	12.54	12.59
N (acc) USD-H1 (hedged)	2.34%	26,602.045	10.24	10.08	-
N (Ydis) EUR	2.33%	839,573.050	9.36	9.69	9.97
W (Ydis) EUR	0.85%	2,286.657	9.99	10.26	10.22
<b>Franklin Diversified Dynamic Fund – EUR</b>					
A (acc) CZK-H1 (hedged)	1.74%	123,096.728	104.57	101.71	99.74
A (acc) EUR	1.74%	5,817,188.207	13.83	13.34	12.96
A (acc) NOK-H1 (hedged)	1.74%	225,646.674	10.15	9.72	9.32
A (acc) SEK-H1 (hedged)	1.74%	225,234.247	9.84	9.49	9.24
A (acc) SGD-H1 (hedged)	1.74%	35,368.202	10.68	10.21	-
A (Ydis) EUR	1.74%	670,882.671	13.26	13.34	12.96
I (acc) EUR	0.87%	2,085.000	14.78	14.21	13.70
I (acc) USD-H1 (hedged)	0.88%	24,801.254	10.85	10.30	-
I (Ydis) EUR	0.88%	343.506	14.82	14.24	13.72
N (acc) EUR	2.49%	114,260.507	12.65	12.25	11.99
W (Ydis) EUR	1.05%	2,527.666	9.55	9.85	9.84
<b>Franklin Euro Government Bond Fund – EUR</b>					
A (Ydis) EUR	1.05%	1,815,659.358	11.04	11.11	11.60
I (acc) EUR	0.63%	2,627,078.214	15.53	15.46	15.91
I (Qdis) EUR	0.60%	140,987.000	10.84	10.84	11.26
N (acc) EUR	1.60%	1,107,959.886	13.52	13.53	14.06



## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Franklin Euro High Yield Fund – EUR</b>					
A (acc) EUR	1.52%	3,028,780.134	19.22	18.88	17.47
A (Mdis) EUR	1.52%	51,477,361.477	6.26	6.27	6.07
A (Mdis) USD	1.52%	3,683,789.793	9.50	9.07	8.53
A (Mdis) USD-H1 (hedged)	1.52%	3,470,117.849	10.24	10.14	9.62
A (Ydis) EUR	1.52%	8,464,658.165	6.37	6.54	6.38
B (Mdis) EUR	2.93%	433,119.165	11.25	11.35	11.14
B (Mdis) USD	2.93%	1,010,141.294	9.62	9.25	8.82
I (acc) EUR	0.87%	4,017,245.349	21.12	20.67	19.01
I (Ydis) EUR	0.86%	26,000.000	9.77	10.01	9.71
N (acc) EUR	2.12%	5,576,251.162	17.31	17.06	15.88
W (acc) EUR	1.01%	33,367.430	12.09	11.84	10.89
<b>Franklin Euro Short Duration Bond Fund – EUR</b>					
A (acc) EUR	0.90%	2,733,363.132	10.27	10.27	10.21
A (Ydis) EUR	0.90%	120,200.464	10.15	10.22	10.21
I (acc) EUR	0.55%	4,794,698.751	10.42	10.39	10.29
N (acc) EUR	1.45%	1,898,105.223	10.06	10.09	10.08
W (acc) EUR	0.60%	298.256	10.39	10.37	10.28
Y (Mdis) EUR	0.06%	317,921.322	10.12	10.10	10.02
<b>Franklin Euro Short-Term Money Market Fund – EUR</b>					
A (acc) EUR	0.22%	87,294.691	1,001.31	1,004.40	1,008.69
I (acc) EUR	0.22%	28,550.287	1,003.95	1,007.05	1,011.35
<b>Franklin European Fund – EUR<sup>12</sup></b>					
A (acc) EUR	-	-	-	15.91	13.66
A (Ydis) EUR	-	-	-	15.08	13.01
I (acc) EUR	-	-	-	16.76	14.27
N (acc) EUR	-	-	-	15.22	13.17
<b>Franklin European Corporate Bond Fund – EUR</b>					
A (acc) EUR	1.15%	1,299,448.075	13.31	13.16	12.84
A (Ydis) EUR	1.15%	599,785.011	11.40	11.49	11.45
I (acc) EUR	0.65%	3,276,796.817	13.83	13.65	13.24
I (Ydis) EUR	0.65%	387.931	11.51	11.58	11.50
N (acc) EUR	1.99%	1,450,268.674	12.47	12.39	12.18
N (Ydis) EUR	1.99%	856,277.792	11.15	11.29	11.34
W (acc) EUR	0.75%	8,561.339	11.09	10.95	10.64
Y (Mdis) EUR	0.05%	234,589.054	10.50	10.41	10.24
<b>Franklin European Dividend Fund – EUR</b>					
A (acc) EUR	1.84%	1,515,593.409	17.23	16.68	14.58
A (Mdis) SGD-H1 (hedged)	1.84%	31,871.813	11.05	10.85	9.88
A (Mdis) USD	1.84%	107,517.098	9.64	9.09	8.14
A (Ydis) EUR	1.84%	4,064,419.146	13.17	13.46	12.46
I (acc) EUR	0.98%	2,473,545.415	18.21	17.56	15.21
N (acc) EUR	2.59%	815,007.071	16.42	15.96	14.05
N (acc) PLN-H1 (hedged)	2.59%	4,473,321.827	12.16	11.72	10.14
Y (Mdis) EUR	0.07%	39,120.559	9.66	9.50	8.60
<b>Franklin European Growth Fund – EUR</b>					
A (acc) EUR	1.83%	14,294,652.759	16.80	16.39	14.21
A (acc) NOK-H1 (hedged)	1.81%	1,655,911.411	11.66	11.30	9.67
A (acc) SGD-H1 (hedged)	1.83%	442,823.718	14.34	13.89	11.89
A (acc) USD	1.83%	2,843,120.076	12.84	11.93	10.05
A (acc) USD-H1 (hedged)	1.84%	3,908,152.427	12.24	11.81	10.08
A (Ydis) GBP	1.83%	85,622.692	19.18	18.67	15.58
I (acc) EUR	0.96%	4,159,011.457	33.51	32.54	27.98
N (acc) EUR	2.58%	7,170,791.242	14.75	14.44	12.62
N (acc) USD	2.58%	1,079,544.111	12.39	11.55	9.80
W (acc) EUR	1.08%	58,830.971	12.50	12.15	10.46
<b>Franklin European Income Fund – EUR</b>					
A (acc) EUR	1.70%	167,330.733	11.55	11.47	10.72
A (Mdis) EUR	1.70%	354,312.239	10.65	10.71	10.29
A (Mdis) SGD-H1 (hedged)	1.70%	65,184.443	10.96	10.94	10.36
A (Mdis) USD	1.69%	76,577.093	10.26	9.83	9.17
I (acc) EUR	0.90%	43,534.091	11.85	11.71	10.86
I (Mdis) EUR	0.90%	39,375.110	10.93	10.95	10.43
N (acc) EUR	2.20%	400,322.502	11.38	11.32	10.63
N (Mdis) EUR	2.20%	525,914.939	10.48	10.57	10.20
N (Mdis) USD-H1 (hedged)	2.20%	36,004.948	9.54	9.50	9.01
W (acc) EUR	1.10%	46,887.102	11.78	11.65	10.82
W (Mdis) EUR	1.10%	19,696.345	10.86	10.89	10.39
Z (acc) EUR	1.20%	19,706.750	11.74	11.62	10.80
Z (Mdis) EUR	1.20%	19,696.662	10.83	10.86	10.38
<b>Franklin European Small-Mid Cap Growth Fund – EUR</b>					
A (acc) EUR	1.83%	5,425,641.544	41.29	38.96	31.61
A (acc) USD	1.83%	987,199.351	49.56	44.52	35.10
I (acc) EUR	0.98%	4,650,536.172	49.97	46.94	37.77
I (acc) USD	0.96%	5,475.004	59.74	53.51	41.86
I (acc) USD-H1 (hedged)	0.97%	25,310.941	12.48	11.58	9.14
N (acc) EUR	2.58%	627,102.815	37.91	35.91	29.35



## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Franklin European Small-Mid Cap Growth Fund – EUR (continued)</b>					
W (acc) EUR	1.07%	280,044.135	17.68	16.61	13.37
X (acc) EUR	0.15%	388.991	14.65	13.70	10.94
Y (Mdis) EUR	0.06%	435.983	10.80	10.25	8.41
<b>Franklin European Total Return Fund – EUR</b>					
A (acc) EUR	1.10%	4,506,150.069	15.18	15.25	15.03
A (acc) NOK-H1 (hedged)	1.35%	298,628.230	11.94	11.92	11.61
A (acc) SEK-H1 (hedged)	1.35%	218,946.616	11.32	11.38	11.24
A (Mdis) EUR	1.10%	5,066,566.469	10.14	10.24	10.27
A (Mdis) USD	1.10%	9,870,697.491	12.19	11.72	11.42
I (acc) EUR	0.84%	12,922,805.606	14.91	14.95	14.70
N (acc) EUR	1.80%	5,071,515.854	13.73	13.84	13.74
N (acc) PLN-H1 (hedged)	1.80%	3,251,819.064	10.40	10.39	10.14
N (Mdis) EUR	1.80%	4,827,439.786	11.27	11.43	11.54
W (acc) EUR	0.85%	51,657.667	11.23	11.27	11.08
<b>Franklin Flexible Alpha Bond Fund – USD</b>					
A (acc) EUR	1.39%	18,810.384	9.62	10.05	10.21
A (acc) EUR-H1 (hedged)	1.38%	28,641.239	9.90	9.98	10.01
A (acc) USD	1.37%	4,622.621	10.22	10.17	10.04
A (Qdis) EUR-H1 (hedged)	1.38%	55,540.492	9.81	9.94	10.01
I (acc) EUR	0.75%	17,598.848	9.74	10.14	10.22
I (acc) EUR-H1 (hedged)	0.75%	64,750.000	10.01	10.05	10.03
I (acc) GBP-H1 (hedged)	0.74%	23,877.042	10.22	10.22	10.09
I (acc) NOK-H1 (hedged)	0.75%	216,442.500	10.06	10.02	-
I (acc) SEK-H1 (hedged)	0.75%	226,682.500	9.96	9.99	-
I (acc) USD	0.75%	492.126	10.34	10.26	10.06
I (Ydis) GBP-H1 (hedged)	0.74%	23,877.135	10.08	10.21	10.09
I (Ydis) USD	0.75%	29,955,144.795	10.20	10.25	10.06
N (acc) EUR	1.99%	4,865.867	9.51	9.96	10.19
N (acc) EUR-H1 (hedged)	1.98%	22,676.555	9.77	9.87	10.00
N (Qdis) EUR-H1 (hedged)	1.98%	31,567.614	9.79	9.89	10.00
N (Qdis) USD	1.99%	24,515.788	10.13	10.10	10.03
W (acc) USD	0.89%	500.000	10.07	9.99	-
Y (acc) GBP-H1 (hedged)	0.04%	22,760,848.704	10.11	10.08	-
Y (Mdis) USD	0.05%	15,030,560.120	10.01	10.00	-
<b>Franklin GCC Bond Fund – USD</b>					
A (acc) USD	1.40%	897,173.818	12.82	12.61	11.89
A (Mdis) USD	1.40%	889,158.925	10.84	10.89	10.76
B (acc) USD	2.86%	5,916.585	12.00	11.91	11.40
B (Mdis) USD	2.89%	3,317.033	10.47	10.59	10.62
I (acc) EUR-H1 (hedged)*	0.87%	311,508.607	9.98	-	-
I (acc) USD	0.83%	2,423,633.442	13.15	12.90	12.10
W (Mdis) USD	0.99%	416,145.978	10.09	10.12	-
<b>Franklin Global Aggregate Bond Fund – USD</b>					
A (acc) EUR	1.25%	246,127.704	12.42	12.85	13.58
A (acc) EUR-H1 (hedged)	1.24%	56,151.434	10.08	10.08	10.59
A (acc) USD	1.25%	599,992.507	10.65	10.49	10.78
A (Mdis) EUR	1.25%	256,354.113	11.44	11.91	12.66
A (Mdis) USD	1.25%	66,554.617	9.87	9.77	10.10
I (acc) EUR	0.59%	26,910.196	13.00	13.41	14.08
I (acc) EUR-H1 (hedged)	0.60%	377,879.083	10.25	10.21	10.64
I (acc) USD	0.60%	2,747,029.254	11.21	11.01	11.23
N (acc) EUR	1.95%	300,331.068	11.82	12.28	13.07
N (acc) EUR-H1 (hedged)	1.93%	47,959.334	9.63	9.65	10.19
N (acc) USD	1.95%	5,184.820	10.17	10.05	10.40
W (acc) EUR	0.70%	56,200.000	11.41	11.77	12.38
Y (Mdis) USD	0.06%	5,442,873.464	10.35	10.25	-
Z (Mdis) USD	0.95%	500.000	9.72	9.63	-
<b>Franklin Global Aggregate Investment Grade Bond Fund – USD</b>					
A (acc) USD	1.25%	114,973.666	10.55	10.43	10.68
I (acc) USD	0.61%	871,291.948	10.94	10.78	10.97
Z (acc) USD	0.95%	2,719.625	9.87	9.74	9.95
<b>Franklin Global Convertible Securities Fund – USD</b>					
A (acc) CHF-H1 (hedged)	1.60%	91,816.750	12.32	12.21	11.10
A (acc) EUR	1.59%	828,138.231	14.86	15.26	13.97
A (acc) EUR-H1 (hedged)	1.59%	729,529.176	12.57	12.46	11.30
A (acc) HKD	1.57%	23,261.550	13.36	13.05	11.53
A (acc) USD	1.59%	1,318,113.134	13.26	12.97	11.53
A (Ydis) EUR	1.59%	401,834.834	14.45	14.87	13.65
A (Ydis) EUR-H1 (hedged)	1.59%	273,830.832	12.25	12.16	11.06
I (acc) EUR	0.87%	423,910.933	15.50	15.86	14.42
I (acc) EUR-H1 (hedged)	0.86%	2,333,025.907	10.99	10.85	9.75
I (acc) USD	0.89%	354,259.773	13.83	13.47	11.88
N (acc) EUR	2.34%	917,535.014	14.23	14.67	13.53
N (acc) USD	2.35%	586,379.132	12.69	12.45	11.16
W (acc) CHF-H1 (hedged)*	0.93%	24,940.000	9.94	-	-
W (acc) EUR-H1 (hedged)*	0.93%	21,544.295	9.95	-	-
W (acc) USD	0.98%	137,389.524	10.14	9.89	-

## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Franklin Global Equity Strategies Fund – USD</b>					
A (acc) EUR	2.19%	4,520,416.492	11.31	10.98	9.26
A (acc) EUR-H1 (hedged)	2.18%	855,198.519	7.83	7.34	6.13
A (acc) USD	2.21%	848,757.147	13.56	12.53	10.27
A (Ydis) EUR	2.19%	580,439.353	11.20	10.88	9.19
N (acc) EUR	2.92%	2,674,472.144	10.48	10.21	8.68
<b>Franklin Global Fundamental Strategies Fund – USD</b>					
A (acc) EUR	1.82%	45,445,122.042	12.05	12.35	10.90
A (acc) EUR-H1 (hedged)	1.81%	13,666,845.087	9.44	9.33	8.14
A (acc) USD	1.82%	8,566,795.356	14.44	14.09	12.09
A (Ydis) EUR	1.82%	72,528,454.151	10.76	11.17	9.98
I (acc) EUR	0.97%	4,255,303.730	13.13	13.40	11.73
N (acc) EUR	2.57%	1,355,531.992	12.45	12.81	11.39
N (acc) EUR-H1 (hedged)	2.56%	6,086,707.883	8.37	8.31	7.30
N (acc) PLN-H1 (hedged)	2.56%	2,588,760.855	16.47	16.22	13.95
N (acc) USD	2.57%	711,297.901	11.43	11.20	9.68
N (Ydis) EUR	2.57%	3,636,718.753	12.86	13.32	11.89
W (acc) EUR	1.08%	471.676	9.34	9.54	-
W (acc) EUR-H1 (hedged)	1.07%	23,583.793	10.36	10.21	-
W (acc) USD	1.08%	500.000	10.57	10.27	-
W (Ydis) EUR	1.08%	471.676	9.27	9.54	-
<b>Franklin Global Growth Fund – USD</b>					
A (acc) EUR	1.86%	173,186.668	19.45	18.31	15.45
A (acc) USD	1.86%	1,839,195.898	18.36	16.45	13.49
I (acc) USD	0.98%	1,617,413.364	16.35	14.59	11.86
N (acc) EUR	2.62%	202,687.620	18.39	17.38	14.77
N (acc) USD	2.61%	333,739.745	16.14	14.52	11.99
Z (acc) USD	1.36%	83,663.340	17.35	15.50	12.65
<b>Franklin Global High Income Bond Fund – USD<sup>Ω</sup></b>					
A (acc) EUR	-	-	-	13.11	12.03
A (acc) HKD	-	-	-	12.32	10.92
A (acc) USD	-	-	-	12.23	10.90
A (Mdis) HKD	-	-	-	9.29	8.74
A (Mdis) SGD-H1 (hedged)	-	-	-	9.28	8.78
A (Mdis) USD	-	-	-	9.26	8.75
I (acc) EUR	-	-	-	13.55	12.35
I (acc) USD	-	-	-	12.64	11.19
N (acc) EUR	-	-	-	12.73	11.75
N (Mdis) USD	-	-	-	8.36	7.95
Y (Mdis) USD	-	-	-	11.22	10.43
<b>Franklin Global Listed Infrastructure Fund – USD</b>					
A (acc) EUR	1.84%	844,737.268	15.23	15.17	13.96
A (acc) USD	1.85%	829,234.029	14.03	13.30	11.90
A (Qdis) USD	1.85%	231,328.857	12.35	11.91	10.95
A (Ydis) EUR	1.85%	157,779.123	13.59	13.89	13.13
I (acc) EUR	1.01%	28,707.171	15.85	15.72	14.34
I (acc) GBP-H1 (hedged)	0.96%	15,714.610	14.43	13.71	12.30
I (acc) USD	0.98%	1,992,208.723	14.59	13.77	12.21
N (acc) EUR	2.59%	499,230.379	14.70	14.70	13.63
W (acc) GBP	1.10%	10,407.642	16.65	16.31	14.13
W (Qdis) GBP	1.10%	2,345.893	14.67	14.60	13.02
Y (Mdis) USD	0.06%	78,766.570	12.34	11.75	10.64
<b>Franklin Global Multi-Asset Income Fund – EUR</b>					
A (acc) EUR	1.67%	2,606,344.504	12.05	11.83	11.53
A (acc) USD-H1 (hedged)	1.68%	944,480.641	10.44	10.11	9.70
A (Mdis) EUR	1.68%	278,536.299	9.42	9.50	9.75
A (Mdis) SGD-H1 (hedged)	1.67%	33,288.129	9.19	9.20	9.32
A (Mdis) USD-H1 (hedged)	1.68%	2,171,155.833	9.24	9.20	9.29
A (Qdis) EUR	1.67%	9,049,933.728	10.03	10.12	10.38
A (Ydis) EUR	1.67%	989,427.577	10.17	10.57	10.80
C (acc) USD-H1 (hedged)	2.26%	289,708.048	10.18	9.89	-
G (Qdis) EUR	2.28%	1,549,026.965	9.75	9.82	-
I (acc) EUR	0.87%	2,444,736.084	12.49	12.22	11.82
I (Mdis) USD-H1 (hedged)	0.85%	28,071.055	9.43	9.35	9.35
I (Qdis) EUR	0.87%	841,611.527	10.36	10.42	10.60
I (Ydis) EUR	0.85%	5,279.831	9.28	9.61	9.74
N (acc) EUR	2.17%	6,244,705.372	11.77	11.59	11.36
N (acc) USD-H1 (hedged)	2.17%	1,342,399.717	10.52	10.22	-
N (Mdis) USD-H1 (hedged)	2.18%	2,055,618.268	9.12	9.10	9.24
N (Qdis) EUR	2.17%	2,894,876.945	8.87	8.98	9.25
N (Ydis) EUR	2.17%	340,331.011	8.98	9.36	9.61
W (Mdis) USD-H1 (hedged)	1.02%	857,047.270	10.06	9.98	-
W (Ydis) EUR	1.02%	34,302.721	9.93	10.29	10.37
Y (Mdis) AUD-H1 (hedged)*	0.05%	782,116.817	10.27	-	-
Z (Mdis) USD-H1 (hedged)	1.17%	121,153.495	9.35	9.29	9.32
<b>Franklin Global Real Estate Fund – USD</b>					
A (acc) EUR-H1 (hedged)	1.85%	730,047.245	15.77	15.33	15.97
A (acc) USD	1.86%	5,810,862.924	12.46	11.93	12.21
A (Qdis) USD	1.86%	2,090,361.859	9.96	9.66	10.14

## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Franklin Global Real Estate Fund – USD (continued)</b>					
A (Ydis) EUR-H1 (hedged)	1.85%	134,844.010	13.75	13.70	14.64
B (Qdis) USD	3.16%	785,199.357	9.28	9.06	9.63
C (Qdis) USD	2.44%	2,088,478.844	9.68	9.42	9.94
I (acc) CAD*	0.98%	626.375	10.44	-	-
I (acc) USD	0.98%	3,764,071.228	13.86	13.21	13.40
N (acc) EUR-H1 (hedged)	2.59%	336,340.315	14.91	14.54	15.28
N (acc) USD	2.60%	2,376,139.627	11.39	10.95	11.29
W (acc) USD	1.09%	42,738.124	10.35	9.87	-
W (Qdis) USD	1.10%	85,531.419	10.94	10.57	11.01
Y (Mdis) USD	0.06%	25,125.628	10.41	10.00	10.31
Z (acc) USD	1.36%	438,159.821	11.19	10.69	10.88
<b>Franklin Global Small-Mid Cap Growth Fund – USD</b>					
A (acc) USD	1.84%	3,387,795.781	34.41	33.12	28.17
B (acc) USD	3.15%	41,744.899	27.93	27.07	23.32
I (acc) USD	0.98%	773,001.487	19.37	18.57	15.66
N (acc) USD	2.59%	468,993.954	30.31	29.29	25.10
W (acc) USD	1.08%	46,757.375	11.39	10.92	9.22
X (acc) USD	0.15%	500.000	11.94	11.40	9.54
<b>Franklin Gold and Precious Metals Fund – USD</b>					
A (acc) CHF-H1 (hedged)	1.85%	2,029,821.362	3.36	3.57	4.55
A (acc) EUR	1.84%	7,610,908.355	4.99	5.48	6.95
A (acc) EUR-H1 (hedged)	1.83%	3,217,898.793	4.00	4.24	5.38
A (acc) HKD	1.84%	14,314,479.277	4.52	4.72	5.79
A (acc) SGD	1.84%	4,083,729.515	4.39	4.72	5.70
A (acc) USD	1.84%	20,512,085.171	4.49	4.70	5.80
A (Ydis) EUR	1.85%	1,266,448.682	4.99	5.48	6.96
I (acc) USD	1.00%	121,144.153	4.81	5.01	6.12
N (acc) EUR	2.60%	7,656,971.604	4.71	5.19	6.64
N (acc) USD	2.60%	4,417,868.511	4.24	4.44	5.53
<b>Franklin High Yield Fund – USD</b>					
A (acc) EUR*	1.53%	411,125.338	9.79	-	-
A (acc) USD	1.53%	6,743,626.695	18.03	17.69	15.68
A (Mdis) AUD-H1 (hedged)	1.52%	1,269,676.693	9.27	9.36	8.74
A (Mdis) SGD-H1 (hedged)	1.53%	2,593,631.251	7.76	7.87	7.42
A (Mdis) USD	1.53%	275,199,296.837	6.16	6.22	5.85
B (Mdis) USD	2.93%	32,229,013.914	5.97	6.08	5.80
C (acc) USD	2.21%	1,285,321.318	22.99	22.63	20.19
F (Mdis) USD	2.54%	2,071,397.650	9.90	10.06	-
I (acc) EUR-H1 (hedged)	0.86%	1,300,050.761	12.80	12.67	11.34
I (acc) USD	0.87%	1,424,230.710	18.92	18.50	16.29
I (Mdis) USD	0.87%	980,911.052	9.83	9.91	9.26
N (acc) EUR*	2.12%	832,799.158	9.78	-	-
N (acc) USD	2.13%	2,560,133.235	18.61	18.31	16.33
N (Mdis) USD	2.11%	3,139,082.338	8.47	8.58	8.12
W (Mdis) USD	1.04%	254,505.714	9.98	10.06	-
Y (Mdis) USD	0.05%	733,423.331	9.57	9.60	8.91
Z (Mdis) USD	1.13%	781,415.089	9.18	9.26	8.67
<b>Franklin Income Fund – USD</b>					
A (acc) USD	1.67%	3,376,302.970	11.06	10.59	9.52
A (Mdis) AUD-H1 (hedged)	1.66%	753,774.734	9.78	9.59	9.03
A (Mdis) EUR-H1 (hedged)	1.67%	1,668,631.815	9.17	9.11	8.78
A (Mdis) SGD-H1 (hedged)	1.68%	2,167,752.352	8.55	8.40	7.96
A (Mdis) USD	1.68%	91,142,873.307	11.95	11.70	11.07
A (Mdis) ZAR-H1 (hedged)	1.68%	132,537.666	104.78	99.96	-
B (Mdis) USD	2.99%	9,653,002.663	11.04	10.89	10.43
C (acc) USD	2.26%	4,309,726.986	24.61	23.63	21.36
C (Mdis) USD	2.26%	7,588,506.199	15.14	14.87	14.14
F (Mdis) USD	2.68%	1,438,263.878	10.28	10.12	-
I (acc) EUR	0.86%	418,399.721	11.19	11.21	10.28
I (acc) USD	0.87%	2,415,933.863	21.83	20.82	18.56
I (Ydis) EUR-H1 (hedged)	0.86%	29,396.581	9.52	9.62	9.27
N (acc) EUR-H1 (hedged)	2.17%	372,112.803	10.17	9.90	9.10
N (acc) USD	2.18%	10,792,321.514	22.90	21.98	19.86
N (Mdis) EUR	2.18%	564.601	9.60	9.91	9.69
N (Mdis) EUR-H1 (hedged)	2.16%	4,214,800.215	9.06	9.02	8.72
N (Mdis) USD	2.18%	1,220,230.463	9.22	9.05	8.60
W (acc) USD	1.00%	35,685.610	10.59	10.11	-
W (Mdis) USD	1.03%	362,855.667	10.51	10.26	-
Z (acc) USD	1.18%	2,319,122.520	16.62	15.88	14.20
Z (Mdis) USD	1.18%	1,359,445.367	10.94	10.69	10.06
<b>Franklin India Fund – USD</b>					
A (acc) EUR	1.88%	11,462,364.592	42.62	39.83	34.21
A (acc) EUR-H1 (hedged)	1.86%	2,438,862.674	12.74	11.50	9.80
A (acc) HKD	1.88%	895,003.073	19.56	17.39	14.42
A (acc) SEK	1.89%	12,445,946.149	21.24	19.40	16.26
A (acc) SGD	1.88%	1,734,722.199	15.38	14.09	11.50
A (acc) USD	1.88%	23,163,799.930	42.28	37.62	31.40
A (Ydis) EUR	1.88%	493,458.565	62.86	58.74	50.45

## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Franklin India Fund – USD (continued)</b>					
A (Ydis) GBP	1.89%	173,952.435	55.83	51.50	41.99
AS (acc) SGD	1.74%	272,614.205	12.88	11.78	9.61
B (acc) USD	3.19%	560,847.526	36.12	32.35	27.36
C (acc) USD	2.47%	356,132.103	39.37	35.13	29.49
I (acc) EUR	1.03%	2,096,182.851	47.52	44.23	37.66
I (acc) USD	1.03%	45,317,751.193	47.20	41.82	34.60
I (Ydis) EUR	1.03%	1,269,038.962	46.70	43.46	37.08
N (acc) EUR	2.64%	2,455,747.496	39.06	36.64	31.71
N (acc) PLN-H1 (hedged)	2.62%	4,590,473.491	20.39	18.31	15.46
N (acc) USD	2.63%	2,525,495.697	38.60	34.47	28.98
S (acc) USD	0.88%	485,755.000	22.08	19.55	16.15
W (acc) EUR	1.14%	449,829.896	23.30	21.69	18.49
W (acc) GBP	1.13%	1,871,317.911	25.77	23.68	19.16
W (acc) USD	1.14%	1,266,928.538	22.24	19.71	16.33
X (acc) USD	0.25%	500.000	20.79	18.35	15.08
Y (Mdis) USD	0.12%	500.000	15.69	13.90	11.48
Z (acc) GBP	1.39%	11,523.793	25.39	23.36	18.97
Z (acc) USD	1.38%	632,332.694	17.24	15.30	12.71
<b>Franklin Japan Fund – JPY</b>					
A (acc) EUR	1.87%	962,862.923	7.54	6.84	6.09
A (acc) JPY	1.87%	2,406,893.704	1,021.32	880.78	699.80
A (acc) USD	1.86%	4,323,221.842	9.06	7.83	6.78
A (acc) USD-H1 (hedged)	1.86%	1,055,818.289	11.20	9.60	7.64
C (acc) USD	2.46%	329,674.418	9.91	8.58	7.47
I (acc) EUR	0.98%	2,252,329.594	11.95	10.80	9.53
I (acc) USD	0.98%	13,321,560.981	11.87	10.21	8.76
N (acc) EUR	2.61%	1,335,610.011	6.59	6.00	5.38
N (acc) USD	2.61%	872,881.268	12.10	10.49	9.15
W (acc) EUR	1.02%	867.250	16.18	14.62	12.92
<b>Franklin K2 Alternative Strategies Fund – USD</b>					
A (acc) CHF-H1 (hedged)	2.75%	194,288.348	10.02	9.93	9.56
A (acc) CZK-H1 (hedged)	2.75%	2,727,564.018	99.39	99.14	95.79
A (acc) EUR-H1 (hedged)	2.75%	16,701,434.800	10.75	10.66	10.23
A (acc) NOK-H1 (hedged)	2.75%	423,816.921	10.75	10.58	9.99
A (acc) SEK-H1 (hedged)	2.75%	1,623,813.668	10.32	10.23	9.80
A (acc) SGD-H1 (hedged)	2.75%	464,199.890	11.24	11.05	10.43
A (acc) USD	2.75%	20,420,437.968	11.15	10.91	10.27
A (Ydis) EUR	2.75%	1,583,009.051	12.02	12.36	11.98
A (Ydis) EUR-H1 (hedged)	2.75%	2,507,906.974	10.08	9.99	9.58
A (Ydis) USD	2.75%	1,965,138.397	11.15	10.91	10.27
C (acc) USD	3.33%	458,803.130	10.28	10.09	-
G (acc) EUR-H1 (hedged)	3.35%	178,231.761	10.09	10.03	-
I (acc) CHF-H1 (hedged)	1.90%	8,587,747.237	10.25	10.12	9.65
I (acc) EUR-H1 (hedged)	1.90%	41,469,305.819	11.06	10.92	10.38
I (acc) GBP-H1 (hedged)	1.90%	835,147.742	11.37	11.17	10.52
I (acc) JPY	1.90%	658.471	1,204.36	1,171.66	1,003.98
I (acc) JPY-H1 (hedged)	1.90%	28,033.904	1,107.95	1,089.65	1,029.75
I (acc) USD	1.90%	11,078,730.455	11.46	11.17	10.43
N (acc) EUR-H1 (hedged)	3.50%	8,726,147.648	10.50	10.45	10.10
N (acc) HUF-H1 (hedged)	3.50%	5,269,914.127	103.70	103.02	97.53
N (acc) PLN-H1 (hedged)	3.50%	3,963,402.741	10.46	10.32	9.76
N (acc) USD	3.50%	9,423,456.072	10.88	10.69	10.14
N (Ydis) EUR-H1 (hedged)	3.50%	29,064.652	10.20	10.15	9.81
S (acc) CHF-H1 (hedged)	1.90%	1,061,979.952	10.18	10.06	-
S (acc) EUR-H1 (hedged)	1.90%	3,993,251.481	10.18	10.06	-
S (acc) GBP-H1 (hedged)	1.90%	2,544,026.684	10.27	10.10	-
S (acc) SGD-H1 (hedged)	1.90%	34,916.250	10.33	10.10	-
S (acc) USD	1.90%	1,853,757.103	10.38	10.11	-
W (acc) CHF-H1 (hedged)	2.05%	25,222.500	10.17	10.05	-
W (acc) EUR	2.05%	901,924.967	12.30	12.60	12.13
W (acc) EUR-H1 (hedged)	2.05%	2,395,559.045	10.17	10.05	-
W (acc) GBP-H1 (hedged)	2.05%	502,385.974	11.32	11.13	10.48
W (acc) USD	2.05%	3,366,979.051	10.96	10.69	9.97
Y (acc) CAD-H1 (hedged)	0.11%	1,055,946.854	11.25	10.91	10.04
Y (Mdis) USD	0.11%	150,736.357	11.33	11.06	10.36
Z (acc) GBP-H1 (hedged)	2.25%	33,810.784	11.26	11.09	10.46
Z (acc) USD	2.25%	1,788,857.561	11.34	11.07	10.37
<b>Franklin K2 Global Macro Opportunities Fund – USD</b>					
A (acc) EUR-H1 (hedged)	2.75%	142,673.666	9.55	9.55	-
A (acc) SGD	2.75%	216,101.563	9.44	9.60	-
A (acc) USD	2.75%	162,467.336	9.76	9.64	-
A (Mdis) USD	2.75%	156,250.000	9.76	9.64	-
A (Ydis) EUR	2.75%	152,367.959	9.06	9.40	-
A (Ydis) USD	2.75%	156,250.000	9.76	9.64	-
I (acc) EUR-H1 (hedged)	1.90%	140,285.500	9.65	9.61	-
I (acc) GBP-H1 (hedged)	1.90%	124,870.125	9.72	9.64	-
I (acc) JPY	1.90%	1,609,453.130	107.83	105.87	-
I (acc) JPY-H1 (hedged)	1.90%	1,609,453.130	97.23	96.41	-
I (acc) USD	1.90%	156,250.000	9.86	9.70	-
N (acc) EUR-H1 (hedged)	3.50%	142,753.642	9.47	9.50	-

## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Franklin K2 Global Macro Opportunities Fund – USD (continued)</b>					
N (acc) USD	3.50%	161,367.187	9.68	9.60	-
W (acc) EUR	2.05%	140,285.500	9.13	9.45	-
W (acc) GBP-H1 (hedged)	2.05%	124,870.125	9.70	9.63	-
W (acc) USD	2.05%	500.000	10.04	9.88	-
Z (acc) USD	2.25%	156,250.000	9.82	9.67	-
<b>Franklin K2 Long Short Credit Fund – USD</b>					
A (acc) EUR-H1 (hedged)	2.75%	57,109.777	10.13	10.14	-
A (acc) SGD	2.75%	511,614.000	9.80	9.96	-
A (acc) USD	2.75%	2,445,754.778	10.41	10.28	-
A (Mdis) USD	2.75%	360,000.000	10.32	10.25	-
A (Ydis) EUR	2.75%	358,243.999	9.22	9.60	-
A (Ydis) USD	2.75%	424,482.759	10.38	10.28	-
I (acc) EUR-H1 (hedged)	1.90%	2,443,195.113	10.23	10.20	-
I (acc) GBP-H1 (hedged)	1.90%	39,795.590	10.36	10.26	-
I (acc) USD	1.90%	589,788.198	10.50	10.33	-
N (acc) EUR-H1 (hedged)	3.50%	175,671.787	10.04	10.10	-
N (acc) USD	3.50%	378,985.419	10.33	10.24	-
W (acc) EUR-H1 (hedged)	2.05%	45,841.224	10.21	10.18	-
W (acc) GBP-H1 (hedged)	2.05%	38,508.108	10.35	10.25	-
W (acc) USD	2.05%	28,574.635	10.18	10.02	-
Z (acc) USD	2.25%	360,000.000	10.46	10.31	-
<b>Franklin MENA Fund – USD</b>					
A (acc) EUR	2.56%	2,403,796.898	5.20	5.34	4.75
A (acc) EUR-H1 (hedged)	2.54%	759,814.711	3.63	3.60	3.17
A (acc) USD	2.56%	5,199,200.896	6.28	6.14	5.32
A (Ydis) USD	2.56%	72,593.406	6.67	6.52	5.67
B (acc) USD	3.86%	456,261.915	5.53	5.45	4.77
I (acc) EUR	1.46%	1,094,146.875	5.81	5.94	5.23
I (acc) USD	1.45%	764,958.600	6.97	6.77	5.80
N (acc) EUR-H1 (hedged)	3.04%	1,821,660.007	3.47	3.45	3.04
N (acc) USD	3.06%	996,164.355	5.98	5.87	5.10
W (acc) EUR	1.51%	6,850.127	10.20	10.42	9.18
W (Qdis) USD	1.51%	500.000	11.69	11.44	-
X (acc) USD	0.29%	361.795	16.73	16.17	13.68
<b>Franklin Natural Resources Fund – USD</b>					
A (acc) EUR	1.84%	4,471,422.289	5.98	5.44	5.92
A (acc) USD	1.84%	32,107,446.662	7.16	6.20	6.56
A (Ydis) EUR-H1 (hedged)	1.83%	710,155.261	5.79	5.08	5.48
A (Ydis) USD	1.83%	530,678.446	7.16	6.21	6.57
B (acc) USD	3.14%	1,341,021.030	7.51	6.55	7.02
C (acc) USD	2.42%	688,863.702	6.47	5.62	5.98
F (acc) USD	2.84%	585,007.064	10.59	9.22	-
I (acc) EUR	0.97%	1,157,557.841	6.57	5.95	6.42
I (acc) USD	0.98%	1,346,335.333	7.86	6.78	7.11
N (acc) EUR	2.59%	5,167,248.150	5.51	5.04	5.53
N (acc) PLN-H1 (hedged)	2.58%	13,184,451.376	7.73	6.76	7.20
<b>Franklin NextStep Balanced Growth Fund – USD</b>					
A (acc) HKD	1.52%	23,672.610	12.69	11.87	10.75
A (acc) SGD-H1 (hedged)	1.53%	219,937.670	12.53	11.78	10.78
A (acc) USD	1.54%	17,143,099.375	12.65	11.84	10.80
A (Mdis) HKD	1.53%	275,167.824	12.43	11.69	10.71
A (Mdis) SGD-H1 (hedged)	1.53%	255,262.379	12.29	11.61	10.74
A (Mdis) USD	1.54%	2,280,201.817	12.39	11.66	10.75
<b>Franklin NextStep Conservative Fund – USD</b>					
A (acc) PLN-H1 (hedged)	1.37%	5,350,041.512	11.26	11.01	10.58
A (acc) USD	1.37%	274,910.919	11.28	10.97	10.58
A (Mdis) USD	1.37%	30,611.611	10.98	10.76	10.54
N (acc) USD	2.25%	181,410.044	11.10	10.84	10.55
W (Mdis) EUR-H1 (hedged)	0.78%	313,446.694	10.24	10.14	10.06
W (Mdis) GBP-H1 (hedged)	0.78%	160,985.063	10.96	10.80	10.60
W (Mdis) USD	0.78%	283,643.866	10.59	10.35	10.07
<b>Franklin NextStep Dynamic Growth Fund – USD</b>					
A (acc) HKD	1.67%	81,788.886	13.27	12.25	10.86
A (acc) SGD-H1 (hedged)	1.68%	139,228.900	13.11	12.16	10.89
A (acc) USD	1.68%	4,094,895.632	13.24	12.23	10.91
A (Mdis) HKD	1.68%	561,150.782	13.13	12.13	10.83
A (Mdis) SGD-H1 (hedged)	1.68%	109,327.839	12.89	12.01	10.85
A (Mdis) USD	1.68%	446,754.209	13.02	12.08	10.87
<b>Franklin NextStep Growth Fund – USD</b>					
A (acc) PLN-H1 (hedged)	1.73%	687,732.191	12.62	11.87	10.72
A (acc) USD	1.73%	631,148.242	12.65	11.83	10.73
A (Mdis) USD	1.73%	339,498.936	12.44	11.68	10.69
N (acc) USD	2.53%	343,197.606	12.46	11.70	10.69
W (Mdis) EUR-H1 (hedged)	0.89%	45,953.391	11.37	10.78	9.98
W (Mdis) GBP-H1 (hedged)	0.89%	203,568.331	12.45	11.76	10.75
W (Mdis) USD	0.89%	75,520.688	11.78	11.01	9.99



## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Franklin NextStep Moderate Fund – USD</b>					
A (acc) PLN-H1 (hedged)	1.58%	6,978,063.460	12.26	11.67	10.71
A (acc) USD	1.58%	572,586.648	12.28	11.63	10.70
A (Mdis) USD	1.58%	323,080.146	12.03	11.45	10.66
N (acc) USD	2.38%	876,837.154	12.09	11.50	10.67
W (Mdis) EUR-H1 (hedged)	0.83%	292,260.241	11.07	10.64	10.02
W (Mdis) GBP-H1 (hedged)	0.83%	244,599.471	12.05	11.53	10.73
W (Mdis) USD	0.83%	770,679.710	11.44	10.85	10.03
<b>Franklin NextStep Stable Growth Fund – USD</b>					
A (acc) HKD	1.37%	278,688.383	11.42	11.03	10.55
A (acc) SGD-H1 (hedged)	1.37%	98,542.644	11.30	10.96	10.57
A (acc) USD	1.37%	1,032,844.362	11.39	11.00	10.59
A (Mdis) HKD	1.37%	945,213.147	11.10	10.81	10.50
A (Mdis) SGD-H1 (hedged)	1.37%	159,247.787	10.98	10.74	10.53
A (Mdis) USD	1.37%	544,884.985	11.07	10.78	10.54
<b>Franklin Real Return Fund – USD<sup>Q2</sup></b>					
A (acc) USD	-	-	-	10.27	10.32
A (Ydis) EUR-H1 (hedged)	-	-	-	9.63	9.86
N (acc) USD	-	-	-	9.48	9.58
<b>Franklin Strategic Income Fund – USD</b>					
A (acc) EUR	1.35%	3,769,290.671	12.79	13.32	13.10
A (acc) EUR-H1 (hedged)	1.34%	1,544,446.304	11.59	11.64	11.32
A (acc) USD	1.35%	13,168,971.838	15.32	15.18	14.52
A (Mdis) AUD-H1 (hedged)	1.35%	264,854.661	9.79	9.90	9.82
A (Mdis) EUR	1.35%	6,809,441.024	8.50	9.02	9.28
A (Mdis) EUR-H1 (hedged)	1.35%	10,887,533.462	8.67	8.89	9.04
A (Mdis) SGD-H1 (hedged)	1.35%	46,857.614	9.21	9.34	9.36
A (Mdis) USD	1.35%	14,072,431.325	10.19	10.30	10.30
B (Mdis) USD	2.88%	526,518.929	9.78	9.96	10.11
C (acc) USD	1.95%	217,710.908	10.10	10.04	-
C (Mdis) USD	1.95%	8,615,734.866	10.03	10.17	10.22
I (acc) EUR-H1 (hedged)	0.82%	14,097,180.312	11.53	11.55	11.18
I (acc) USD	0.83%	1,015,735.714	16.17	15.98	15.20
I (Ydis) USD	0.82%	43,540.750	9.35	9.67	9.64
N (acc) EUR-H1 (hedged)	2.07%	1,800,201.627	11.08	11.16	10.94
N (acc) USD	2.08%	10,924,475.328	11.74	11.68	11.25
N (Mdis) EUR-H1 (hedged)	2.07%	2,260,453.289	8.57	8.81	9.04
W (acc) EUR	0.91%	52,454.974	8.99	9.34	-
W (acc) USD	0.92%	372,904.401	10.17	10.06	-
W (Mdis) USD	0.93%	289,465.758	10.04	10.13	-
Y (Mdis) USD*	0.04%	500.000	9.99	-	-
Z (acc) USD	1.08%	579,691.298	13.64	13.50	12.88
<b>Franklin Technology Fund – USD</b>					
A (acc) EUR	1.82%	11,572,779.933	14.33	13.14	10.17
A (acc) EUR-H1 (hedged)*	1.80%	89,689.530	9.98	-	-
A (acc) HKD	1.82%	703,290.378	22.55	19.67	14.70
A (acc) USD	1.82%	62,594,396.899	17.15	14.98	11.26
B (acc) USD	3.12%	442,230.333	13.59	11.95	9.11
C (acc) USD	2.40%	1,594,401.532	33.44	29.29	22.15
I (acc) EUR	0.98%	4,341,750.377	26.50	24.20	18.57
I (acc) USD	0.96%	1,243,253.262	23.63	20.55	15.32
N (acc) EUR	2.57%	5,112,174.867	12.11	11.15	8.69
N (acc) USD	2.57%	7,663,439.201	14.51	12.72	9.64
W (acc) EUR	1.06%	69,004.041	23.38	21.36	16.41
W (acc) USD	1.04%	987,670.145	20.04	17.43	13.01
X (acc) USD	0.15%	3,330,972.320	20.52	17.76	13.15
Z (acc) USD	1.32%	874,663.625	24.70	21.51	16.10
<b>Franklin U.S. Dollar Liquid Reserve Fund – USD</b>					
A (acc) USD	0.25%	15,545,237.958	11.63	11.58	11.55
A (Mdis) USD	0.25%	6,997,743.614	9.72	9.69	9.66
B (Mdis) USD	1.32%	359,926.855	8.88	8.89	8.97
C (acc) USD	1.24%	396,693.685	9.81	9.81	9.89
F (Mdis) USD	1.25%	124,227.458	9.99	10.00	-
N (acc) USD	1.15%	3,659,766.676	10.36	10.36	10.43
W (acc) USD	0.20%	772,860.215	10.06	10.02	-
<b>Franklin U.S. Equity Fund – USD</b>					
A (acc) EUR	1.82%	354,720.738	22.46	22.30	19.54
A (acc) EUR-H1 (hedged)	1.82%	325,275.287	18.37	17.60	15.23
A (acc) HKD	1.83%	1,391,507.248	17.77	16.79	14.21
A (acc) USD	1.83%	10,577,218.488	26.95	25.48	21.70
B (acc) USD	3.13%	209,279.079	21.13	20.10	17.35
C (acc) USD	2.41%	1,437,771.479	22.96	21.77	18.65
I (acc) EUR	1.00%	20,263.291	17.55	17.36	15.08
I (acc) EUR-H1 (hedged)	0.97%	176,868.955	13.34	12.73	10.91
I (acc) USD	1.01%	351,522.025	22.71	21.38	18.06
N (acc) EUR	2.58%	485,178.478	19.52	19.46	17.18
N (acc) EUR-H1 (hedged)	2.55%	154,742.268	12.27	11.80	10.29
N (acc) USD	2.58%	1,429,068.465	23.46	22.26	19.10
W (acc) EUR	1.05%	15,867.581	15.85	15.67	13.63

## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Franklin U.S. Equity Fund – USD (continued)</b>					
Y (Mdis) USD	0.05%	2,584,128.409	13.23	12.44	10.50
Z (acc) USD	1.33%	734,163.382	10.64	10.03	8.50
<b>Franklin U.S. Government Fund – USD</b>					
A (acc) EUR-H1 (hedged)	1.26%	26,472.254	9.58	9.70	-
A (acc) HKD	1.28%	418,483.282	11.38	11.37	11.45
A (acc) USD	1.27%	7,602,661.017	11.00	11.00	11.15
A (Mdis) HKD	1.28%	792,537.586	9.69	9.77	10.00
A (Mdis) USD	1.27%	35,924,919.886	9.07	9.15	9.42
AX (acc) USD	1.47%	2,986,899.953	15.42	15.43	15.67
B (acc) USD	2.54%	102,782.184	12.21	12.29	12.61
B (Mdis) USD	2.53%	803,910.118	9.09	9.17	9.44
C (acc) USD	2.05%	1,335,918.241	13.33	13.38	13.67
I (acc) EUR-H1 (hedged)	0.60%	6,789,319.672	10.32	10.41	10.66
I (acc) USD	0.60%	2,788,290.363	13.94	13.89	13.98
I (Mdis) JPY-H1 (hedged)	0.60%	32,241.865	895.96	911.62	951.51
I (Mdis) USD	0.60%	7,080,611.253	9.54	9.61	9.88
N (acc) USD	1.97%	2,781,541.964	14.02	14.07	14.36
N (Mdis) USD	1.97%	1,076,347.975	9.10	9.18	9.45
W (acc) USD	0.82%	121,950.947	10.50	10.47	10.56
W (Mdis) USD	0.80%	2,189,611.480	9.41	9.49	9.77
X (acc) USD	0.15%	500.000	10.87	10.81	10.85
Z (acc) USD	0.98%	260,290.766	11.68	11.66	11.79
Z (Mdis) USD	0.99%	30,992.620	9.55	9.63	9.92
<b>Franklin U.S. Low Duration Fund – USD</b>					
A (acc) EUR	1.15%	424,613.101	10.10	10.60	10.71
A (acc) EUR-H1 (hedged)	1.14%	4,090,339.954	9.86	9.98	-
A (acc) USD	1.15%	13,660,246.908	10.79	10.79	10.59
A (Mdis) USD	1.15%	43,428,261.659	9.85	9.90	9.81
AX (acc) USD	1.35%	3,352,639.177	12.25	12.26	12.06
B (Mdis) USD	2.41%	946,891.797	9.45	9.51	9.45
C (acc) USD	2.05%	50,939.070	9.96	10.00	-
C (Mdis) USD	2.04%	1,785,808.612	9.69	9.73	9.64
I (acc) EUR-H1 (hedged)	0.67%	18,079,504.522	10.45	10.55	10.49
I (acc) USD	0.67%	13,139,357.045	13.16	13.13	12.82
N (Mdis) USD	1.85%	4,585,646.060	9.79	9.83	9.72
W (acc) USD	0.72%	103,650.718	10.02	10.00	-
W (Qdis) USD	0.72%	206,036.060	10.01	10.05	9.96
Y (Mdis) USD*	0.04%	500.000	10.00	-	-
Z (acc) USD	0.85%	432,109.454	10.25	10.24	10.02
<b>Franklin U.S. Opportunities Fund – USD</b>					
A (acc) CHF-H1 (hedged)	1.82%	143,977.199	21.41	19.68	16.67
A (acc) EUR	1.82%	10,625,346.629	12.58	11.99	10.23
A (acc) EUR-H1 (hedged)	1.81%	10,174,814.927	10.20	9.38	7.92
A (acc) HKD	1.81%	4,659,393.386	20.49	18.58	15.31
A (acc) NOK-H1 (hedged)	1.81%	2,166,581.447	14.88	13.58	11.28
A (acc) RMB-H1 (hedged)	1.80%	32,149.827	144.56	130.11	104.27
A (acc) SEK-H1 (hedged)	1.82%	1,645,581.836	20.33	18.68	15.77
A (acc) SGD	1.82%	2,307,074.532	17.94	16.76	13.59
A (acc) SGD-H1 (hedged)	1.81%	760,943.306	23.12	21.05	17.50
A (acc) USD	1.82%	109,121,415.450	15.08	13.68	11.34
A (Ydis) EUR	1.82%	2,000,990.520	12.81	12.21	10.42
A (Ydis) GBP	1.82%	879,159.265	11.15	10.49	8.50
AS (acc) SGD	1.72%	1,225,538.771	11.97	11.17	9.05
B (acc) USD	3.12%	2,024,518.037	11.95	10.91	9.17
C (acc) USD	2.40%	5,429,526.370	24.25	22.07	18.40
F (acc) USD	2.82%	208,854.022	11.40	10.40	-
I (acc) EUR	0.97%	3,930,211.446	32.14	30.51	25.81
I (acc) EUR-H1 (hedged)	0.95%	495,573.197	25.74	23.56	19.72
I (acc) USD	0.97%	9,031,911.966	38.57	34.85	28.64
N (acc) EUR	2.57%	2,005,270.338	25.16	24.07	20.69
N (acc) EUR-H1 (hedged)	2.56%	365,926.350	18.32	16.91	14.38
N (acc) PLN-H1 (hedged)	2.57%	5,019,819.395	27.01	24.73	20.63
N (acc) USD	2.57%	7,590,164.231	30.24	27.54	23.00
S (acc) USD*	0.83%	500.000	10.16	-	-
W (acc) EUR	1.05%	394,202.708	17.82	16.92	14.32
W (acc) EUR-H1 (hedged)	1.05%	119,485.980	11.36	10.40	-
W (acc) USD	1.07%	5,129,440.359	21.09	19.06	15.69
X (acc) USD	0.15%	500.000	15.46	13.91	11.35
X (Ydis) USD	0.25%	1,092,392.313	21.31	19.24	15.72
Y (Mdis) USD	0.05%	42,253.183	12.23	11.04	9.04
Z (acc) USD	1.32%	1,047,138.036	26.06	23.59	19.46
<b>Franklin U.S. Small-Mid Cap Growth Fund – USD<sup>2</sup></b>					
A (acc) USD	-	-	-	21.10	18.25
B (acc) USD	-	-	-	28.12	24.64
C (acc) USD	-	-	-	19.41	16.89
I (acc) USD	-	-	-	21.17	18.16
N (acc) USD	-	-	-	18.56	16.18

## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Franklin World Perspectives Fund – USD</b>					
A (acc) EUR	1.89%	2,443,964.792	26.64	25.47	22.28
A (acc) USD	1.89%	1,784,593.033	23.42	21.32	18.12
I (acc) EUR	0.98%	2,524,261.740	28.87	27.48	23.82
I (acc) USD	0.97%	407,472.436	25.38	23.00	19.37
N (acc) EUR <sup>†</sup>	2.52%	421.035	9.94	-	-
N (acc) USD	2.64%	1,982,296.086	21.86	19.97	17.10
W (acc) GBP	1.05%	5,633.459	21.00	19.73	16.25
Z (acc) USD	1.27%	23,978.109	12.66	11.49	9.71
<b>Franklin Mutual Beacon Fund – USD</b>					
A (acc) EUR	1.83%	340,004.730	68.85	70.07	62.10
A (acc) EUR-H1 (hedged)	1.83%	63,635.650	54.51	53.49	46.84
A (acc) SGD	1.84%	333,190.658	13.18	13.15	11.08
A (acc) USD	1.83%	3,596,932.187	82.52	79.95	68.85
A (Ydis) USD	1.83%	177,343.638	78.25	75.81	65.69
B (acc) USD	3.13%	36,572.892	36.30	35.40	30.89
C (acc) USD	2.41%	1,876,511.199	23.09	22.43	19.43
I (acc) EUR	0.96%	648,196.305	19.39	19.64	17.26
I (acc) EUR-H1 (hedged)	1.00%	18,198.450	15.36	15.00	13.04
I (acc) USD	0.97%	4,314,739.464	23.26	22.44	19.16
N (acc) EUR	2.57%	822,904.384	33.53	34.25	30.58
N (acc) EUR-H1 (hedged)	2.57%	161,029.019	26.82	26.43	23.30
N (acc) USD	2.58%	1,311,539.470	40.27	39.16	33.98
W (acc) USD	1.07%	970,663.584	10.66	10.29	-
Z (acc) USD	1.33%	629,717.277	20.24	19.56	16.76
<b>Franklin Mutual European Fund – EUR</b>					
A (acc) CZK-H1 (hedged)	1.81%	2,797,887.093	150.29	150.39	129.88
A (acc) EUR	1.83%	20,112,370.165	24.97	24.79	21.22
A (acc) RMB-H1 (hedged)	1.82%	29,976.023	127.08	123.60	100.67
A (acc) SEK	1.84%	5,623,439.865	15.86	15.39	12.86
A (acc) USD	1.84%	8,579,552.322	29.96	28.31	23.55
A (acc) USD-H1 (hedged)	1.82%	3,736,742.839	11.23	11.00	9.27
A (Ydis) EUR	1.84%	1,443,219.328	21.23	21.24	18.62
A (Ydis) GBP	1.84%	112,997.945	19.01	18.77	15.59
B (acc) USD	3.14%	271,412.457	23.85	22.69	19.13
B (Ydis) EUR	3.15%	9,349.745	19.64	19.62	17.02
C (acc) EUR	2.42%	6,975.000	22.31	22.21	19.13
C (acc) USD	2.42%	697,204.077	26.78	25.38	21.24
I (acc) EUR	0.97%	17,030,401.627	23.42	23.14	19.65
I (Ydis) EUR	1.00%	6,480.000	18.57	18.64	16.36
N (acc) EUR	2.57%	4,906,417.500	20.50	20.42	17.62
N (acc) USD	2.59%	618,562.975	24.48	23.22	19.47
N (acc) USD-H1 (hedged)	2.56%	1,157,511.089	11.34	11.15	9.46
W (acc) EUR	1.01%	222,713.043	13.88	13.72	11.67
W (acc) USD	1.05%	4,375.182	10.64	10.01	-
W (acc) USD-H1 (hedged)	1.05%	25,148.235	10.07	9.82	-
W (Ydis) EUR	1.02%	15,889.533	11.36	11.41	10.01
X (acc) EUR	0.15%	362.897	12.16	11.97	10.09
Y (Mdis) EUR	0.06%	1,768,846.188	11.24	11.18	9.74
Z (acc) EUR	1.34%	30,883.483	15.49	15.34	13.07
Z (acc) USD	1.34%	1,534,534.195	15.31	14.44	11.95
Z (acc) USD-H1 (hedged)	1.32%	2,918,175.753	11.78	11.51	9.65
<b>Franklin Mutual Global Discovery Fund – USD</b>					
A (acc) EUR	1.84%	8,264,038.211	20.14	20.62	17.61
A (acc) EUR-H2 (hedged)	1.83%	1,651,453.929	14.03	14.03	11.83
A (acc) USD	1.84%	11,145,376.671	19.98	19.47	16.16
A (Ydis) EUR	1.84%	1,549,363.909	27.40	28.16	24.28
A (Ydis) GBP	1.84%	82,181.927	24.54	24.90	20.38
B (acc) USD	3.14%	150,452.004	17.06	16.74	14.07
C (acc) USD	2.42%	1,928,468.699	18.60	18.18	15.18
I (acc) EUR	0.97%	401,550.486	22.42	22.86	19.35
I (acc) EUR-H2 (hedged)	0.97%	4,272,356.169	20.08	20.00	16.73
I (acc) USD	0.97%	3,370,960.661	22.23	21.58	17.75
N (acc) EUR	2.59%	2,987,805.706	18.35	18.85	16.22
N (acc) EUR-H2 (hedged)	2.57%	1,718,704.162	13.22	13.28	11.30
N (acc) USD	2.59%	1,971,914.014	18.22	17.83	14.91
W (acc) EUR	1.07%	56,277.064	13.48	13.75	11.65
W (acc) USD	1.05%	3,239.726	10.34	10.04	-
Z (acc) USD	1.34%	681,127.681	17.38	16.90	13.96
<b>Templeton Africa Fund – USD</b>					
A (acc) EUR	2.40%	1,502,274.403	10.14	9.40	9.18
A (acc) EUR-H1 (hedged)	2.39%	1,032,559.210	8.78	7.85	7.60
A (acc) GBP	2.40%	43,477.517	11.13	10.18	9.44
A (acc) SGD	2.40%	27,728.448	9.99	9.07	8.43
A (acc) USD	2.40%	2,019,169.680	9.30	8.20	7.79
A (Ydis) EUR	2.40%	317,351.850	9.43	8.84	8.78
A (Ydis) EUR-H1 (hedged)	2.40%	142,711.614	8.17	7.39	7.27
I (acc) EUR	1.40%	126,321.905	10.73	9.89	9.57
I (acc) USD	1.40%	126,826.241	9.83	8.64	8.12
N (acc) EUR-H1 (hedged)	2.89%	1,530,373.743	8.54	7.65	7.44



## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Templeton Africa Fund – USD (continued)</b>					
W (acc) EUR	1.60%	234,218.221	8.72	8.05	7.80
W (acc) GBP	1.60%	310,621.643	11.48	10.46	9.62
<b>Templeton ASEAN Fund – USD<sup>2</sup></b>					
A (acc) SGD	-	-	-	10.49	8.97
A (acc) USD	-	-	-	9.89	8.64
A (Ydis) USD	-	-	-	9.79	8.60
<b>Templeton Asian Bond Fund – USD</b>					
A (acc) CHF-H1 (hedged)	1.42%	1,633,974.713	10.25	10.16	9.74
A (acc) EUR	1.42%	2,947,352.351	18.16	18.64	18.04
A (acc) EUR-H1 (hedged)	1.41%	3,344,163.530	12.34	12.21	11.68
A (acc) USD	1.42%	9,385,659.593	18.02	17.61	16.56
A (Mdis) AUD-H1 (hedged)	1.42%	126,677.665	8.70	8.72	8.59
A (Mdis) EUR	1.42%	2,342,558.953	9.75	10.27	10.46
A (Mdis) SGD	1.41%	1,107,892.651	8.76	9.04	8.76
A (Mdis) SGD-H1 (hedged)	1.42%	5,413,966.325	8.37	8.43	8.35
A (Mdis) USD	1.42%	6,877,741.441	11.67	11.70	11.59
B (Mdis) USD	2.92%	255,733.756	11.19	11.31	11.38
C (Mdis) USD	2.20%	843,565.811	11.41	11.49	11.47
I (acc) CHF-H1 (hedged)	0.87%	1,235,908.160	10.71	10.59	10.10
I (acc) EUR	0.86%	699,338.394	16.04	16.42	15.80
I (acc) EUR-H1 (hedged)	0.86%	183,266.585	11.61	11.44	10.88
I (acc) USD	0.87%	1,075,237.835	19.27	18.78	17.56
I (Mdis) EUR	0.87%	239,630.269	10.28	10.80	10.94
I (Ydis) EUR-H1 (hedged)	0.85%	27,533.951	8.51	8.89	8.91
N (acc) EUR	2.12%	656,110.008	16.68	17.18	16.74
N (acc) USD	2.12%	1,259,638.829	16.55	16.23	15.36
N (Mdis) USD	2.12%	1,103,646.990	11.44	11.52	11.49
S (acc) CHF-H1 (hedged)	0.74%	33,783.250	9.92	9.80	9.34
S (acc) USD	0.74%	500.000	10.48	10.22	9.55
W (acc) EUR	1.00%	5,471.676	9.19	9.42	-
W (acc) EUR-H1 (hedged)	0.99%	246,961.600	10.41	10.29	9.80
W (Mdis) USD	0.99%	4,004,049.489	8.80	8.81	8.69
X (Ydis) USD	0.30%	29,804.281	8.77	8.97	8.76
Y (Mdis) USD	0.08%	4,419,844.061	10.07	10.03	9.80
Z (acc) USD	1.12%	335,408.836	12.03	11.74	11.01
<b>Templeton Asian Dividend Fund – USD<sup>2</sup></b>					
A (acc) USD	-	-	-	10.19	8.79
A (Mdis) USD	-	-	-	8.40	7.62
N (acc) EUR	-	-	-	11.38	10.16
Y (Mdis) USD	-	-	-	11.75	10.34
<b>Templeton Asian Growth Fund – USD</b>					
A (acc) CHF-H1 (hedged)	2.22%	1,101,994.022	13.32	12.07	9.41
A (acc) CZK-H1 (hedged)	2.20%	1,934,211.218	116.16	106.02	82.95
A (acc) EUR	2.21%	12,056,012.149	32.90	30.90	24.25
A (acc) EUR-H1 (hedged)	2.20%	4,574,909.736	25.92	23.49	18.22
A (acc) HKD	2.21%	23,320,478.849	11.91	10.64	8.07
A (acc) RMB-H1 (hedged)	2.21%	102,780.805	146.85	130.44	96.26
A (acc) SGD	2.22%	6,795,640.495	10.04	9.24	6.90
A (acc) SGD-H1 (hedged)	2.21%	115,631.294	13.48	12.11	9.27
A (acc) USD	2.21%	38,731,619.695	39.54	35.36	26.97
A (Ydis) EUR	2.22%	4,017,413.622	30.04	28.29	22.33
A (Ydis) GBP	2.21%	344,687.189	26.70	24.82	18.59
A (Ydis) USD	2.21%	37,856,649.942	36.03	32.30	24.77
B (acc) USD	3.51%	838,079.638	16.18	14.57	11.26
C (acc) USD	2.80%	1,150,676.358	33.10	29.68	22.77
I (acc) CHF-H1 (hedged)	1.23%	87,612.840	11.64	10.49	8.10
I (acc) EUR	1.20%	3,155,670.647	34.51	32.25	25.06
I (acc) EUR-H1 (hedged)	1.22%	252,051.936	23.57	21.26	16.34
I (acc) USD	1.21%	11,238,063.123	41.41	36.84	27.82
I (Ydis) EUR-H2 (hedged)	1.21%	5,112,041.584	7.07	6.81	6.02
N (acc) EUR	2.71%	1,295,894.799	44.47	41.87	33.03
N (acc) EUR-H1 (hedged)	2.70%	963,422.274	34.91	31.73	24.73
N (acc) HUF	2.71%	3,085,469.211	154.80	144.83	116.77
N (acc) PLN-H1 (hedged)	2.70%	8,932,539.716	15.75	14.18	10.86
N (acc) USD	2.71%	2,784,212.937	53.35	47.83	36.65
W (acc) EUR	1.35%	833,567.400	12.64	11.83	9.21
W (acc) EUR-H1 (hedged)	1.35%	229,204.580	11.32	10.22	-
W (acc) GBP	1.35%	142,679.895	15.64	14.43	10.66
W (acc) USD	1.35%	2,069,695.647	13.56	12.08	9.13
W (Ydis) EUR	1.35%	16,712.789	13.18	12.45	9.83
X (Ydis) USD	0.30%	5,800.916	11.48	10.37	7.95
Y (Mdis) USD	0.10%	501.459	11.66	10.43	7.96
Z (acc) USD	1.71%	261,759.807	15.50	13.83	10.49
Z (Ydis) EUR-H1 (hedged)	1.71%	28,768.792	12.50	11.38	8.89
Z (Ydis) USD	1.72%	135,881.251	11.30	10.15	7.78

## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Templeton Asian Smaller Companies Fund – USD</b>					
A (acc) EUR	2.24%	4,744,976.940	57.04	54.25	45.81
A (acc) SGD	2.24%	145,047.358	45.86	42.74	34.31
A (acc) USD	2.24%	7,633,797.646	50.15	45.41	37.26
A (Ydis) USD	2.24%	2,872,966.600	49.14	44.50	36.74
B (acc) USD	3.53%	85,691.360	46.14	42.05	34.96
F (acc) USD	3.25%	1,349,577.888	11.35	10.33	-
I (acc) EUR	1.22%	3,458,695.218	62.74	59.36	49.62
I (acc) USD	1.22%	6,634,209.573	55.18	49.71	40.38
I (Ydis) USD	1.21%	5,544,376.000	11.60	10.47	-
N (acc) EUR	2.74%	1,347,376.947	21.64	20.63	17.51
N (acc) USD	2.73%	1,787,768.117	18.28	16.59	13.69
W (acc) EUR	1.32%	547,269.835	17.46	16.52	13.83
W (acc) USD	1.32%	1,144,737.044	15.27	13.76	11.19
W (Ydis) USD*	1.20%	500.000	10.20	-	-
X (Ydis) USD	0.32%	3,152,995.031	14.21	12.97	10.72
Y (Mdis) USD	0.10%	2,483,240.084	15.14	13.69	11.23
<b>Templeton BRIC Fund – USD</b>					
A (acc) EUR	2.48%	4,337,894.136	19.34	16.37	13.19
A (acc) EUR-H1 (hedged)	2.47%	1,364,582.122	12.10	9.88	7.89
A (acc) HKD	2.52%	594,409.230	10.52	8.47	6.58
A (acc) USD	2.48%	34,325,315.816	19.18	15.46	12.10
B (acc) USD	3.76%	106,052.068	16.40	13.31	10.55
C (acc) USD	3.06%	572,489.178	17.86	14.44	11.36
I (acc) USD	1.42%	312,162.713	21.86	17.53	13.57
N (acc) EUR	2.97%	1,437,050.821	18.20	15.45	12.50
N (acc) USD	2.98%	1,013,129.858	18.05	14.58	11.47
<b>Templeton China Fund – USD</b>					
A (acc) HKD	2.46%	689,862.763	13.20	11.64	9.17
A (acc) SGD	2.45%	963,216.635	9.53	8.66	6.72
A (acc) USD	2.45%	15,442,811.602	28.93	25.55	20.25
A (Ydis) EUR	2.45%	603,171.476	23.29	21.61	17.65
A (Ydis) GBP	2.45%	40,489.546	20.55	18.82	14.57
B (acc) USD	3.74%	837,832.670	12.23	10.87	8.73
C (acc) USD	3.03%	364,153.904	20.17	17.86	14.24
I (acc) USD	1.41%	422,016.833	35.81	31.46	24.67
I (Ydis) GBP	1.47%	16,295.458	12.89	11.75	9.00
N (acc) USD	2.95%	773,142.737	28.07	24.86	19.80
W (acc) EUR	1.55%	308.790	14.00	12.93	10.45
W (acc) GBP	1.55%	35,711.872	16.37	14.92	11.45
W (acc) USD	1.54%	168,062.971	12.86	11.30	8.88
W (Ydis) EUR	1.55%	12,256.729	13.18	12.24	10.00
X (acc) HKD	0.27%	4,593,998.659	13.43	11.73	9.04
Z (acc) USD	1.95%	629,134.162	11.96	10.54	8.31
<b>Templeton Eastern Europe Fund – EUR</b>					
A (acc) EUR	2.52%	7,436,065.217	25.44	22.80	18.92
A (acc) USD	2.52%	2,269,706.060	30.51	26.03	20.99
A (Ydis) EUR	2.53%	58,409.227	25.16	22.54	18.71
B (acc) USD	3.81%	298,936.217	6.61	5.68	4.64
B (Ydis) EUR	3.80%	21,561.754	5.51	4.97	4.18
I (acc) EUR	1.40%	2,273,320.078	19.04	16.97	13.92
N (acc) EUR	3.02%	1,268,965.881	23.16	20.81	17.36
W (acc) EUR	1.66%	140,336.076	11.90	10.62	8.74
X (acc) EUR	0.30%	422,311.039	10.22	9.06	7.35
<b>Templeton Emerging Markets Fund – USD</b>					
A (acc) EUR-H1 (hedged)	2.44%	1,361,170.393	10.44	9.12	7.41
A (acc) HKD	2.47%	107,195.048	12.75	11.00	8.68
A (acc) SGD	2.46%	2,418,109.330	9.11	8.09	6.29
A (acc) USD	2.47%	7,542,544.610	43.77	37.79	30.03
A (Ydis) USD	2.47%	6,365,517.419	41.78	36.07	28.67
B (acc) USD	3.76%	143,598.965	20.04	17.42	14.02
C (acc) USD	3.05%	610,757.291	36.45	31.56	25.23
I (acc) EUR-H1 (hedged)	1.39%	1,101,515.374	11.17	9.72	7.81
I (acc) USD	1.40%	8,002,595.890	29.73	25.53	20.07
N (acc) EUR	2.97%	955,853.812	19.31	17.55	14.43
N (acc) USD	2.97%	1,768,793.297	23.14	20.03	16.00
W (acc) USD	1.62%	482,411.997	12.97	11.15	8.79
Z (acc) USD	1.97%	1,021,861.987	12.18	10.49	8.29
<b>Templeton Emerging Markets Balanced Fund – USD</b>					
A (acc) EUR	2.11%	1,057,112.838	13.06	12.41	10.53
A (acc) EUR-H1 (hedged)	2.11%	583,405.250	10.04	9.23	7.75
A (acc) USD	2.11%	1,335,165.259	10.58	9.58	7.89
A (Qdis) USD	2.11%	520,244.935	9.00	8.29	6.99
A (Ydis) EUR	2.11%	860,955.291	11.19	10.88	9.44
A (Ydis) EUR-H1 (hedged)	2.11%	374,400.959	8.54	8.02	6.89
C (acc) USD	2.81%	643,319.409	10.24	9.29	7.72
I (acc) EUR	1.23%	732,246.599	13.82	13.08	11.00
N (acc) EUR-H1 (hedged)	2.55%	1,332,051.772	9.74	8.96	7.56
N (acc) USD	2.55%	1,160,615.313	10.28	9.32	7.71

## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Templeton Emerging Markets Balanced Fund – USD (continued)</b>					
X (acc) USD	0.30%	38,642.493	11.91	10.67	8.64
Z (acc) USD	1.73%	103,145.768	10.79	9.75	8.01
<b>Templeton Emerging Markets Bond Fund – USD</b>					
A (acc) CHF-H1 (hedged)	1.90%	707,991.269	12.66	12.62	11.26
A (acc) EUR-H1 (hedged)	1.88%	1,756,817.329	11.38	11.35	10.09
A (acc) NOK-H1 (hedged)	1.89%	567,723.135	13.19	13.05	11.44
A (acc) SEK-H1 (hedged)	1.90%	6,503,725.581	12.51	12.47	11.10
A (acc) USD	1.90%	17,091,706.792	14.21	13.98	12.22
A (Mdis) AUD-H1 (hedged)	1.89%	55,598,273.121	7.90	8.13	7.75
A (Mdis) HKD	1.91%	82,160,454.854	8.16	8.40	7.98
A (Mdis) SGD-H1 (hedged)	1.90%	3,421,221.044	7.35	7.60	7.30
A (Mdis) USD	1.90%	412,882,486.125	8.91	9.18	8.78
A (Mdis) ZAR-H1 (hedged)	1.87%	2,390,392.925	99.34	99.62	-
A (Qdis) EUR	1.90%	29,304,885.940	13.01	14.08	13.84
A (Qdis) GBP	1.91%	1,430,354.821	9.96	10.64	9.93
A (Qdis) USD	1.90%	65,282,125.891	15.50	15.98	15.27
A (Ydis) EUR-H1 (hedged)	1.89%	9,762,122.892	7.68	8.35	8.18
B (Mdis) USD	3.20%	17,348,526.187	8.61	8.93	8.65
B (Qdis) USD	3.20%	3,742,862.770	13.57	14.08	13.64
C (acc) USD	2.49%	2,808,879.897	29.34	28.95	25.45
F (Mdis) USD	2.89%	136,718,618.367	9.52	9.86	-
I (acc) CHF-H1 (hedged)	1.02%	74,100.001	11.79	11.68	10.32
I (acc) EUR-H1 (hedged)	1.03%	10,096,343.386	13.61	13.51	11.91
I (acc) USD	1.02%	29,078,893.808	27.76	27.19	23.56
I (Qdis) GBP-H1 (hedged)	1.03%	1,991,006.898	8.20	8.47	8.10
I (Qdis) USD	1.03%	6,243,154.822	12.40	12.73	12.06
I (Ydis) EUR-H1 (hedged)	1.05%	25,377,152.589	7.84	8.48	8.22
N (acc) USD	2.40%	3,339,005.337	35.62	35.13	30.86
N (Mdis) USD	2.38%	7,837,236.997	8.10	8.36	8.04
N (Qdis) PLN-H1 (hedged)	2.38%	15,965,752.854	9.16	9.50	9.15
S (acc) USD	0.92%	500.000	11.77	11.52	9.98
W (acc) EUR-H1 (hedged)	1.11%	152,055.899	10.67	10.60	9.36
W (acc) USD	1.12%	875,596.952	11.22	10.99	9.54
W (Qdis) EUR	1.12%	853,461.887	9.27	9.99	9.75
W (Qdis) GBP	1.12%	48,762.004	9.07	9.65	8.93
W (Qdis) GBP-H1 (hedged)	1.11%	3,171,742.294	8.49	8.78	8.41
W (Qdis) USD	1.12%	2,738,592.246	7.63	7.84	7.43
Y (Mdis) USD	0.11%	2,282,175.374	9.77	9.97	9.37
Z (acc) USD	1.40%	718,488.324	14.52	14.25	12.39
Z (Mdis) USD	1.40%	818,688.820	7.84	8.06	7.67
<b>Templeton Emerging Markets Smaller Companies Fund – USD</b>					
A (acc) EUR	2.48%	7,679,297.529	15.26	14.62	12.30
A (acc) EUR-H1 (hedged)*	2.46%	41,084.295	10.49	-	-
A (acc) USD	2.48%	16,483,034.552	12.81	11.68	9.55
A (Ydis) GBP	2.47%	289,000.678	18.56	17.55	14.03
A (Ydis) USD	2.48%	1,682,507.208	12.26	11.18	9.17
C (acc) USD	3.06%	1,134,761.137	13.43	12.28	10.09
I (acc) EUR	1.43%	8,324,833.254	17.04	16.22	13.50
I (acc) USD	1.42%	24,964,620.500	14.30	12.97	10.49
N (acc) USD	2.98%	3,754,156.886	12.18	11.14	9.15
W (acc) EUR*	1.40%	421.035	10.05	-	-
W (acc) GBP	1.63%	1,427,086.838	21.65	20.37	16.13
W (acc) USD	1.63%	2,091,400.736	15.29	13.88	11.25
Y (Mdis) USD	0.10%	2,398,191.864	12.12	11.01	8.96
Y (Ydis) JPY*	0.09%	14,447,620.060	1,095.53	-	-
<b>Templeton Euroland Fund – EUR</b>					
A (acc) EUR	1.83%	8,231,564.540	24.03	23.79	18.53
A (acc) USD-H1 (hedged)*	1.84%	43,823.214	9.95	-	-
A (Ydis) EUR	1.84%	2,274,425.634	19.95	19.94	15.72
B (acc) USD	3.13%	96,248.752	11.19	10.62	8.14
B (Ydis) EUR	3.15%	51,561.436	8.89	8.86	7.00
I (acc) EUR	0.98%	7,197,635.933	22.68	22.36	17.27
N (acc) EUR	2.59%	2,995,194.829	13.95	13.86	10.88
W (acc) EUR	1.09%	7,048.370	10.33	10.19	-
X (acc) EUR	0.15%	343,383.000	14.99	14.72	11.28
<b>Templeton European Fund – EUR</b>					
A (acc) EUR	1.84%	1,943,051.102	23.89	23.59	18.98
A (acc) SGD	1.84%	1,507,887.566	9.23	8.93	6.83
A (acc) USD	1.84%	1,255,591.610	28.62	26.91	21.04
A (Ydis) USD	1.84%	4,344,030.841	23.35	22.16	17.59
I (acc) EUR	0.98%	637,692.951	21.14	20.78	16.58
N (acc) EUR	2.59%	370,375.962	21.31	21.12	17.13
W (acc) EUR	1.02%	9,431.712	11.96	11.76	9.38
Z (acc) EUR	1.32%	623.887	11.84	11.66	9.33
<b>Templeton Frontier Markets Fund – USD</b>					
A (acc) EUR	2.57%	6,225,236.450	23.74	23.82	19.71
A (acc) EUR-H1 (hedged)	2.56%	2,170,241.875	12.08	11.71	9.60
A (acc) SGD	2.57%	164,273.806	19.10	18.78	14.77

## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Templeton Frontier Markets Fund – USD (continued)</b>					
A (acc) USD	2.57%	6,902,858.810	20.87	19.94	16.03
A (Ydis) GBP	2.57%	182,436.579	24.57	24.52	19.62
A (Ydis) USD	2.57%	933,532.786	18.98	18.27	14.98
B (acc) USD	3.87%	5,058.791	17.51	16.83	13.72
C (acc) USD	3.15%	52,505.339	18.71	17.92	14.50
I (acc) EUR	1.50%	7,501,988.898	26.21	26.16	21.41
I (acc) USD	1.50%	3,215,640.230	23.04	21.89	17.42
I (Ydis) GBP	1.49%	521,377.440	24.90	24.96	20.00
N (acc) EUR	3.07%	1,338,281.166	22.67	22.80	18.96
N (acc) EUR-H1 (hedged)	3.05%	2,658,652.168	18.14	17.62	14.51
N (acc) PLN-H1 (hedged)	3.05%	3,116,417.925	13.70	13.19	10.65
W (acc) EUR	1.70%	773,486.259	13.26	13.24	10.86
W (acc) GBP	1.72%	605,952.070	17.20	16.96	13.21
W (acc) USD	1.72%	1,117,808.187	15.48	14.72	11.74
X (acc) USD	0.30%	500.000	15.38	14.53	11.42
Z (acc) GBP	2.07%	22,369.914	16.87	16.66	13.02
Z (Ydis) EUR-H1 (hedged)	2.06%	85,050.811	11.13	10.89	9.10
<b>Templeton Global Fund – USD</b>					
A (acc) HKD	1.83%	728,047.448	17.77	16.63	13.56
A (acc) SGD	1.83%	2,405,129.024	10.91	10.52	8.44
A (acc) USD	1.83%	5,186,699.426	43.43	40.66	33.35
A (Ydis) USD	1.83%	18,503,543.032	38.66	36.29	29.97
AS (acc) SGD	1.73%	2,854,892.868	11.24	10.83	8.68
B (acc) USD	3.14%	250,494.538	25.03	23.60	19.61
C (acc) USD	2.41%	517,971.896	24.46	22.97	18.95
I (acc) USD	0.97%	7,925,193.482	25.47	23.75	19.31
N (acc) USD	2.58%	888,422.375	27.57	25.92	21.42
W (Ydis) USD	1.07%	40,981.333	12.31	11.59	9.58
X (Ydis) USD	0.26%	1,415,198.443	10.73	10.14	8.38
Z (acc) USD	1.32%	92,983.665	11.60	10.83	8.84
<b>Templeton Global (Euro) Fund – EUR</b>					
A (acc) EUR	1.83%	1,670,906.068	22.51	21.90	18.25
A (Ydis) EUR	1.84%	31,951,027.946	20.26	19.79	16.62
B (acc) USD	3.10%	2,453.410	11.84	11.04	9.06
I (acc) EUR	0.97%	186,347.761	22.33	21.63	17.86
I (acc) EUR-H2 (hedged) <sup>12</sup>	-	-	-	20.35	16.57
N (acc) EUR	2.59%	342,175.613	18.25	17.82	14.96
W (acc) EUR	1.08%	20,109.873	13.97	13.54	11.20
Z (acc) EUR	1.33%	7,169.752	12.75	12.38	10.26
<b>Templeton Global Balanced Fund – USD</b>					
A (acc) EUR	1.64%	2,292,604.725	25.93	25.75	22.72
A (acc) EUR-H1 (hedged)	1.63%	595,092.060	20.34	19.48	17.01
A (acc) SGD	1.64%	1,890,630.913	11.83	11.51	9.66
A (acc) USD	1.64%	6,456,462.247	31.10	29.40	25.22
A (Qdis) USD	1.64%	9,985,555.249	23.99	23.09	20.42
AS (acc) SGD	1.54%	32,627,852.303	11.21	10.90	9.13
B (acc) USD	2.94%	589,897.000	19.10	18.17	15.79
C (Qdis) USD	2.22%	1,471,732.015	13.89	13.41	11.93
I (Ydis) USD	0.87%	2,459,649.623	13.51	13.09	11.46
N (acc) EUR	2.14%	2,797,834.093	18.11	18.02	15.99
N (acc) EUR-H1 (hedged)	2.13%	1,120,025.047	10.49	10.08	8.83
W (acc) EUR	0.98%	471.676	9.73	9.63	-
W (acc) GBP-H1 (hedged)	0.98%	49,747.757	10.70	10.17	8.73
W (acc) USD	0.98%	849,013.633	11.57	10.90	9.29
X (Ydis) USD	0.25%	495,364.471	10.45	10.09	8.77
Z (acc) USD	1.14%	413,529.139	10.80	10.18	8.69
<b>Templeton Global Bond Fund – USD</b>					
A (acc) CHF-H1 (hedged)	1.42%	6,487,738.892	12.43	12.69	11.74
A (acc) CZK-H1 (hedged)	1.41%	24,205,650.039	107.46	110.50	103.03
A (acc) EUR	1.41%	48,678,868.347	24.41	25.83	24.15
A (acc) EUR-H1 (hedged)	1.40%	49,617,709.546	20.59	21.01	19.36
A (acc) HKD	1.41%	1,149,822.022	13.06	13.15	11.87
A (acc) NOK-H1 (hedged)	1.41%	2,149,367.271	13.72	13.90	12.65
A (acc) SEK-H1 (hedged)	1.40%	27,631,023.759	12.85	13.13	12.11
A (acc) USD	1.41%	61,744,294.734	29.28	29.50	26.81
A (Mdis) AUD-H1 (hedged)	1.41%	2,524,921.012	10.66	11.08	10.59
A (Mdis) CAD-H1 (hedged)	1.41%	548,676.613	9.58	10.01	9.69
A (Mdis) EUR	1.41%	26,521,623.933	15.13	16.55	16.40
A (Mdis) EUR-H1 (hedged)	1.41%	35,153,553.943	11.37	11.97	11.71
A (Mdis) GBP	1.41%	2,340,884.988	13.46	14.53	13.67
A (Mdis) GBP-H1 (hedged)	1.41%	4,253,995.185	9.25	9.72	9.41
A (Mdis) HKD	1.40%	42,572,051.652	9.91	10.31	9.87
A (Mdis) RMB-H1 (hedged)	1.41%	92,646.031	104.64	108.03	100.45
A (Mdis) SGD	1.41%	8,366,186.394	10.50	11.25	10.61
A (Mdis) SGD-H1 (hedged)	1.41%	14,339,714.510	11.21	11.70	11.28
A (Mdis) USD	1.41%	173,393,019.362	18.14	18.88	18.19
A (Ydis) CHF-H1 (hedged)	1.42%	1,885,947.306	9.29	10.06	9.78
A (Ydis) EUR	1.41%	50,135,668.374	15.60	17.52	17.21
A (Ydis) EUR-H1 (hedged)	1.41%	79,864,698.140	9.21	9.96	9.63

## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Templeton Global Bond Fund – USD (continued)</b>					
AX (acc) USD	1.61%	11,122,922.221	22.01	22.19	20.20
B (Mdis) USD	2.92%	3,033,593.121	18.17	19.06	18.64
C (acc) USD	2.20%	887,337.629	9.69	9.80	-
C (Mdis) USD	2.19%	23,194,783.738	13.64	14.25	13.83
F (Mdis) USD	2.40%	1,564,707.100	9.44	9.88	-
I (acc) CHF-H1 (hedged)	0.87%	13,508,661.339	12.21	12.41	11.42
I (acc) EUR	0.86%	8,825,200.368	20.39	21.52	20.01
I (acc) EUR-H1 (hedged)	0.86%	18,291,364.421	17.47	17.76	16.28
I (acc) NOK-H1 (hedged)	0.86%	190,224,444.504	10.57	10.69	9.67
I (acc) USD	0.87%	46,681,139.007	24.62	24.74	22.36
I (Mdis) EUR	0.87%	1,764,241.115	12.84	14.00	13.80
I (Mdis) GBP	0.87%	4,488,315.012	12.75	13.72	12.84
I (Mdis) GBP-H1 (hedged)	0.85%	8,882,311.900	10.32	10.81	10.40
I (Mdis) JPY	0.85%	5,143,516.483	1,250.38	1,295.39	1,139.40
I (Mdis) JPY-H1 (hedged)	0.85%	6,000,272.946	915.95	958.02	922.12
I (Ydis) EUR	0.87%	5,370,424.310	13.85	15.51	15.14
I (Ydis) EUR-H1 (hedged)	0.86%	17,711,114.375	9.43	10.16	9.78
N (acc) EUR	2.11%	9,850,749.027	23.39	24.84	23.39
N (acc) EUR-H1 (hedged)	2.10%	20,398,270.912	19.79	20.25	18.81
N (acc) HUF	2.10%	5,615,984.868	138.37	146.00	140.51
N (acc) PLN-H1 (hedged)	2.10%	9,639,770.832	14.24	14.42	13.12
N (acc) USD	2.11%	15,715,042.655	28.06	28.38	25.96
N (Mdis) EUR-H1 (hedged)	2.10%	35,483,678.136	13.03	13.77	13.56
N (Mdis) USD	2.11%	7,101,047.476	9.54	9.96	9.67
N (Ydis) EUR-H1 (hedged)	2.10%	10,517,017.841	9.11	9.87	9.64
S (acc) USD	0.74%	44,742.000	10.68	10.72	9.68
S (Mdis) EUR	0.74%	422.244	8.74	9.53	9.41
W (acc) CHF-H1 (hedged)	0.98%	1,071,552.192	9.90	10.06	9.26
W (acc) EUR	1.02%	5,356,415.500	11.39	12.03	11.21
W (acc) EUR-H1 (hedged)	1.01%	2,884,408.748	11.39	11.60	10.64
W (acc) USD	1.01%	8,806,321.668	11.77	11.83	10.71
W (Mdis) EUR	1.01%	741,656.548	9.96	10.86	10.73
W (Mdis) GBP	1.01%	2,384,011.048	11.16	12.01	11.26
W (Mdis) GBP-H1 (hedged)	1.01%	5,960,351.399	9.74	10.20	9.82
W (Mdis) USD	1.01%	7,187,337.318	8.61	8.94	8.58
W (Ydis) EUR	1.01%	1,583,491.914	10.22	11.45	11.20
W (Ydis) EUR-H1 (hedged)	1.01%	766,738.645	8.52	9.19	8.86
X (acc) EUR	0.15%	379.158	12.29	12.92	11.94
X (acc) EUR-H1 (hedged)	0.15%	19,008,508.838	10.87	11.03	10.05
X (acc) USD	0.30%	3,580,422.871	10.43	10.45	9.38
Y (acc) CAD	0.08%	1,512,268.667	10.58	10.91	9.76
Y (Mdis) USD	0.08%	500.000	10.49	10.85	10.29
Z (acc) EUR	1.11%	198,411.029	14.01	14.80	13.80
Z (acc) USD	1.11%	10,067,201.282	13.04	13.12	11.88
Z (Mdis) GBP-H1 (hedged)	1.10%	60,037.878	9.73	10.19	9.83
Z (Mdis) USD	1.11%	5,543,020.109	9.26	9.62	9.24
Z (Ydis) EUR-H1 (hedged)	1.11%	153,941.071	9.32	10.05	9.70
<b>Templeton Global Bond (Euro) Fund – EUR</b>					
A (acc) EUR	1.42%	8,740,297.493	15.75	15.88	15.65
A (acc) USD	1.42%	134,581.230	10.71	10.28	9.85
A (Ydis) EUR	1.42%	6,829,184.749	9.77	10.25	10.32
I (acc) EUR	0.87%	1,408,818.455	16.28	16.38	16.05
N (acc) EUR	2.12%	4,341,119.197	14.25	14.42	14.31
N (Ydis) EUR	2.08%	466.201	9.46	9.88	9.94
W (acc) EUR	0.99%	138,281.183	10.82	10.89	10.69
X (acc) EUR	0.15%	1,081,896.590	9.93	9.95	-
<b>Templeton Global Currency Fund – USD</b>					
A (acc) EUR	1.35%	63,139.076	9.48	10.07	-
A (acc) EUR-H1 (hedged)	1.34%	62,508.369	9.90	10.15	-
A (acc) USD	1.35%	114,248.799	10.16	10.27	-
I (acc) EUR	0.81%	62,508.369	9.55	10.11	-
I (acc) EUR-H1 (hedged)	0.81%	62,508.369	9.97	10.18	-
I (acc) USD	0.81%	70,000.000	10.23	10.31	-
N (acc) EUR	2.05%	65,417.866	9.40	10.01	-
N (acc) EUR-H1 (hedged)	2.04%	63,964.680	9.82	10.09	-
N (acc) USD	2.05%	72,892.960	10.07	10.21	-
W (acc) EUR	0.95%	62,508.369	9.53	10.09	-
W (acc) EUR-H1 (hedged)	0.95%	62,923.739	9.96	10.18	-
W (acc) USD	0.95%	500.000	9.86	9.94	-
<b>Templeton Global Equity Income Fund – USD</b>					
A (acc) EUR	1.60%	122,203.156	16.07	15.67	12.96
A (acc) USD	1.60%	1,611,836.837	15.33	14.23	11.44
A (Mdis) RMB-H1 (hedged)	1.79%	37,958.359	111.02	104.49	85.04
A (Mdis) SGD	1.85%	4,601,959.401	6.66	6.50	5.36
A (Mdis) USD	1.60%	8,505,298.652	10.33	9.79	8.23
AS (Mdis) SGD	1.74%	1,872,054.094	10.48	10.22	8.42
B (Qdis) USD	2.90%	795,523.204	9.72	9.27	7.91
N (Mdis) USD	2.57%	74,405.708	9.52	9.06	7.69
Y (Mdis) USD	0.05%	136,303.114	12.56	11.81	9.77
Z (Qdis) USD	1.10%	44,651.417	11.47	10.84	9.08



## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Templeton Global High Yield Fund – USD</b>					
A (acc) EUR	1.70%	1,064,396.245	13.05	13.46	12.61
A (acc) USD	1.70%	587,257.573	15.65	15.37	13.99
A (Mdis) EUR	1.70%	9,461,820.080	7.18	7.70	7.70
A (Mdis) USD	1.70%	2,089,758.316	8.60	8.78	8.53
I (acc) EUR	0.90%	660,298.954	14.11	14.49	13.46
N (acc) EUR	2.20%	1,876,389.222	12.37	12.79	12.04
<b>Templeton Global Income Fund – USD</b>					
A (acc) EUR	1.70%	9,939,443.780	21.65	21.96	19.25
A (acc) EUR-H1 (hedged)	1.65%	1,712,712.020	10.89	10.65	9.23
A (acc) HKD <sup>2</sup>	-	-	-	14.35	12.15
A (acc) USD	1.69%	10,288,647.280	20.65	19.94	16.99
A (Mdis) SGD-H1 (hedged)	1.66%	44,158.804	9.83	9.72	8.63
A (Qdis) EUR-H1 (hedged)	1.65%	851,202.403	9.69	9.70	8.76
A (Qdis) HKD	1.70%	3,730,520.506	12.27	12.13	10.69
A (Qdis) USD	1.70%	9,536,900.627	14.11	13.95	12.38
B (Qdis) USD	3.00%	1,304,886.628	13.55	13.49	12.13
C (acc) USD	2.28%	145,321.767	10.56	10.23	-
C (Qdis) USD	2.27%	4,336,567.199	13.84	13.73	12.25
I (acc) EUR-H1 (hedged)	0.87%	2,001,004.897	11.24	10.95	9.42
I (acc) USD	0.89%	3,329,129.490	22.52	21.66	18.30
N (acc) EUR-H1 (hedged)	2.19%	564,976.279	10.47	10.27	8.94
N (acc) USD	2.19%	10,381,342.301	19.40	18.78	16.08
N (Qdis) EUR-H1 (hedged)	2.18%	2,296,397.687	9.55	9.59	8.69
S (acc) USD	0.77%	500.000	11.56	11.11	9.39
W (acc) EUR	1.01%	3,230.543	9.42	9.52	-
W (acc) USD	1.01%	130,653.168	10.66	10.26	-
Z (acc) USD	1.05%	808,596.764	16.52	15.90	13.46
<b>Templeton Global Smaller Companies Fund – USD</b>					
A (acc) USD	1.85%	1,093,771.733	45.92	41.05	33.59
A (Ydis) USD	1.85%	1,714,590.672	43.35	38.74	31.71
B (acc) USD	3.14%	25,541.573	11.71	10.54	8.74
I (acc) USD	1.04%	47,603.561	21.28	18.94	15.38
N (acc) USD	2.60%	144,590.780	29.95	26.87	22.16
<b>Templeton Global Total Return Fund – USD</b>					
A (acc) CHF-H1 (hedged)	1.42%	7,955,057.715	14.32	14.57	13.17
A (acc) EUR	1.41%	28,702,386.108	25.24	26.61	24.33
A (acc) EUR-H1 (hedged)	1.41%	45,493,340.894	21.16	21.49	19.38
A (acc) HKD	1.42%	11,813,837.683	14.65	14.70	12.98
A (acc) NOK-H1 (hedged)	1.41%	1,749,186.779	10.86	10.97	9.75
A (acc) PLN-H1 (hedged)	1.41%	3,941,563.208	90.09	90.65	79.98
A (acc) SEK-H1 (hedged)	1.41%	17,543,078.829	12.77	12.99	11.71
A (acc) USD	1.42%	84,300,806.980	30.30	30.42	27.03
A (Mdis) AUD-H1 (hedged)	1.42%	28,513,823.125	10.54	10.95	10.38
A (Mdis) EUR	1.42%	36,624,130.233	12.73	13.90	13.65
A (Mdis) EUR-H1 (hedged)	1.41%	68,203,817.670	9.52	10.03	9.70
A (Mdis) GBP	1.42%	2,917,702.334	11.31	12.20	11.37
A (Mdis) GBP-H1 (hedged)	1.41%	17,537,635.975	7.48	7.85	7.52
A (Mdis) HKD	1.42%	925,827,686.060	10.03	10.43	9.89
A (Mdis) RMB-H1 (hedged)	1.41%	983,222.257	102.93	106.16	97.77
A (Mdis) SGD	1.42%	13,853,334.849	10.34	11.07	10.33
A (Mdis) SGD-H1 (hedged)	1.41%	47,768,575.289	9.97	10.41	9.95
A (Mdis) USD	1.42%	205,163,781.201	15.21	15.82	15.10
A (Ydis) CHF-H1 (hedged)	1.42%	1,523,507.196	9.15	9.98	9.65
A (Ydis) EUR	1.42%	35,812,359.712	13.12	14.84	14.49
A (Ydis) EUR-H1 (hedged)	1.41%	40,883,145.702	9.31	10.14	9.77
B (acc) USD	2.92%	507,469.157	24.52	24.80	22.37
B (Mdis) USD	2.92%	3,588,677.409	14.58	15.28	14.80
C (acc) USD	2.20%	729,989.134	9.78	9.85	-
C (Mdis) USD	2.20%	18,819,901.983	13.27	13.85	13.32
I (acc) CHF-H1 (hedged)	0.87%	2,450,356.302	12.91	13.09	11.79
I (acc) EUR	0.87%	8,535,112.912	24.27	25.52	23.20
I (acc) EUR-H1 (hedged)	0.87%	21,125,861.005	19.64	19.90	17.86
I (acc) NOK-H1 (hedged)	0.85%	2,740,204.028	10.80	10.87	9.61
I (acc) USD	0.87%	23,624,959.377	29.09	29.12	25.73
I (acc) USD-H4 (BRL) (hedged)	0.86%	2,752,943.702	10.13	9.85	8.18
I (Mdis) EUR	0.87%	697,830.539	12.64	13.77	13.44
I (Mdis) GBP	0.87%	223,114.937	13.35	14.36	13.31
I (Mdis) GBP-H1 (hedged)	0.86%	1,468,716.139	10.73	11.22	10.74
I (Mdis) JPY	0.85%	199,294,845.080	1,242.11	1,285.82	1,119.78
I (Mdis) JPY-H1 (hedged)	0.85%	18,930,373.324	867.74	907.84	865.47
I (Qdis) USD <sup>7</sup>	0.85%	7,610,867.205	9.87	-	-
I (Ydis) EUR	0.87%	1,364,851.062	13.29	15.00	14.56
I (Ydis) EUR-H1 (hedged)	0.87%	20,316,879.191	9.49	10.30	9.88
N (acc) EUR	2.11%	15,631,166.737	22.83	24.15	22.24
N (acc) EUR-H1 (hedged)	2.10%	32,139,447.549	19.03	19.42	17.62
N (acc) HUF	2.11%	9,933,331.299	152.20	159.99	150.59
N (acc) USD	2.11%	20,699,459.586	27.41	27.61	24.71
N (Mdis) EUR-H1 (hedged)	2.10%	68,764,464.386	11.07	11.70	11.41
N (Mdis) USD	2.12%	2,181,585.474	7.86	8.20	7.88
N (Ydis) EUR-H1 (hedged)	2.10%	11,653,785.552	9.18	10.03	9.73

## STATISTICAL INFORMATION (CONTINUED)

	Total Expense Ratio December 31, 2017 (See Note 27)	Shares Outstanding December 31, 2017	Net Asset Value per Share		
			December 31, 2017	June 30, 2017	June 30, 2016
<b>Templeton Global Total Return Fund – USD (continued)</b>					
S (acc) EUR-H1 (hedged)	0.74%	327,503.285	10.63	10.76	9.63
S (acc) USD	0.74%	61,858.000	10.95	10.96	9.67
S (Ydis) USD	0.74%	2,659,000.000	8.66	9.30	8.76
W (acc) CHF-H1 (hedged)	0.98%	2,338,529.405	10.03	10.18	9.17
W (acc) EUR	0.98%	1,381,300.404	12.08	12.71	11.57
W (acc) EUR-H1 (hedged)	1.02%	9,022,658.226	12.04	12.22	10.97
W (acc) GBP-H1 (hedged)	0.97%	172,087.431	10.51	10.61	9.43
W (acc) PLN-H1 (hedged)	0.97%	9,967.375	97.88	98.43	-
W (acc) USD	1.02%	8,741,537.727	12.45	12.47	11.04
W (Mdis) EUR	0.99%	7,937,519.571	9.68	10.55	10.32
W (Mdis) GBP	1.02%	879,106.345	10.97	11.80	10.96
W (Mdis) GBP-H1 (hedged)	1.01%	1,561,560.594	8.27	8.67	8.28
W (Mdis) USD	1.02%	10,623,701.148	8.32	8.64	8.21
W (Ydis) EUR	1.00%	1,259,530.351	9.83	11.11	10.80
X (acc) USD*	0.30%	8,967,094.852	9.87	-	-
X (Ydis) USD	0.30%	173,985.193	9.71	10.39	9.75
Y (Mdis) USD	0.10%	1,765,620.422	10.37	10.71	10.09
Z (acc) USD	1.12%	5,887,719.620	14.59	14.62	12.95
Z (Mdis) GBP-H1 (hedged)	1.11%	662,883.442	9.53	10.00	9.54
Z (Mdis) USD	1.12%	3,449,554.547	9.20	9.55	9.08
Z (Ydis) EUR-H1 (hedged)	1.11%	1,293,869.324	9.34	10.15	9.74
<b>Templeton Growth (Euro) Fund – EUR</b>					
A (acc) EUR	1.83%	391,275,977.929	17.48	17.39	14.69
A (acc) USD	1.83%	14,742,352.058	21.00	19.88	16.32
A (Ydis) EUR	1.83%	15,358,074.644	17.69	17.66	15.00
A (Ydis) USD	1.83%	1,497,732.989	21.18	20.13	16.61
B (Ydis) EUR	3.13%	19,347.452	11.78	11.80	10.10
I (acc) EUR	0.97%	5,859,547.765	20.09	19.89	16.66
I (Ydis) EUR	0.97%	1,152,494.573	16.65	16.69	14.18
I (Ydis) USD	0.97%	501,086.997	20.09	19.17	15.83
N (acc) EUR	2.58%	1,894,522.794	15.27	15.24	12.97
W (acc) EUR	1.09%	3,299.374	9.87	9.78	-
W (acc) USD	1.07%	60,496.929	11.17	10.54	-
W (Ydis) EUR	1.07%	468.779	9.80	9.78	-
<b>Templeton Korea Fund – USD</b>					
A (acc) SGD	2.59%	1,980,750.243	5.75	6.20	5.33
A (acc) USD	2.59%	4,570,202.186	5.00	5.23	4.60
C (acc) USD	3.16%	5,724.049	8.34	8.76	7.74
I (acc) USD	1.48%	8,944.545	10.15	10.56	9.19
N (acc) USD	3.09%	142,438.524	13.21	13.87	12.26
<b>Templeton Latin America Fund – USD</b>					
A (acc) EUR	2.28%	3,827,491.333	8.15	7.82	7.19
A (acc) SGD	2.28%	2,161,063.994	6.85	6.45	5.63
A (acc) USD	2.27%	2,183,172.596	62.81	57.43	51.27
A (Ydis) EUR	2.27%	257,944.530	46.54	45.05	41.67
A (Ydis) GBP	2.28%	19,992.957	41.54	39.67	34.81
A (Ydis) USD	2.27%	14,984,471.021	55.77	51.40	46.19
B (acc) USD	3.57%	352,932.846	11.09	10.21	9.24
C (acc) USD	2.86%	274,226.185	12.03	11.03	9.91
I (acc) USD	1.31%	5,103,544.124	20.44	18.60	16.44
I (Ydis) EUR-H2 (hedged)	1.30%	3,747,991.437	8.07	7.59	7.14
N (acc) PLN-H1 (hedged)	2.76%	4,481,049.154	7.81	7.21	6.52
N (acc) USD	2.77%	1,316,567.274	32.07	29.40	26.38
W (acc) GBP	1.41%	85,608.240	10.10	9.53	8.24
W (Ydis) USD	1.41%	261,042.739	8.18	7.56	6.79
X (acc) USD	0.25%	500.000	9.90	8.96	7.84
Z (acc) GBP	1.76%	14,368.776	9.94	9.40	8.15
<b>Templeton Thailand Fund – USD</b>					
A (acc) SGD	2.50%	426,454.221	22.52	19.34	15.63
A (acc) USD	2.49%	4,938,710.131	29.94	24.97	20.64
B (acc) USD	3.78%	24,081.416	27.90	23.43	19.62
N (acc) USD	2.99%	366,281.072	36.94	30.89	25.66
W (acc) USD	1.63%	117,980.592	15.65	13.00	10.65

\* This Fund / share class was launched during the period

Ω This Fund / share class was closed during the period

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017

### Note 1 — The Company

Franklin Templeton Investment Funds (“FTIF” 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 November 6, 1990, for an undetermined period. At the date of this report, it offers shares in 84 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 Investments, according to its successful time-tested investment selection methods.

#### Fund closures

The Templeton Asian Dividend Fund closed on October 25, 2017.

The following Funds closed on December 12, 2017:

- ▶ Franklin European Fund
- ▶ Franklin Real Return Fund
- ▶ Templeton ASEAN Fund

#### Fund mergers

On October 20, 2017, Franklin Global High Income Bond Fund was merged into Franklin High Yield Fund. The conversions of Shares were based on the following ratios:

- ▶ For 1 Franklin Global High Income Bond Fund Class A (acc) USD, the Shareholder received 0.69153200 Shares of Franklin High Yield Fund Class A (acc) USD;
- ▶ For 1 Franklin Global High Income Bond Fund Class A (Mdis) SGD-H1, the Shareholder received 1.17783834 Shares of Franklin High Yield Fund Class A (Mdis) SGD-H1;
- ▶ For 1 Franklin Global High Income Bond Fund Class A (acc) EUR, the Shareholder received 1.29934990 Shares of Franklin High Yield Fund Class A (acc) EUR;
- ▶ For 1 Franklin Global High Income Bond Fund Class A (Mdis) USD, the Shareholder received 1.48730666 Shares of Franklin High Yield Fund Class A (Mdis) USD;
- ▶ For 1 Franklin Global High Income Bond Fund Class A (Mdis) HKD, the Shareholder received 0.19122592 Shares of Franklin High Yield Fund Class A (Mdis) USD;
- ▶ For 1 Franklin Global High Income Bond Fund Class I (acc) EUR, the Shareholder received 1.04593765 Shares of Franklin High Yield Fund Class I (acc) EUR-H1;
- ▶ For 1 Franklin Global High Income Bond Fund Class I (acc) USD, the Shareholder received 0.68349077 Shares of Franklin High Yield Fund Class I (acc) USD;
- ▶ For 1 Franklin Global High Income Bond Fund Class N (acc) EUR, the Shareholder received 1.25959530 Shares of Franklin High Yield Fund Class N (acc) EUR;
- ▶ For 1 Franklin Global High Income Bond Fund Class N (Mdis) USD, the Shareholder received 0.97359681 Shares of Franklin High Yield Fund Class N (Mdis) USD;
- ▶ For 1 Franklin Global High Income Bond Fund Class Y (Mdis) USD, the Shareholder received 1.16763906 Shares of Franklin High Yield Fund Class Y (Mdis) USD.

On November 3, 2017, Franklin U.S. Small-Mid Cap Growth Fund was merged into Franklin U.S. Opportunities Fund. The conversions of Shares were based on the following ratios:

- ▶ For 1 Franklin U.S. Small-Mid Cap Growth Fund Class A (acc) USD, the Shareholder received 1.50611738 Shares of Franklin U.S. Opportunities Fund Class A (acc) USD;
- ▶ For 1 Franklin U.S. Small-Mid Cap Growth Fund Class B (acc) USD, the Shareholder received 2.51668270 Shares of Franklin U.S. Opportunities Fund Class B (acc) USD;
- ▶ For 1 Franklin U.S. Small-Mid Cap Growth Fund Class C (acc) USD, the Shareholder received 0.85917709 Shares of Franklin U.S. Opportunities Fund Class C (acc) USD;
- ▶ For 1 Franklin U.S. Small-Mid Cap Growth Fund Class I (acc) USD, the Shareholder received 0.59321388 Shares of Franklin U.S. Opportunities Fund Class I (acc) USD;
- ▶ For 1 Franklin U.S. Small-Mid Cap Growth Fund Class N (acc) USD, the Shareholder received 0.65827499 Shares of Franklin U.S. Opportunities Fund Class N (acc) USD.

### 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.

#### (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.

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 period under review, gains and losses on investment securities sold were computed on the average cost basis for all Funds with the exception of the Franklin High Yield Fund, the Franklin Income Fund, the Franklin U.S. Government Fund, the Templeton Asian Bond Fund and the Templeton BRIC Fund which were computed on the first-in, first-out basis.

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



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 2 — Significant accounting policies (continued)

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

For mortgage-backed and other similar holdings with scheduled debt paydowns, the Funds 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 with the exception of Franklin Euro Short-Term Money Market Fund, where all securities are valued at amortised cost. Under this method, the cost of investments is adjusted to income for the amortisation of premiums and accretion of discounts over the life of the investments. Where the amortised cost basis does not reflect a prudent approach to the valuation of the security, the latest available price prevailing on the valuation day is used.

#### (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) Interest rate swap contracts

Interest rate swap contracts are used to hedge the risk of changes in interest rates and are agreements between two parties to exchange cash flows based on a notional principal amount. The net interest received or paid on interest rate swap contract agreements is accrued daily as interest income/expense.

Interest rate swap contracts are marked to market daily based upon quotations from the market makers and the change, if any, is recorded as an unrealised gain or loss in the “Statement of Operations and Changes in Net Assets”. When the swap contract is terminated early, the Fund records a realised gain or loss equal to the difference between the current net present value and the executed net present value. Any outstanding interest accrual is recorded as either a net receivable or net payable.

The risks of interest rate swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

#### (f) Inflation swap contracts

An inflation swap contract is a bilateral agreement used to transfer inflation risk from one party to another through an exchange of cash flows.

Inflation swap contracts are marked to market daily based upon quotations from the market makers and the change, if any, is recorded as an unrealised gain or loss in the “Statement of Operations and Changes in Net Assets”. When the swap contract is terminated early, the Fund records a realised gain or loss equal to the difference between the current net present value and the executed net present value. Any outstanding interest accrual is recorded as either a net receivable or net payable.

The risks of inflation swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

#### (g) Cross currency swap contracts

A cross currency swap is an agreement between two parties to exchange interest payments and principals denominated in two different currencies. Cross currency swap contracts are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded as an unrealised gain or loss in the “Statement of Operations and Changes in Net Assets”.

When the swap contract is terminated early, the Fund records a realised gain or loss equal to the difference between the current net present value and the executed net present value. Any outstanding interest accrual is recorded as either a net receivable or net payable.

The risks of cross currency swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

#### (h) Total return swap contracts

A total return swap is an agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains.

Total return swap contracts are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded as an unrealised gain or loss in the “Statement of Operations and Changes in Net Assets”.

When the swap contract is terminated early, the Fund records a realised gain or loss equal to the difference between the current net present value and the executed net present value. Any outstanding interest accrual is recorded as either a net receivable or net payable.

The risks of total return swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

#### (i) Volatility swap contracts

A volatility swap is a bilateral agreement in which each party agrees to exchange cash flows based on the measured volatility of a specified underlying asset.

Volatility swap contracts are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded as an unrealised gain or loss in the “Statement of Operations and Changes in Net Assets”.

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 2 — Significant accounting policies (continued)

#### (i) Volatility swap contracts (continued)

When the swap contract is terminated early, the Fund records a realised gain or loss equal to the difference between the current net present value and the executed net present value. Any outstanding interest accrual is recorded as either a net receivable or net payable.

The risks of volatility swap contracts include changes in market conditions and the possible inability of the counterparty to fulfill its obligations under the agreement.

#### (j) Credit default swap contracts

A credit default swap contract is a credit derivative transaction in which two parties enter into an agreement, whereby one party pays the other a fixed periodic payment for the specified life of the agreement. The other party makes no payments unless a credit event, relating to a predetermined reference asset, occurs. If such an event occurs, the party will then make a payment to the first party, and the swap will terminate. The value of the underlying securities shall be taken into account for the calculation of the investment and borrowing powers applicable to individual users.

Credit default swap contracts are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded as an unrealised gain or loss in the “Statement of Operations and Changes in Net Assets”. Any payment received or paid to initiate a contract is recorded as a liability or asset in the “Statement of Net Assets”. When the swap contract is terminated early, the Fund records a realised gain or loss for any payments received or paid.

The risks of credit default swap contracts include unfavourable changes in interest rates, an illiquid secondary market and the possible inability of the counterparty to fulfill its obligations under the agreement, which may be in excess of the amount reflected in the “Statement of Net Assets”.

#### (k) 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 fulfill their obligations under the contract.

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”.

#### (l) 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 period-end. Gains and losses on foreign exchange transactions are recognised in the “Statement of Operations and Changes in Net Assets” in determining the results for the accounting period.

The reference currency of the Company as reflected in the financial statements is U.S. dollar. The principal exchange rates applied as at December 31, 2017 are as follows:

AUD	1.2817226	CNH	6.5138500	GBP	0.7404939	JPY	112.6850000	SEK	8.2032000
CAD	1.2571000	CZK	21.2930000	HKD	7.8128500	NOK	8.2090000	SGD	1.3375000
CHF	0.9743500	EUR	0.8334722	HUF	259.0400000	PLN	3.4811500	ZAR	12.3724000

The list of the currency abbreviations is available in note 30.

#### (m) Mortgage dollar rolls

In a mortgage dollar roll, a Fund sells mortgage-backed securities for delivery in the current month and simultaneously contracts to repurchase substantially similar (name, type, coupon, and maturity) securities on a specified future date. During the period between the sale and repurchase, the Fund foregoes principal and interest paid on the mortgage-backed securities. The Fund is compensated by the difference between the current sales price and the lower forward price for the future purchase, as well as by the interest earned on the cash proceeds of the initial sale.

Mortgage dollar rolls are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded as an unrealised gain or loss in the “Statement of Operations and Changes in Net Assets”.

The difference between the current sales price and the lower forward price is treated as realised gain.

The market values are recorded under “Investment in mortgage dollar rolls at market value” or under “Open Short Positions on mortgage dollar rolls” in the “Statement of Net Assets”.

#### (n) 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.

#### (o) Securities lending

Unless otherwise provided in the relevant Fund’s investment policy, a Fund may utilise up to 50% of its assets for securities lending transactions. The volume of the securities lending transactions of each Fund shall be kept at an appropriate level or each Fund shall be entitled to request the return of the securities lent in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardise the management of each Fund’s assets in accordance with its investment policy. The counterparties to securities lending transactions must have a minimum credit rating of A- or better, as rated by Standard & Poor’s, Moody’s or Fitch, at the time of the transactions. Loans will be secured

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 2 — Significant accounting policies (continued)

#### (o) Securities lending (continued)

continuously by collateral which must at least equal the value of the securities lent. Securities lending income is disclosed under the caption “Securities lending” in the “Statement of Operations and Changes in Net Assets”. Any transaction expenses in connection with the loans are charged to the concerned Fund.

#### (p) Formation expenses

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

#### (q) Swing pricing

A Fund may suffer dilution of the net asset value per share due to investors buying or selling shares in a Fund at a price that does not reflect dealing and other costs that arise when security trades are undertaken by the Investment Manager to accommodate cash inflows or outflows.

In order to counter this impact, a swing pricing mechanism may be adopted to protect the interests of Shareholders of the Fund. If on any valuation date, the aggregate net capital activity of a Fund exceeds a pre-determined threshold, as determined and reviewed for each Fund on a periodic basis, the net asset value per share will be adjusted upwards or downwards to reflect net capital inflows or net capital outflows respectively.

The net capital inflows and net capital outflows will be determined based on the latest available information at the time of calculation of the net asset value per share. The swing pricing mechanism may be applied across all Funds. The extent of the price adjustment is set to reflect dealing and other costs. Such adjustment may vary from Fund to Fund and will not exceed 2% of the original net asset value per share.

In the case of a swing pricing event on the last day of the annual/semi-annual period, the net assets as disclosed in the “Statement of Net Assets”, exclude the swing pricing adjustment, however, the net asset value per share as at year/semi-annual period end, as disclosed in the Statistical Information, would include the swing pricing adjustment.

There was no swing pricing adjustment affecting the Funds’ net asset value per share on the last day of the period.

### Note 3 — Cross Funds investments

Some Funds may invest into units of UCITS and other open and closed end UCIs which may include other Funds of Franklin Templeton Investment Funds. As at December 31, 2017, the following Funds held shares issued by another Fund of the Company.

	Currency	Investment in securities at market value as per Statement of Net Assets	Market value of Cross Funds investments	Investment in securities at market value after deduction of Cross Funds investments
Franklin Diversified Balanced Fund	EUR	202,278,682	9,461,585	192,817,097
Franklin Diversified Conservative Fund	EUR	262,144,564	16,229,972	245,914,592
Franklin Diversified Dynamic Fund	EUR	82,269,827	6,022,463	76,247,364
Franklin European Income Fund	EUR	18,131,991	559,746	17,572,245
Franklin Global Multi-Asset Income Fund	EUR	321,684,441	14,653,569	307,030,872
Franklin NextStep Balanced Growth Fund	USD	240,076,969	73,145,824	166,931,145
Franklin NextStep Conservative Fund	USD	29,930,427	10,611,337	19,319,090
Franklin NextStep Dynamic Growth Fund	USD	61,221,617	15,647,693	45,573,924
Franklin NextStep Growth Fund	USD	22,911,795	6,655,034	16,256,761
Franklin NextStep Moderate Fund	USD	59,212,553	18,719,178	40,493,375
Franklin NextStep Stable Growth Fund	USD	20,749,641	8,439,635	12,310,006

The total combined net assets at period-end without Cross Funds investments would amount to USD 110,921,898,402.

### Note 4 — Time deposits (“TDs”) and cash repurchase agreements (“repos”)

As at December 31, 2017, the Company had the following cash on time deposits:

Fund Counterparty	Value of TDs in Fund currency	Fund Counterparty	Value of TDs in Fund currency
<b>Franklin GCC Bond Fund</b>		<b>Franklin K2 Alternative Strategies Fund</b>	
Royal Bank of Canada	USD 3,700,000	Bank of Montreal	USD 185,137,300
<b>Franklin Global Equity Strategies Fund</b>		National Australia Bank	USD 185,137,300
National Australia Bank	USD 3,000,000	Royal Bank of Canada	USD 185,137,300
Royal Bank of Canada	USD 2,300,000		555,411,900
	5,300,000	<b>Franklin K2 Global Macro Opportunities Fund</b>	
<b>Franklin Global Growth Fund</b>		Bank of Montreal	USD 4,675,400
Royal Bank of Canada	USD 1,100,000	National Australia Bank	USD 4,675,400
<b>Franklin Global Listed Infrastructure Fund</b>		National Bank of Canada	USD 4,675,400
Royal Bank of Canada	USD 470,000	Royal Bank of Canada	USD 4,675,400
<b>Franklin Global Real Estate Fund</b>			18,701,600
Royal Bank of Canada	USD 1,800,000	<b>Franklin K2 Long Short Credit Fund</b>	
<b>Franklin Global Small-Mid Cap Growth Fund</b>		Bank of Montreal	USD 6,079,500
Royal Bank of Canada	USD 3,100,000	National Australia Bank	USD 6,079,500
<b>Franklin India Fund</b>		Royal Bank of Canada	USD 6,079,500
National Australia Bank	USD 44,000,000		18,238,500
Royal Bank of Canada	USD 40,900,000	<b>Franklin NextStep Balanced Growth Fund</b>	
	84,900,000	National Australia Bank	USD 5,000,000
		Royal Bank of Canada	USD 5,800,000
			10,800,000

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 4 — Time deposits (“TDs”) and cash repurchase agreements (“repos”) (continued)

Fund Counterparty	Value of TDs in Fund currency	Fund Counterparty	Value of TDs in Fund currency
<b>Franklin NextStep Conservative Fund</b>			
National Australia Bank	USD 800,000	<b>Templeton China Fund</b>	USD 2,600,000
Royal Bank of Canada	USD 800,000		
	1,600,000	<b>Templeton Emerging Markets Fund</b>	
<b>Franklin NextStep Dynamic Growth Fund</b>			
Royal Bank of Canada	USD 4,000,000	National Australia Bank	USD 7,000,000
<b>Franklin NextStep Growth Fund</b>			
National Australia Bank	USD 400,000	Royal Bank of Canada	USD 9,400,000
Royal Bank of Canada	USD 440,000		16,400,000
	840,000	<b>Templeton Frontier Markets Fund</b>	
<b>Franklin NextStep Moderate Fund</b>			
National Australia Bank	USD 1,000,000	National Australia Bank	USD 13,000,000
Royal Bank of Canada	USD 1,600,000	Royal Bank of Canada	USD 19,000,000
	2,600,000		32,000,000
<b>Franklin NextStep Stable Growth Fund</b>			
Royal Bank of Canada	USD 490,000	<b>Templeton Global Fund</b>	
<b>Franklin World Perspectives Fund</b>			
Royal Bank of Canada	USD 1,000,000	National Australia Bank	USD 5,000,000
Royal Bank of Canada	USD 1,000,000	Royal Bank of Canada	USD 11,100,000
	2,000,000		16,100,000
<b>Templeton Africa Fund</b>			
National Australia Bank	USD 5,000,000	<b>Templeton Global Equity Income Fund</b>	
Royal Bank of Canada	USD 10,600,000	Royal Bank of Canada	USD 8,300,000
	15,600,000	<b>Templeton Global Smaller Companies Fund</b>	
<b>Templeton Asian Growth Fund</b>			
Royal Bank of Canada	USD 3,500,000	Royal Bank of Canada	USD 6,000,000
<b>Templeton Asian Smaller Companies Fund</b>			
National Australia Bank	USD 20,000,000	<b>Templeton Growth (Euro) Fund</b>	
Royal Bank of Canada	USD 30,600,000	Credit Agricole CIB London	EUR 92,862,592
	50,600,000	Royal Bank of Canada	EUR 52,587,506
	14,300,000		145,450,098
<b>Templeton BRIC Fund</b>			
National Australia Bank	USD 7,000,000	<b>Templeton Korea Fund</b>	
Royal Bank of Canada	USD 7,300,000	Royal Bank of Canada	USD 1,200,000
	14,300,000	<b>Templeton Latin America Fund</b>	
		National Australia Bank	USD 10,000,000
		Royal Bank of Canada	USD 16,100,000
			26,100,000
		<b>Templeton Thailand Fund</b>	
		Royal Bank of Canada	USD 9,100,000

As at December 31, 2017, the Company had no outstanding cash repos.

### Note 5 — Forward foreign exchange contracts

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Asia Credit Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
AUD	2,277,867	USD 1,723,506	16-Jan-18 53,706
SGD	2,489,099	USD 1,841,036	16-Jan-18 20,533
			74,239

The above contracts were opened with the following counterparties:

BNP Paribas	901
Citibank	989
HSBC Bank	66,042
JPMorgan Chase Bank	417
Morgan Stanley	4,584
Toronto-Dominion Bank	1,306
	74,239

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Biotechnology Discovery Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
CHF	2,743,975	USD	2,774,254	10-Jan-18	44,489
EUR	9,518,151	USD	11,254,313	10-Jan-18	174,207
USD	143,911	CHF	141,448	10-Jan-18	(1,391)
USD	244,181	EUR	205,749	10-Jan-18	(2,864)
					214,441

The above contracts were opened with the following counterparties:

Bank of America	22,543
Barclays Bank	14,990
BNP Paribas	9,185
Citibank	27,390
Credit Suisse International	3,866
Deutsche Bank	20,027
Goldman Sachs	18,158
HSBC Bank	19,707
JPMorgan Chase Bank	29,714
Morgan Stanley	26,085
The Bank of New York Mellon	8,134
UBS	14,642
214,441	

#### Franklin Brazil Opportunities Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	4,893,074	USD	5,793,082	22-Jan-18	86,524
USD	143,417	EUR	120,547	22-Jan-18	(1,436)
					85,088

The above contracts were opened with the following counterparties:

Bank of America	7,357
Barclays Bank	834
BNP Paribas	6,362
Citibank	10,616
Credit Suisse International	10,700
Goldman Sachs	4,861
HSBC Bank	10,027
JPMorgan Chase Bank	11,261
Morgan Stanley	14,657
The Bank of New York Mellon	711
UBS	7,702
85,088	

#### Franklin Diversified Balanced Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:					
CZK	9,538,711	EUR	373,032	22-Jan-18	323
SGD	350,953	EUR	219,969	22-Jan-18	(1,513)
USD	258,468	EUR	218,366	22-Jan-18	(3,265)
					(4,455)
Forward foreign exchange contracts used for efficient portfolio management:					
AUD	400,000	EUR	264,485	11-Jan-18	(4,586)
CAD	750,000	EUR	508,670	11-Jan-18	(11,718)
CHF	220,000	EUR	191,863	11-Jan-18	(3,643)
EUR	34,377	CHF	40,000	11-Jan-18	155
EUR	650,000	USD	769,512	11-Jan-18	9,159
MXN	5,500,000	EUR	251,033	11-Jan-18	(18,708)
NOK	4,400,000	EUR	455,576	11-Jan-18	(9,020)
SEK	5,200,000	EUR	545,385	11-Jan-18	(17,035)
EUR	3,878,392	AUD	6,110,000	02-Mar-18	(79,521)
EUR	7,692,397	NZD	13,200,000	02-Mar-18	(69,261)
EUR	31,324,291	USD	37,200,000	02-Mar-18	434,739
USD	330,000	EUR	275,799	02-Mar-18	(1,779)
EUR	10,534,615	USD	12,520,000	05-Mar-18	140,523

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Diversified Balanced Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
AUD	45,000	EUR	29,097	09-Mar-18	39
EUR	1,558,731	AUD	2,455,000	09-Mar-18	(30,780)
EUR	4,868,647	GBP	4,310,000	09-Mar-18	26,728
EUR	7,888,521	JPY	1,056,000,000	09-Mar-18	83,277
EUR	2,765,547	KRW	3,580,000,000	09-Mar-18	(20,854)
EUR	28,411,943	USD	33,770,000	09-Mar-18	383,558
KRW	210,000,000	EUR	164,191	09-Mar-18	(743)
					810,530
					806,075

The above contracts were opened with the following counterparties:

Bank of America	(33)
Barclays Bank	(37,773)
BNP Paribas	(66)
Citibank	217,751
Goldman Sachs	(4,408)
JPMorgan Chase Bank	630,726
Morgan Stanley	(116)
UBS	(6)
	806,075

#### Franklin Diversified Conservative Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:					
CZK	8,278,031	EUR	323,742	22-Jan-18	271
EUR	8,033	CZK	205,864	22-Jan-18	(24)
SGD	343,357	EUR	215,208	22-Jan-18	(1,481)
USD	4,776,682	EUR	4,030,212	22-Jan-18	(55,007)
					(56,241)
Forward foreign exchange contracts used for efficient portfolio management:					
EUR	230,000	GBP	202,176	10-Jan-18	2,514
AUD	840,000	EUR	554,198	11-Jan-18	(8,410)
CAD	1,580,000	EUR	1,069,776	11-Jan-18	(22,864)
CHF	420,000	EUR	366,283	11-Jan-18	(6,955)
EUR	17,188	CHF	20,000	11-Jan-18	77
EUR	1,500,000	USD	1,775,797	11-Jan-18	21,136
MXN	10,700,000	EUR	488,374	11-Jan-18	(36,396)
NOK	9,400,000	EUR	973,276	11-Jan-18	(19,269)
SEK	9,900,000	EUR	1,038,329	11-Jan-18	(32,432)
EUR	8,359,808	AUD	13,170,000	02-Mar-18	(171,406)
EUR	21,789,298	NZD	37,390,000	02-Mar-18	(196,187)
EUR	57,010,612	USD	67,700,000	02-Mar-18	794,949
NZD	8,750,000	EUR	5,175,086	02-Mar-18	(30,048)
USD	1,080,000	EUR	902,614	02-Mar-18	(5,820)
EUR	15,204,309	USD	18,065,000	05-Mar-18	206,763
EUR	847,282	AUD	1,335,000	09-Mar-18	(17,075)
EUR	2,694,154	GBP	2,385,000	09-Mar-18	14,809
EUR	4,332,710	JPY	580,000,000	09-Mar-18	45,739
EUR	1,521,823	KRW	1,970,000,000	09-Mar-18	(11,475)
EUR	19,443,823	USD	23,110,000	09-Mar-18	263,012
JPY	11,000,000	EUR	82,850	09-Mar-18	(1,545)
KRW	100,000,000	EUR	78,186	09-Mar-18	(354)
USD	4,440,000	EUR	3,735,915	09-Mar-18	(50,809)
					737,954
					681,713

The above contracts were opened with the following counterparties:

Bank of America	(12,378)
Barclays Bank	(72,051)
Citibank	431,755
Goldman Sachs	(11,847)
HSBC Bank	(3,054)
JPMorgan Chase Bank	349,295
Morgan Stanley	(7)
	681,713

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Diversified Dynamic Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) EUR	
Forward foreign exchange contracts used for share class hedging:					
CZK	12,530,951	EUR	491,249	10-Jan-18	(762)
NOK	2,188,266	EUR	224,022	10-Jan-18	(1,928)
SEK	2,123,908	EUR	213,265	10-Jan-18	2,536
SGD	367,857	EUR	230,440	10-Jan-18	(1,335)
USD	259,500	EUR	219,529	10-Jan-18	(3,406)
					(4,895)
Forward foreign exchange contracts used for efficient portfolio management:					
EUR	482,419	AUD	760,000	02-Mar-18	(9,891)
EUR	2,086,271	NZD	3,580,000	02-Mar-18	(18,785)
EUR	4,090,764	USD	4,855,000	02-Mar-18	59,345
EUR	3,472,551	USD	4,127,000	05-Mar-18	46,320
EUR	878,381	AUD	1,384,000	09-Mar-18	(17,702)
EUR	2,790,153	GBP	2,470,000	09-Mar-18	15,318
EUR	4,511,995	JPY	604,000,000	09-Mar-18	47,632
EUR	1,575,898	KRW	2,040,000,000	09-Mar-18	(11,883)
EUR	16,011,336	USD	19,030,000	09-Mar-18	216,839
JPY	11,000,000	EUR	82,850	09-Mar-18	(1,545)
KRW	106,000,000	EUR	82,877	09-Mar-18	(375)
					325,273
					320,378

The above contracts were opened with the following counterparties:

Bank of America	(168)
Barclays Bank	(27)
BNP Paribas	(91)
Citibank	16,074
Deutsche Bank	532
Goldman Sachs	(4,157)
HSBC Bank	11
JPMorgan Chase Bank	249,002
Morgan Stanley	(136)
UBS	59,338
	320,378

#### Franklin Euro High Yield Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) EUR	
Forward foreign exchange contracts used for share class hedging:					
USD	35,072,491	EUR	29,623,215	22-Jan-18	(435,505)
Forward foreign exchange contracts used for efficient portfolio management:					
EUR	61,158,715	GBP	54,700,000	11-Jan-18	(387,473)
GBP	7,000,000	EUR	7,784,895	11-Jan-18	91,217
EUR	43,653,532	USD	52,000,000	05-Mar-18	483,181
USD	6,000,000	EUR	5,078,578	05-Mar-18	(97,384)
					89,541
					(345,964)

The above contracts were opened with the following counterparties:

Bank of America	(48,562)
BNP Paribas	(61,967)
Citibank	(65,853)
Deutsche Bank	385,797
Goldman Sachs	(30,611)
HSBC Bank	(64,735)
JPMorgan Chase Bank	(63,219)
Morgan Stanley	(354,966)
UBS	(41,848)
	(345,964)



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Euro Short Duration Bond Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for efficient portfolio management:					
EUR	3,077,052	GBP	2,725,000	05-Mar-18	15,395
EUR	3,255,086	PLN	13,750,000	05-Mar-18	(24,542)
					(9,147)

The above contracts were opened with the following counterparties:

Barclays Bank	(24,542)
Citibank	15,395
	(9,147)

#### Franklin European Corporate Bond Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for efficient portfolio management:					
NOK	19,500,000	EUR	1,995,599	05-Mar-18	(19,919)
SEK	26,500,000	EUR	2,680,423	05-Mar-18	12,176
					(7,743)

The above contracts were opened with the following counterparty:

Barclays Bank	(7,743)
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#### Franklin European Dividend Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:					
PLN	50,838,742	EUR	12,043,292	15-Jan-18	115,886
SGD	341,892	EUR	214,740	15-Jan-18	(1,854)
PLN	2,716,321	EUR	643,398	16-Jan-18	6,228
					120,260

The above contracts were opened with the following counterparties:

Bank of America	11,737
Barclays Bank	12,740
BNP Paribas	3,425
Citibank	11,312
Deutsche Bank	13,190
Goldman Sachs	11,601
HSBC Bank	12,721
JPMorgan Chase Bank	14,116
Morgan Stanley	12,615
Toronto-Dominion Bank	6,228
UBS	10,575
	120,260

#### Franklin European Growth Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:					
EUR	41,915	NOK	409,942	10-Jan-18	309
NOK	19,215,081	EUR	1,966,785	10-Jan-18	(16,582)
SGD	6,222,271	EUR	3,899,256	10-Jan-18	(23,965)
USD	46,434,681	EUR	39,280,496	10-Jan-18	(607,786)
					(648,024)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin European Growth Fund (continued)

		Unrealised profit/(loss) EUR
The above contracts were opened with the following counterparties:		
Bank of America		(67,500)
Barclays Bank		(56,257)
BNP Paribas		(36,628)
Citibank		(72,380)
Credit Suisse International		(38,978)
Deutsche Bank		(52,657)
Goldman Sachs		(69,572)
HSBC Bank		(66,050)
JPMorgan Chase Bank		(71,873)
Morgan Stanley		(55,994)
The Bank of New York Mellon		(3,178)
UBS		(56,957)
		<u>(648,024)</u>

#### Franklin European Income Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:				
SGD	627,837	EUR	394,493	15-Jan-18 (3,562)
SGD	63,897	EUR	40,219	16-Jan-18 (434)
USD	334,328	EUR	283,700	16-Jan-18 (5,362)
				<u>(9,358)</u>
Forward foreign exchange contracts used for efficient portfolio management:				
CHF	200,000	EUR	171,477	05-Mar-18 (270)
EUR	615,611	PLN	2,600,000	05-Mar-18 (4,537)
GBP	100,000	EUR	112,919	05-Mar-18 (565)
NOK	9,300,000	EUR	951,998	05-Mar-18 (9,750)
SEK	10,700,000	EUR	1,082,284	05-Mar-18 4,916
				<u>(10,206)</u>
				<u>(19,564)</u>

The above contracts were opened with the following counterparties:

Bank of America	(972)
Barclays Bank	108
BNP Paribas	(369)
Citibank	(12,963)
Deutsche Bank	(1,076)
Goldman Sachs	(407)
HSBC Bank	(312)
JPMorgan Chase Bank	(1,535)
Morgan Stanley	(1,345)
Toronto-Dominion Bank	(434)
UBS	(259)
	<u>(19,564)</u>

#### Franklin European Small-Mid Cap Growth Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:				
USD	300,195	EUR	253,920	10-Jan-18 (3,905)

The above contracts were opened with the following counterparties:

Bank of America	(2,104)
Citibank	(312)
Deutsche Bank	(77)
JPMorgan Chase Bank	(631)
Morgan Stanley	(698)
UBS	(83)
	<u>(3,905)</u>

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin European Total Return Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:					
NOK	3,350,124	EUR	340,372	15-Jan-18	(410)
PLN	32,763,313	EUR	7,759,556	15-Jan-18	76,497
SEK	2,434,344	EUR	245,389	15-Jan-18	1,955
NOK	72,607	EUR	7,363	16-Jan-18	5
					78,047
Forward foreign exchange contracts used for efficient portfolio management:					
EUR	15,582,867	GBP	13,800,000	05-Mar-18	77,964
EUR	36,226,308	PLN	153,000,000	05-Mar-18	(267,011)
NOK	480,000,000	EUR	49,148,100	05-Mar-18	(515,975)
SEK	270,000,000	EUR	27,309,968	05-Mar-18	124,062
					(580,960)
					(502,913)

The above contracts were opened with the following counterparties:

Bank of America	22,972
Barclays Bank	(142,913)
BNP Paribas	1,519
Citibank	85,504
Goldman Sachs	11,727
HSBC Bank	2,194
JPMorgan Chase Bank	(499,376)
Morgan Stanley	15,414
Toronto-Dominion Bank	5
UBS	41
	(502,913)

#### Franklin Flexible Alpha Bond Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	1,960,353	USD	2,308,786	16-Jan-18	45,917
GBP	223,807,157	USD	299,433,637	16-Jan-18	2,999,893
NOK	2,099,961	USD	251,394	16-Jan-18	4,564
SEK	2,200,028	USD	261,237	16-Jan-18	7,268
					3,057,642
Forward foreign exchange contracts used for efficient portfolio management:					
INR	210,700,000	USD	3,227,088	05-Jan-18	71,602
AUD	872,045	CAD	850,000	16-Jan-18	4,028
USD	2,199,408	CAD	2,740,000	16-Jan-18	19,174
EUR	1,250,000	USD	1,456,625	25-Jan-18	45,682
USD	3,602,580	EUR	3,050,000	25-Jan-18	(63,049)
CLP	460,000,000	USD	725,209	30-Jan-18	22,252
USD	734,848	CLP	460,000,000	30-Jan-18	(12,613)
USD	3,207,431	KRW	3,560,000,000	05-Feb-18	(129,944)
MXN	126,620,000	USD	6,520,082	09-Feb-18	(132,630)
IDR	11,120,000,000	USD	815,618	13-Feb-18	4,054
USD	901,165	SGD	1,230,000	13-Feb-18	(19,113)
USD	461,973	JPY	52,252,223	14-Feb-18	(2,787)
PLN	5,427,000	USD	1,480,966	23-Feb-18	78,104
SEK	28,200,000	USD	3,382,660	26-Feb-18	67,168
USD	1,366,730	CAD	1,745,000	28-Feb-18	(22,530)
BRL	3,800,000	USD	1,144,665	09-Mar-18	(6,128)
USD	8,343,021	AUD	11,041,000	15-Mar-18	(269,754)
NOK	12,700,000	USD	1,525,337	27-Mar-18	25,625
NZD	960,000	USD	670,166	27-Mar-18	9,447
USD	4,010,765	GBP	2,985,000	28-Mar-18	(32,462)
USD	316,166	JPY	35,000,000	19-Apr-18	3,682
USD	327,435	CHF	302,550	19-Jul-18	12,055
JPY	1,071,577,807	USD	9,727,776	17-Dec-18	(333)
USD	9,725,613	JPY	1,071,577,807	17-Dec-18	(1,830)
USD	1,687,811	GBP	1,265,700	15-Aug-19	(62,470)
					(392,770)
					2,664,872

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Flexible Alpha Bond Fund (continued)

		Unrealised profit/(loss) USD
The above contracts were opened with the following counterparties:		
Bank of America		1,214
Citibank		1,003
Deutsche Bank		514
Goldman Sachs		3,700
JPMorgan Chase Bank		2,657,379
Morgan Stanley		348,990
Royal Bank of Scotland		(112,807)
UBS		(235,121)
		2,664,872

#### Franklin GCC Bond Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
EUR	3,011,692	USD	3,566,329
		22-Jan-18	52,574

The above contracts were opened with the following counterparties:

Bank of America	51,158
JPMorgan Chase Bank	1,416
	52,574

#### Franklin Global Aggregate Bond Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
EUR	4,763,650	USD	5,639,727
USD	143,175	EUR	119,087
		22-Jan-18	84,361
		22-Jan-18	78
			84,439
Forward foreign exchange contracts used for efficient portfolio management:			
EUR	2,900,000	USD	3,433,208
PLN	10,500,000	USD	2,964,008
USD	4,905,372	AUD	6,270,000
USD	2,874,806	PLN	10,500,000
USD	1,800,392	EUR	1,500,000
		11-Jan-18	49,065
		11-Jan-18	52,274
		11-Jan-18	13,477
		11-Jan-18	(141,476)
		01-Nov-18	(37,194)
			(63,854)
			20,585

The above contracts were opened with the following counterparties:

Bank of America	20,694
Barclays Bank	(75,211)
BNP Paribas	54
Citibank	24,001
Credit Suisse International	3,226
Deutsche Bank	1,520
Goldman Sachs	21,639
HSBC Bank	14,342
JPMorgan Chase Bank	3,830
Morgan Stanley	5,585
The Bank of New York Mellon	424
UBS	481
	20,585

#### Franklin Global Aggregate Investment Grade Bond Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for efficient portfolio management:			
EUR	50,000	USD	59,193
USD	312,942	AUD	400,000
USD	657,099	PLN	2,400,000
		11-Jan-18	846
		11-Jan-18	860
		11-Jan-18	(32,338)
			(30,632)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Global Aggregate Investment Grade Bond Fund (continued)

		Unrealised profit/(loss) USD
The above contracts were opened with the following counterparties:		
Barclays Bank		(31,478)
Citibank		846
		<u>(30,632)</u>

#### Franklin Global Convertible Securities Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
CHF	1,320,303	USD	1,342,239
EUR	37,144,311	USD	43,975,192
			<u>658,072</u>
			<u>673,330</u>

The above contracts were opened with the following counterparties:

Bank of America	38,926
Barclays Bank	1,789
BNP Paribas	15,019
Citibank	23,774
Credit Suisse International	2,116
Deutsche Bank	10,876
Goldman Sachs	52,091
HSBC Bank	18,980
JPMorgan Chase Bank	94,948
Morgan Stanley	392,873
The Bank of New York Mellon	5,268
UBS	16,670
	<u>673,330</u>

#### Franklin Global Equity Strategies Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
EUR	6,439,530	USD	7,612,488
			<u>119,509</u>

The above contracts were opened with the following counterparties:

Bank of America	19,118
Barclays Bank	6,786
Citibank	11,719
Credit Suisse International	59
Deutsche Bank	4,698
Goldman Sachs	14,669
HSBC Bank	4,247
JPMorgan Chase Bank	21,028
Morgan Stanley	21,779
The Bank of New York Mellon	469
UBS	14,937
	<u>119,509</u>

#### Franklin Global Fundamental Strategies Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
EUR	174,895,835	USD	207,063,086
PLN	41,423,317	USD	11,631,822
			<u>267,771</u>
			<u>3,362,627</u>
Forward foreign exchange contracts used for efficient portfolio management:			
USD	9,407,319	EUR	7,956,309
USD	25,835,866	EUR	22,072,990
USD	7,989,978	KRW	9,023,481,558
USD	8,929,133	EUR	7,552,182
USD	10,095,247	JPY	1,138,711,000
INR	6,186,000	USD	93,600
USD	9,467,076	EUR	8,000,163
USD	9,464,339	JPY	1,070,130,000
			<u>(144,682)</u>
			<u>(667,356)</u>
			<u>(465,744)</u>
			<u>(139,405)</u>
			<u>(16,610)</u>
			<u>3,196</u>
			<u>(142,421)</u>
			<u>(40,899)</u>

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Global Fundamental Strategies Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
USD	1,458,807	KRW	1,668,000,000	16-Jan-18	(104,410)
USD	13,045,783	EUR	10,933,311	17-Jan-18	(87,732)
USD	32,797,308	EUR	27,667,272	18-Jan-18	(439,786)
USD	6,421,004	EUR	5,437,930	22-Jan-18	(113,309)
USD	572,312	JPY	63,475,000	22-Jan-18	8,337
INR	69,577,000	USD	1,064,084	23-Jan-18	23,722
USD	3,942,520	EUR	3,325,524	24-Jan-18	(53,994)
USD	910,033	JPY	102,360,000	24-Jan-18	473
USD	10,132,260	KRW	11,453,000,000	24-Jan-18	(602,814)
USD	5,326,895	JPY	588,943,000	25-Jan-18	93,348
INR	76,304,000	USD	1,163,171	29-Jan-18	29,235
USD	531,185	EUR	448,000	29-Jan-18	(7,374)
USD	1,873,917	JPY	207,339,759	29-Jan-18	31,063
INR	6,186,000	USD	94,616	30-Jan-18	2,043
USD	2,488,282	EUR	2,111,380	30-Jan-18	(50,029)
USD	32,641,334	EUR	27,896,094	31-Jan-18	(897,319)
USD	1,873,547	JPY	207,100,272	31-Jan-18	32,654
INR	6,186,000	USD	93,984	01-Feb-18	2,655
USD	938,515	EUR	802,000	02-Feb-18	(25,812)
USD	2,307,095	EUR	1,971,450	05-Feb-18	(63,771)
USD	770,397	EUR	656,954	06-Feb-18	(19,699)
USD	10,083,831	EUR	8,632,300	07-Feb-18	(298,509)
INR	99,452,000	USD	1,516,567	08-Feb-18	35,955
USD	16,992,352	JPY	1,900,730,000	08-Feb-18	90,810
USD	16,466,429	EUR	14,148,000	09-Feb-18	(551,683)
USD	7,988,253	JPY	879,106,000	09-Feb-18	170,773
USD	9,190,797	EUR	7,762,172	12-Feb-18	(147,571)
USD	923,054	JPY	101,326,000	13-Feb-18	21,845
USD	18,803,283	EUR	16,048,074	14-Feb-18	(505,649)
USD	437,179	JPY	49,040,667	14-Feb-18	984
INR	38,658,000	USD	593,278	15-Feb-18	9,764
USD	6,880,261	AUD	9,010,000	15-Feb-18	(148,962)
USD	4,998,925	EUR	4,262,215	15-Feb-18	(129,624)
USD	1,380,298	JPY	149,411,000	15-Feb-18	51,293
USD	609,273	EUR	515,483	16-Feb-18	(11,021)
USD	12,548,139	JPY	1,398,095,490	16-Feb-18	111,560
USD	8,046,299	EUR	6,792,216	20-Feb-18	(128,735)
USD	771,680	JPY	84,580,000	20-Feb-18	19,173
USD	3,051,694	KRW	3,411,500,000	20-Feb-18	(146,992)
USD	8,039,933	KRW	9,132,000,000	21-Feb-18	(522,495)
USD	1,765,326	AUD	2,390,000	22-Feb-18	(99,199)
USD	13,510,896	EUR	11,423,101	22-Feb-18	(239,330)
USD	2,542,571	JPY	276,126,000	22-Feb-18	85,656
USD	309,855	EUR	262,821	26-Feb-18	(6,577)
USD	346,303	JPY	37,515,000	26-Feb-18	12,441
USD	964,722	JPY	106,650,000	27-Feb-18	15,555
USD	6,113,783	KRW	6,738,000,000	27-Feb-18	(204,376)
USD	2,105,449	EUR	1,761,579	28-Feb-18	(15,723)
USD	3,645,112	JPY	394,768,000	28-Feb-18	131,523
USD	295,077	EUR	248,074	01-Mar-18	(3,657)
USD	1,203,644	JPY	131,454,000	01-Mar-18	33,579
USD	7,522,910	KRW	8,127,000,000	05-Mar-18	(98,057)
USD	781,085	EUR	656,954	07-Mar-18	(10,340)
USD	7,508,235	KRW	8,434,000,000	07-Mar-18	(400,741)
USD	455,873	AUD	607,100	09-Mar-18	(17,719)
USD	8,960,576	EUR	7,552,172	12-Mar-18	(140,459)
USD	3,719,453	JPY	403,674,100	12-Mar-18	123,880
USD	20,256,195	AUD	27,334,000	13-Mar-18	(1,066,457)
USD	6,005,635	EUR	5,056,482	13-Mar-18	(88,278)
USD	412,297	JPY	44,500,000	13-Mar-18	15,905
INR	26,339,000	USD	405,247	14-Mar-18	4,476
USD	3,409,613	KRW	3,710,000,000	14-Mar-18	(69,626)
USD	2,530,956	EUR	2,139,430	15-Mar-18	(47,759)
USD	760,257	AUD	1,020,000	16-Mar-18	(35,413)
USD	609,353	EUR	515,483	16-Mar-18	(12,015)
INR	7,069,000	USD	108,437	19-Mar-18	1,470
USD	1,046,705	EUR	883,814	19-Mar-18	(18,864)
USD	1,546,650	JPY	169,538,234	19-Mar-18	35,887
USD	16,913,646	AUD	22,532,000	20-Mar-18	(662,598)
USD	244,081	JPY	26,867,256	20-Mar-18	4,651
USD	5,981,468	KRW	6,761,500,000	20-Mar-18	(359,767)
USD	477,877	JPY	52,793,000	22-Mar-18	7,347
USD	1,321,812	JPY	146,123,000	23-Mar-18	19,374
USD	1,471,487	JPY	162,162,876	26-Mar-18	25,807
USD	3,924,218	KRW	4,426,518,442	27-Mar-18	(227,394)
USD	147,585	JPY	16,537,000	30-Mar-18	121

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Global Fundamental Strategies Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
USD	10,210,110	JPY	1,140,367,140	05-Apr-18	37,494
USD	7,499,004	JPY	837,350,000	06-Apr-18	28,989
USD	247,423	JPY	27,600,000	10-Apr-18	1,143
USD	7,668,631	KRW	8,720,000,000	10-Apr-18	(511,380)
USD	8,434,635	JPY	942,029,300	11-Apr-18	28,213
USD	4,036,977	JPY	438,300,000	13-Apr-18	125,225
USD	846,404	JPY	91,900,000	18-Apr-18	25,962
USD	8,499,781	KRW	9,711,000,000	18-Apr-18	(610,925)
USD	161,022	JPY	18,015,000	20-Apr-18	173
USD	1,141,150	JPY	122,220,000	23-Apr-18	49,692
USD	6,411,965	AUD	8,160,000	24-Apr-18	47,116
INR	8,089,000	USD	122,144	25-Apr-18	3,123
INR	71,836,000	USD	1,083,990	27-Apr-18	28,229
USD	773,021	JPY	87,230,000	27-Apr-18	(6,157)
USD	2,672,115	KRW	3,008,000,000	30-Apr-18	(150,437)
USD	174,487	JPY	19,740,980	09-May-18	(1,978)
USD	405,053	JPY	45,472,666	14-May-18	(1,552)
USD	6,876,928	AUD	9,010,000	15-May-18	(150,752)
USD	885,337	JPY	99,198,000	15-May-18	(1,719)
USD	2,002,156	KRW	2,229,000,000	15-May-18	(89,881)
INR	41,044,000	USD	614,412	16-May-18	19,756
USD	11,847,207	JPY	1,330,141,700	16-May-18	(48,018)
USD	21,973,094	JPY	2,450,000,000	17-May-18	61,836
USD	10,800,268	KRW	12,072,000,000	17-May-18	(530,285)
USD	6,746,055	JPY	751,766,950	18-May-18	22,314
USD	3,339,635	KRW	3,710,000,000	18-May-18	(142,553)
USD	11,440,159	JPY	1,262,278,750	21-May-18	148,372
USD	4,953,628	JPY	541,239,000	22-May-18	111,648
USD	816,089	JPY	90,740,000	24-May-18	4,221
USD	990,000	JPY	108,108,000	25-May-18	22,677
USD	177,358	JPY	19,708,000	29-May-18	973
USD	1,960,209	JPY	213,802,000	01-Jun-18	46,344
USD	823,194	JPY	91,761,397	05-Jun-18	1,583
USD	786,012	JPY	87,300,000	08-Jun-18	4,205
USD	586,455	JPY	65,400,000	11-Jun-18	664
USD	1,593,085	JPY	178,870,000	12-Jun-18	(9,161)
USD	2,571,289	JPY	288,452,000	13-Jun-18	(12,708)
USD	468,959	JPY	52,500,000	15-Jun-18	(1,401)
USD	3,181,686	JPY	342,760,000	18-Jun-18	110,250
USD	11,119,120	JPY	1,227,480,000	19-Jun-18	119,128
USD	2,039,092	JPY	222,730,000	20-Jun-18	42,987
MXN	889,699,804	USD	46,440,119	22-Jun-18	(2,588,721)
USD	2,853,547	JPY	312,920,000	22-Jun-18	48,817
USD	233,541	JPY	26,080,667	14-Aug-18	(1,034)
USD	589,981	JPY	65,400,000	11-Sep-18	673
					<u>(12,959,056)</u>
					<u>(9,596,429)</u>

The above contracts were opened with the following counterparties:

Bank of America	(586,012)
Barclays Bank	173,887
BNP Paribas	331,627
Citibank	(4,659,851)
Credit Suisse International	365,131
Deutsche Bank	(877,588)
Goldman Sachs	(204,674)
HSBC Bank	(2,511,468)
JPMorgan Chase Bank	(2,189,826)
Morgan Stanley	337,399
Standard Chartered	35,581
The Bank of New York Mellon	143,177
UBS	46,188
	<u>(9,596,429)</u>

#### Franklin Global Listed Infrastructure Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
GBP	217,952	USD	292,083	10-Jan-18	2,376



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Global Listed Infrastructure Fund (continued)

	Unrealised profit/(loss) USD
The above contracts were opened with the following counterparties:	
Bank of America	269
Barclays Bank	163
BNP Paribas	382
Citibank	429
Credit Suisse International	228
Deutsche Bank	314
HSBC Bank	95
JPMorgan Chase Bank	42
Morgan Stanley	364
UBS	90
	2,376

#### Franklin Global Multi-Asset Income Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) EUR	
Forward foreign exchange contracts used for share class hedging:					
AUD	7,777,964	EUR	5,034,552	22-Jan-18	15,688
EUR	965,373	USD	1,147,806	22-Jan-18	10,157
SGD	292,940	EUR	183,605	22-Jan-18	(1,261)
USD	74,499,716	EUR	62,915,254	22-Jan-18	(915,777)
					(891,193)
Forward foreign exchange contracts used for efficient portfolio management:					
AUD	980,000	EUR	646,565	11-Jan-18	(9,812)
CAD	1,850,000	USD	1,482,630	11-Jan-18	(8,902)
CHF	450,000	EUR	392,447	11-Jan-18	(7,451)
MXN	5,900,000	EUR	269,290	11-Jan-18	(20,069)
MXN	7,000,000	USD	378,233	11-Jan-18	(19,302)
NOK	11,000,000	EUR	1,138,940	11-Jan-18	(22,549)
SEK	11,600,000	EUR	1,216,628	11-Jan-18	(38,001)
EUR	6,557,086	AUD	10,330,000	02-Mar-18	(134,443)
EUR	11,829,975	NZD	20,300,000	02-Mar-18	(106,515)
EUR	64,295,873	USD	76,350,000	02-Mar-18	897,559
EUR	17,627,764	USD	20,950,000	05-Mar-18	235,093
EUR	3,948,871	AUD	6,225,000	09-Mar-18	(81,556)
EUR	7,201,307	CHF	8,400,000	09-Mar-18	10,196
EUR	9,692,812	GBP	8,580,000	09-Mar-18	53,911
EUR	5,737,106	JPY	768,000,000	09-Mar-18	60,565
EUR	6,746,138	SEK	67,432,000	09-Mar-18	(105,447)
EUR	3,845,097	SGD	6,156,000	09-Mar-18	20,941
EUR	35,963,565	USD	42,740,000	09-Mar-18	490,270
EUR	3,824,166	ZAR	61,820,000	09-Mar-18	(279,541)
JPY	25,000,000	EUR	188,295	09-Mar-18	(3,512)
SEK	3,572,000	EUR	358,334	09-Mar-18	4,607
SGD	116,000	EUR	72,524	09-Mar-18	(464)
USD	1,170,000	EUR	982,860	09-Mar-18	(11,785)
					923,793
					32,600

The above contracts were opened with the following counterparties:

Bank of America	(239,802)
Barclays Bank	(69,109)
BNP Paribas	(21,834)
Citibank	118,463
Credit Suisse International	(6,575)
Deutsche Bank	(16,468)
Goldman Sachs	(55,734)
HSBC Bank	(16,034)
JPMorgan Chase Bank	595,328
Morgan Stanley	(247,094)
UBS	(8,541)
	32,600

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Global Real Estate Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	18,081,540	USD	21,407,338	22-Jan-18	319,761
USD	402,679	EUR	338,148	22-Jan-18	(3,645)
					316,116

The above contracts were opened with the following counterparties:

Bank of America	42,140
Barclays Bank	3,790
BNP Paribas	37,504
Citibank	32,839
Credit Suisse International	14,246
Goldman Sachs	33,147
HSBC Bank	36,872
JPMorgan Chase Bank	39,206
Morgan Stanley	33,110
The Bank of New York Mellon	5,866
UBS	37,396
	316,116

#### Franklin Gold and Precious Metals Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
CHF	6,446,960	USD	6,553,563	22-Jan-18	75,011
EUR	12,174,651	USD	14,416,646	22-Jan-18	212,631
					287,642

The above contracts were opened with the following counterparties:

Bank of America	31,609
Barclays Bank	7,235
BNP Paribas	25,976
Citibank	27,561
Credit Suisse International	26,067
Deutsche Bank	24,038
Goldman Sachs	31,193
HSBC Bank	26,147
JPMorgan Chase Bank	25,850
Morgan Stanley	26,591
The Bank of New York Mellon	10,101
UBS	25,274
	287,642

#### Franklin High Yield Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
AUD	11,516,333	USD	8,657,855	10-Jan-18	327,256
EUR	16,251,045	USD	19,210,214	10-Jan-18	302,550
SGD	19,581,219	USD	14,506,179	10-Jan-18	136,922
					766,728

The above contracts were opened with the following counterparties:

Bank of America	58,403
Barclays Bank	10,180
BNP Paribas	25,322
Citibank	116,234
Credit Suisse International	26,908
Deutsche Bank	45,757
Goldman Sachs	85,656
HSBC Bank	42,510
JPMorgan Chase Bank	139,156
Morgan Stanley	114,046
UBS	102,556
	766,728

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Income Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) USD	
Forward foreign exchange contracts used for share class hedging:					
AUD	7,144,736	USD	5,474,273	22-Jan-18	100,137
EUR	55,655,465	USD	65,893,751	22-Jan-18	982,841
SGD	17,962,944	USD	13,327,063	22-Jan-18	108,565
USD	221,380	ZAR	2,830,798	22-Jan-18	(6,503)
ZAR	16,372,667	USD	1,267,666	22-Jan-18	50,357
<u>1,235,397</u>					

The above contracts were opened with the following counterparties:

Bank of America	138,716
Barclays Bank	47,131
BNP Paribas	34,403
Citibank	174,606
Credit Suisse International	14,532
Goldman Sachs	125,868
HSBC Bank	130,426
JPMorgan Chase Bank	226,816
Morgan Stanley	286,522
UBS	56,377
<u>1,235,397</u>	

#### Franklin India Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) USD	
Forward foreign exchange contracts used for share class hedging:					
EUR	33,755,039	USD	39,925,510	10-Jan-18	604,444
PLN	90,456,163	USD	25,355,639	10-Jan-18	629,224
USD	4,665,847	EUR	3,942,420	10-Jan-18	(67,850)
<u>1,165,818</u>					

The above contracts were opened with the following counterparties:

Bank of America	205,107
Barclays Bank	17,133
BNP Paribas	47,240
Citibank	112,135
Credit Suisse International	36,270
Deutsche Bank	33,670
Goldman Sachs	66,538
HSBC Bank	63,617
JPMorgan Chase Bank	244,664
Morgan Stanley	285,508
The Bank of New York Mellon	1,818
UBS	52,118
<u>1,165,818</u>	

#### Franklin Japan Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) JPY	
Forward foreign exchange contracts used for share class hedging:					
USD	11,717,787	JPY	1,315,274,443	22-Jan-18	3,553,109

The above contracts were opened with the following counterparties:

Bank of America	942,503
Barclays Bank	154,300
BNP Paribas	185,093
Citibank	425,803
Credit Suisse International	58,057
Goldman Sachs	84,601
HSBC Bank	1,583
JPMorgan Chase Bank	949,662
Morgan Stanley	415,923
UBS	335,584
<u>3,553,109</u>	

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
CAD	11,494,351	USD	8,943,481
CHF	96,260,626	USD	97,440,200
CZK	261,062,528	USD	12,032,684
EUR	793,977,617	USD	935,521,170
GBP	40,002,806	USD	53,535,056
HUF	527,625,227	USD	1,981,775
JPY	29,665,473	USD	262,547
NOK	4,383,085	USD	524,642
PLN	48,923,042	USD	13,651,613
SEK	16,335,747	USD	1,945,252
SGD	5,334,602	USD	3,946,808
USD	2,563,968	PLN	9,102,990
			20,779,628
Forward foreign exchange contracts used for efficient portfolio management:			
BRL	3,685,000	USD	1,116,497
USD	1,141,132	BRL	3,685,000
BRL	3,871,103	USD	1,182,377
USD	1,195,154	BRL	3,871,103
GBP	1,240,708	EUR	1,405,000
MXN	31,645,084	EUR	1,405,000
MXN	19,155,000	USD	1,021,992
USD	4,518,953	PLN	15,990,000
CZK	18,194,042	EUR	684,707
EUR	688,386	CZK	18,194,042
USD	4,077	EUR	3,679
USD	539,542	GBP	400,000
USD	351,642	CHF	347,077
USD	21,741,661	EUR	18,451,600
USD	7,877,957	GBP	5,890,951
ARS	2,010,000	USD	114,465
AUD	45,000	USD	34,613
CAD	80,000	USD	62,286
CLP	19,115,000	USD	30,022
COP	87,805,000	USD	29,534
CZK	630,000	USD	29,180
EUR	250,000	USD	295,667
HUF	19,460,000	USD	74,875
IDR	456,435,000	USD	33,545
INR	19,480,000	USD	301,735
JPY	13,270,000	USD	118,330
NZD	50,000	USD	34,936
PEN	375,000	USD	115,830
PHP	1,705,000	USD	33,863
PLN	160,000	USD	45,326
RUB	2,590,000	USD	43,728
SEK	450,000	USD	53,107
TRY	100,000	USD	25,861
USD	33,884	AUD	45,000
USD	62,275	CAD	80,000
USD	293,665	CHF	290,000
USD	29,183	CLP	19,115,000
USD	28,874	COP	87,805,000
USD	82,807	CZK	1,785,000
USD	278,037	EUR	235,000
USD	72,993	HUF	19,460,000
USD	33,623	IDR	456,435,000
USD	117,218	JPY	13,270,000
USD	303,618	KRW	330,640,000
USD	34,547	NZD	50,000
USD	113,895	PEN	375,000
USD	33,811	PHP	1,705,000
USD	44,882	PLN	160,000
USD	44,003	RUB	2,590,000
USD	53,609	SEK	450,000
ZAR	395,000	USD	28,885
CHF	65,000	USD	66,014
HUF	11,675,000	USD	44,159
INR	4,115,000	USD	63,739
PEN	470,000	USD	145,169
SEK	430,000	USD	52,078
USD	136,787	CHF	135,000
USD	43,804	HUF	11,675,000
USD	144,615	PEN	470,000

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
USD	103,244	SEK	875,000	17-Jan-18	(3,516)
CHF	60,000	USD	61,023	18-Jan-18	617
HUF	7,785,000	USD	29,563	18-Jan-18	524
INR	1,875,000	USD	28,962	18-Jan-18	361
USD	60,770	CHF	60,000	18-Jan-18	(870)
USD	269,077	GBP	200,000	18-Jan-18	(1,091)
USD	29,123	HUF	7,785,000	18-Jan-18	(963)
USD	1,994,594	INR	129,309,503	18-Jan-18	(27,660)
USD	29,149	MXN	560,000	18-Jan-18	754
BRL	50,000	USD	15,140	19-Jan-18	(96)
USD	30,003	BRL	100,000	19-Jan-18	(86)
CNY	970,000	USD	146,481	22-Jan-18	2,311
COP	100,555,000	USD	33,811	22-Jan-18	(182)
MYR	295,000	USD	72,357	22-Jan-18	480
PHP	5,970,000	USD	118,688	22-Jan-18	799
RUB	2,100,000	USD	36,263	22-Jan-18	99
USD	29,865	CZK	640,000	22-Jan-18	(225)
USD	659,021	GBP	490,000	22-Jan-18	(2,988)
USD	460,248	INR	29,662,989	22-Jan-18	(3,427)
USD	29,269	JPY	3,305,000	22-Jan-18	(91)
USD	1,212,117	KRW	1,323,207,163	22-Jan-18	(24,387)
USD	72,339	MYR	295,000	22-Jan-18	(498)
USD	35,648	RUB	2,100,000	22-Jan-18	(715)
CNY	1,585,000	USD	241,616	23-Jan-18	1,499
NZD	50,000	USD	35,040	23-Jan-18	386
USD	239,354	CNY	1,585,000	23-Jan-18	(3,761)
USD	35,299	NZD	50,000	23-Jan-18	(126)
CLP	18,160,000	USD	29,253	26-Jan-18	257
SEK	20,220,000	USD	2,414,454	29-Jan-18	54,604
USD	186,914	EUR	157,000	29-Jan-18	(1,771)
USD	3,803,451	ZAR	48,075,000	29-Jan-18	(65,412)
USD	255,277	EUR	215,000	30-Jan-18	(3,130)
INR	6,065,000	USD	94,323	31-Jan-18	380
KRW	65,290,000	USD	60,774	31-Jan-18	243
NOK	20,210,000	USD	2,446,953	31-Jan-18	16,652
RUB	3,320,000	USD	57,314	31-Jan-18	118
USD	101,699	ARS	1,915,000	31-Jan-18	551
USD	79,168	CAD	100,000	31-Jan-18	(422)
USD	5,961,532	EUR	4,995,000	31-Jan-18	(42,309)
USD	211,004	JPY	23,830,000	31-Jan-18	(788)
USD	53,195	NOK	440,000	31-Jan-18	(441)
USD	89,218	JPY	10,075,000	01-Feb-18	(330)
USD	1,187,139	BRL	3,935,000	02-Feb-18	5,245
CAD	279,580	USD	220,282	28-Feb-18	2,307
MXN	1,688,000	USD	88,879	28-Feb-18	(3,915)
SEK	530,430	USD	63,769	28-Feb-18	1,113
USD	11,990,418	CAD	15,373,602	28-Feb-18	(249,347)
USD	546,192	CHF	534,507	28-Feb-18	(4,504)
USD	4,326,575	EUR	3,620,005	28-Feb-18	(31,209)
USD	701,523	GBP	521,283	28-Feb-18	(3,566)
USD	1,461,109	JPY	164,861,172	28-Feb-18	(5,992)
USD	2,216,128	MXN	42,299,000	28-Feb-18	87,028
USD	3,818	NOK	31,857	28-Feb-18	(68)
USD	2,263,671	CAD	2,891,000	15-Mar-18	(38,420)
USD	976,186	EUR	823,000	15-Mar-18	(15,497)
USD	5,477,553	JPY	612,764,000	15-Mar-18	19,763
AUD	13,000	USD	9,945	20-Mar-18	197
EUR	120,000	USD	142,823	20-Mar-18	1,821
GBP	167,000	USD	225,340	20-Mar-18	706
JPY	60,390,000	USD	539,430	20-Mar-18	(1,375)
USD	1,400,084	AUD	1,826,000	20-Mar-18	(24,443)
USD	8,545,380	EUR	7,190,000	20-Mar-18	(121,223)
USD	509,415	GBP	378,000	20-Mar-18	(2,234)
AUD	4,429,000	USD	3,408,195	21-Mar-18	47,014
CAD	24,623,000	USD	19,210,442	21-Mar-18	398,151
CHF	53,000	USD	54,048	21-Mar-18	646
EUR	26,304,822	USD	31,296,107	21-Mar-18	413,054
GBP	15,727,000	USD	21,183,979	21-Mar-18	104,422
HKD	2,585,000	USD	331,596	21-Mar-18	(224)
IDR	16,211,664,688	USD	1,183,765	21-Mar-18	2,734
MXN	49,472,000	USD	2,545,923	21-Mar-18	(64,555)
NZD	43,000	USD	30,179	21-Mar-18	265
TRY	4,788,051	USD	1,220,570	21-Mar-18	14,199
USD	23,827,971	AUD	31,121,000	21-Mar-18	(450,552)
USD	38,373,950	CAD	49,009,000	21-Mar-18	(654,500)
USD	18,100,874	CHF	17,741,108	21-Mar-18	(207,417)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
USD	1,922,433	CNH	12,783,792	21-Mar-18	(31,802)
USD	20,168,948	EUR	16,952,971	21-Mar-18	(267,019)
USD	2,616,756	GBP	1,941,000	21-Mar-18	(10,623)
USD	7,166,278	MXN	141,667,000	21-Mar-18	60,684
USD	8,071,346	NZD	11,563,000	21-Mar-18	(115,418)
USD	2,375,619	RUB	140,955,686	21-Mar-18	(44,927)
USD	1,213,536	TRY	4,788,051	21-Mar-18	(21,233)
JPY	543,128,000	USD	4,845,400	22-Mar-18	(5,694)
USD	33,120,040	JPY	3,715,382,000	22-Mar-18	13,010
USD	5,431,249	ZAR	71,504,841	22-Mar-18	(281,325)
ZAR	17,036,971	USD	1,294,160	22-Mar-18	66,936
USD	191,425	AUD	250,000	28-Mar-18	(3,605)
USD	574,690	CAD	738,000	28-Mar-18	(13,067)
USD	395,856	CHF	387,000	28-Mar-18	(3,740)
USD	1,803,434	DKK	11,332,000	28-Mar-18	(32,839)
USD	2,517,988	EUR	2,107,000	28-Mar-18	(23,098)
USD	176,335	SGD	237,000	28-Mar-18	(1,101)
PHP	154,180,000	USD	3,026,104	21-May-18	42,781
					(2,240,048)
					<u>18,539,580</u>

The above contracts were opened with the following counterparties:

Bank of America	2,291,848
Barclays Bank	30,364
Deutsche Bank	1,073,385
Goldman Sachs	(10,083)
JPMorgan Chase Bank	8,405,612
Morgan Stanley	6,747,009
UBS	1,445
	<u>18,539,580</u>

#### Franklin K2 Global Macro Opportunities Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	3,910,822	USD	4,612,830	16-Jan-18	83,322
GBP	2,370,435	USD	3,171,870	16-Jan-18	29,968
JPY	152,850,862	USD	1,355,651	16-Jan-18	1,805
					<u>115,095</u>
Forward foreign exchange contracts used for efficient portfolio management:					
BRL	307,393	USD	93,889	03-Jan-18	(1,220)
USD	94,904	BRL	307,393	03-Jan-18	2,234
CZK	1,985,423	EUR	74,719	10-Jan-18	3,590
EUR	75,120	CZK	1,985,423	10-Jan-18	(3,109)
USD	445	EUR	401	10-Jan-18	(37)
USD	158,463	INR	10,273,130	18-Jan-18	(2,197)
KRW	3,584,990	USD	3,283	22-Jan-18	67
USD	5,064	INR	326,363	22-Jan-18	(38)
USD	96,687	KRW	105,545,205	22-Jan-18	(1,943)
AUD	3,000	USD	2,306	21-Mar-18	34
BRL	493,995	USD	150,000	21-Mar-18	(2,333)
CAD	380,000	USD	296,470	21-Mar-18	6,145
CHF	33,000	USD	33,721	21-Mar-18	334
CLP	227,237,500	USD	350,000	21-Mar-18	19,051
CNH	333,327	USD	50,000	21-Mar-18	955
EUR	100,000	HUF	31,474,534	21-Mar-18	(1,458)
EUR	450,000	NOK	4,417,863	21-Mar-18	3,223
EUR	800,000	SEK	7,943,404	21-Mar-18	(8,557)
EUR	1,246,000	USD	1,482,513	21-Mar-18	19,478
GBP	981,000	USD	1,321,590	21-Mar-18	6,313
HUF	31,007,366	EUR	100,000	21-Mar-18	(352)
IDR	1,237,752,320	USD	90,380	21-Mar-18	209
ILS	1,043,235	USD	300,000	21-Mar-18	763
INR	13,046,336	USD	200,000	21-Mar-18	2,466
KRW	162,884,641	USD	150,000	21-Mar-18	2,347
MXN	1,381,000	USD	71,069	21-Mar-18	(1,802)
NZD	34,000	USD	23,783	21-Mar-18	289
PHP	5,095,187	USD	100,000	21-Mar-18	1,710
PLN	1,056,271	EUR	250,000	21-Mar-18	2,164
RUB	11,960,543	USD	200,000	21-Mar-18	5,391
SEK	3,967,184	EUR	400,000	21-Mar-18	3,726

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin K2 Global Macro Opportunities Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
SGD	134,706	USD	100,000	21-Mar-18	839
THB	4,876,625	USD	150,000	21-Mar-18	(94)
TRY	756,507	USD	193,186	21-Mar-18	1,907
USD	991,486	AUD	1,295,000	21-Mar-18	(18,786)
USD	742,513	CAD	950,000	21-Mar-18	(14,022)
USD	490,608	CHF	481,000	21-Mar-18	(5,770)
USD	50,000	CLP	32,799,955	21-Mar-18	(3,270)
USD	187,264	CNH	1,245,268	21-Mar-18	(3,098)
USD	787,890	EUR	662,395	21-Mar-18	(10,593)
USD	131,726	GBP	98,000	21-Mar-18	(928)
USD	50,000	KRW	53,615,787	21-Mar-18	(147)
USD	296,948	MXN	5,814,000	21-Mar-18	5,335
USD	413,220	NZD	592,000	21-Mar-18	(5,924)
USD	181,366	RUB	10,761,201	21-Mar-18	(3,430)
USD	50,000	SGD	67,550	21-Mar-18	(567)
USD	92,649	TRY	365,549	21-Mar-18	(1,621)
USD	100,000	TWD	2,975,900	21-Mar-18	(461)
JPY	28,848,000	USD	257,042	22-Mar-18	17
USD	878,377	JPY	98,442,000	22-Mar-18	1,180
USD	464,842	ZAR	6,159,543	22-Mar-18	(27,248)
ZAR	2,628,033	USD	198,842	22-Mar-18	11,114
					(18,124)
					96,971

The above contracts were opened with the following counterparties:

Bank of America	637
Barclays Bank	725
Citibank	(147)
Deutsche Bank	114,171
JPMorgan Chase Bank	(8,586)
Morgan Stanley	(9,829)
	96,971

#### Franklin K2 Long Short Credit Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	27,499,564	USD	32,393,444	16-Jan-18	628,289
GBP	780,928	USD	1,044,767	16-Jan-18	10,063
USD	739,362	EUR	625,608	16-Jan-18	(11,875)
					626,477
Forward foreign exchange contracts used for efficient portfolio management:					
BRL	528,252	USD	161,348	03-Jan-18	(2,096)
USD	163,091	BRL	528,252	03-Jan-18	3,840
CZK	3,066,960	EUR	115,421	10-Jan-18	5,546
EUR	116,041	CZK	3,066,960	10-Jan-18	(4,802)
USD	687	EUR	620	10-Jan-18	(57)
USD	272,206	INR	17,647,108	18-Jan-18	(3,775)
KRW	14,698,802	USD	13,462	22-Jan-18	274
USD	55,074	INR	3,549,492	22-Jan-18	(410)
USD	173,988	KRW	189,928,289	22-Jan-18	(3,496)
USD	406,109	EUR	340,000	31-Jan-18	(2,561)
USD	149,282	GBP	110,000	31-Jan-18	619
IDR	2,127,604,255	USD	155,356	21-Mar-18	359
TRY	628,254	USD	160,155	21-Mar-18	1,863
USD	312,426	CNH	2,077,573	21-Mar-18	(5,168)
USD	925,791	EUR	778,336	21-Mar-18	(12,455)
USD	311,655	RUB	18,491,816	21-Mar-18	(5,894)
USD	159,232	TRY	628,254	21-Mar-18	(2,786)
USD	712,766	ZAR	9,383,860	22-Mar-18	(36,918)
ZAR	2,235,002	USD	169,775	22-Mar-18	8,781
					(59,136)
					567,341



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin K2 Long Short Credit Fund (continued)

	Unrealised profit/(loss) USD
The above contracts were opened with the following counterparties:	
Bank of America	69,786
BNP Paribas	2,282
Citibank	1,500
HSBC Bank	1,905
JPMorgan Chase Bank	393,772
Morgan Stanley	98,096
	567,341

#### Franklin MENA Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	9,155,428	USD	10,792,086	16-Jan-18	205,074
USD	498,082	EUR	423,000	16-Jan-18	(10,010)
					195,064

The above contracts were opened with the following counterparties:

Bank of America	29,381
Barclays Bank	5,015
Citibank	20,434
Deutsche Bank	20,180
Goldman Sachs	21,741
HSBC Bank	16,188
JPMorgan Chase Bank	27,267
Morgan Stanley	21,099
The Bank of New York Mellon	1,866
Toronto-Dominion Bank	19,055
UBS	12,838
	195,064

#### Franklin Natural Resources Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	3,966,738	USD	4,696,943	22-Jan-18	69,561
PLN	97,412,236	USD	27,359,773	22-Jan-18	623,644
					693,205

The above contracts were opened with the following counterparties:

Bank of America	59,135
Barclays Bank	49,765
BNP Paribas	49,885
Citibank	59,865
Credit Suisse International	70,964
Deutsche Bank	21,522
Goldman Sachs	97,834
HSBC Bank	46,805
JPMorgan Chase Bank	77,682
Morgan Stanley	84,578
The Bank of New York Mellon	2,051
UBS	73,119
	693,205

#### Franklin NextStep Balanced Growth Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
SGD	5,661,966	USD	4,194,093	10-Jan-18	40,001
Forward foreign exchange contracts used for efficient portfolio management:					
USD	11,635,676	EUR	9,734,442	01-Mar-18	(86,641)
					(46,640)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin NextStep Balanced Growth Fund (continued)

	Unrealised profit/(loss) USD
The above contracts were opened with the following counterparties:	
Bank of America	(83,909)
BNP Paribas	364
Citibank	4,375
Goldman Sachs	1,723
HSBC Bank	2,386
JPMorgan Chase Bank	12,820
Morgan Stanley	12,991
UBS	2,610
	(46,640)

#### Franklin NextStep Conservative Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:				
EUR	3,061,775	USD	3,625,282	22-Jan-18 53,798
GBP	1,710,286	USD	2,292,468	22-Jan-18 19,156
PLN	57,431,503	USD	16,127,303	22-Jan-18 370,931
				443,885
Forward foreign exchange contracts used for efficient portfolio management:				
USD	1,880,752	EUR	1,573,443	01-Mar-18 (14,004)
				429,881

The above contracts were opened with the following counterparties:

Bank of America	34,522
BNP Paribas	6,901
Citibank	45,426
Deutsche Bank	9,072
Goldman Sachs	12,735
HSBC Bank	10,444
JPMorgan Chase Bank	167,329
Morgan Stanley	142,567
UBS	885
	429,881

#### Franklin NextStep Dynamic Growth Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:				
SGD	3,199,898	USD	2,367,644	16-Jan-18 25,522
USD	89,953	SGD	121,198	16-Jan-18 (690)
				24,832
Forward foreign exchange contracts used for efficient portfolio management:				
USD	2,183,029	EUR	1,826,329	01-Mar-18 (16,255)
				8,577

The above contracts were opened with the following counterparties:

Bank of America	(13,008)
BNP Paribas	1,108
Citibank	1,174
Deutsche Bank	67
Goldman Sachs	1,706
HSBC Bank	3,293
JPMorgan Chase Bank	6,322
Morgan Stanley	5,716
Toronto-Dominion Bank	361
UBS	1,838
	8,577

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin NextStep Growth Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	500,026	USD	592,163	22-Jan-18	8,678
GBP	2,439,087	USD	3,269,455	22-Jan-18	27,215
PLN	8,382,164	USD	2,354,747	22-Jan-18	53,180
					89,073
Forward foreign exchange contracts used for efficient portfolio management:					
USD	1,183,000	EUR	989,701	01-Mar-18	(8,809)
					80,264

The above contracts were opened with the following counterparties:

Bank of America	3,392
BNP Paribas	4,618
Citibank	6,352
Credit Suisse International	526
Deutsche Bank	1,637
Goldman Sachs	3,922
HSBC Bank	1,850
JPMorgan Chase Bank	35,537
Morgan Stanley	21,723
UBS	707
	80,264

#### Franklin NextStep Moderate Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	3,075,185	USD	3,624,987	16-Jan-18	68,810
GBP	2,824,777	USD	3,780,107	16-Jan-18	37,051
PLN	82,280,672	USD	22,979,253	16-Jan-18	657,215
					763,076
Forward foreign exchange contracts used for efficient portfolio management:					
USD	3,069,342	EUR	2,567,821	01-Mar-18	(22,855)
					740,221

The above contracts were opened with the following counterparties:

Bank of America	63,579
Barclays Bank	14,488
BNP Paribas	11,522
Citibank	48,671
Deutsche Bank	11,778
Goldman Sachs	31,603
HSBC Bank	15,997
JPMorgan Chase Bank	333,247
Morgan Stanley	202,687
Toronto-Dominion Bank	5,858
UBS	791
	740,221

#### Franklin NextStep Stable Growth Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
SGD	2,790,927	USD	2,067,798	10-Jan-18	19,295
USD	21,994	SGD	29,718	10-Jan-18	(230)
					19,065
Forward foreign exchange contracts used for efficient portfolio management:					
USD	1,708,170	EUR	1,429,060	01-Mar-18	(12,719)
					6,346

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin NextStep Stable Growth Fund (continued)

	Unrealised profit/(loss) USD
The above contracts were opened with the following counterparties:	
Bank of America	(9,914)
BNP Paribas	353
Citibank	2,150
Credit Suisse International	135
Goldman Sachs	1,914
HSBC Bank	531
JPMorgan Chase Bank	3,675
Morgan Stanley	7,388
UBS	114
	6,346

#### Franklin Strategic Income Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) USD	
Forward foreign exchange contracts used for share class hedging:					
AUD	2,515,924	USD	1,938,974	22-Jan-18	23,980
EUR	304,791,417	USD	360,882,651	22-Jan-18	5,360,128
SGD	426,663	USD	316,553	22-Jan-18	2,576
USD	469,122	EUR	395,645	22-Jan-18	(6,292)
USD	6,002	SGD	8,073	22-Jan-18	(36)
					5,380,356
Forward foreign exchange contracts used for efficient portfolio management:					
ARS	44,000,000	USD	2,373,375	05-Feb-18	(60,244)
PLN	10,500,000	USD	2,872,541	20-Feb-18	143,890
ARS	7,500,000	USD	406,702	15-Mar-18	(19,889)
COP	4,800,000,000	USD	1,580,117	15-Mar-18	16,707
INR	105,000,000	USD	1,570,916	12-Apr-18	57,421
MXN	34,000,000	USD	1,783,092	12-Apr-18	(85,891)
EUR	5,000,000	USD	5,926,140	19-Apr-18	114,568
INR	833,933,000	USD	12,632,681	19-Apr-18	290,101
JPY	623,000,000	USD	5,573,847	19-Apr-18	(11,645)
MXN	83,370,000	USD	4,240,568	19-Apr-18	(84,167)
NOK	24,000,000	USD	2,915,275	19-Apr-18	17,953
SEK	24,617,015	GBP	2,300,000	19-Apr-18	(95,917)
SEK	25,653,000	USD	3,093,867	19-Apr-18	55,281
USD	17,375,635	AUD	22,172,969	19-Apr-18	80,484
USD	13,421,284	CAD	16,845,000	19-Apr-18	3,708
USD	46,561,250	EUR	39,228,109	19-Apr-18	(831,861)
USD	22,236,624	GBP	16,799,862	19-Apr-18	(537,334)
USD	30,886,509	JPY	3,422,048,113	19-Apr-18	334,145
USD	2,756,846	KRW	3,000,000,000	19-Apr-18	(57,747)
USD	1,855,465	CHF	1,714,450	19-Jul-18	68,313
USD	1,649,375	GBP	1,250,000	15-Aug-18	(52,649)
					(654,773)
					4,725,583

The above contracts were opened with the following counterparties:

Bank of America	288,099
Barclays Bank	118,531
BNP Paribas	256,171
Citibank	615,566
Credit Suisse International	312,194
Deutsche Bank	(583,553)
Goldman Sachs	552,339
HSBC Bank	742,549
JPMorgan Chase Bank	1,353,948
Morgan Stanley	691,295
The Bank of New York Mellon	26,694
UBS	351,750
	4,725,583

#### Franklin Technology Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) USD	
Forward foreign exchange contracts used for share class hedging:					
EUR	867,905	USD	1,023,119	16-Jan-18	19,376

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Technology Fund (continued)

		Unrealised profit/(loss) USD
The above contracts were opened with the following counterparties:		
Bank of America		1,834
Goldman Sachs		380
JPMorgan Chase Bank		8,304
Morgan Stanley		8,858
		19,376

#### Franklin U.S. Equity Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
EUR	18,196,601	USD	21,542,864
USD	9,874,125	EUR	8,341,000
			322,495
			(148,569)
			173,926

The above contracts were opened with the following counterparties:

Bank of America	28,727	
Barclays Bank	4,655	
BNP Paribas	28,422	
Citibank	47,618	
Credit Suisse International	49,414	
Deutsche Bank	2,392	
Goldman Sachs	47,889	
HSBC Bank	43,347	
JPMorgan Chase Bank	14,626	
Morgan Stanley	(109,366)	
The Bank of New York Mellon	441	
UBS	15,761	
		173,926

#### Franklin U.S. Government Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
EUR	80,341,613	USD	94,970,623
JPY	28,418,944	USD	252,736
USD	14,332,001	EUR	12,131,216
			1,496,213
			(386)
			(234,050)
			1,261,777

The above contracts were opened with the following counterparties:

Bank of America	27,667	
BNP Paribas	224,131	
Citibank	226,931	
Credit Suisse International	23,151	
Deutsche Bank	96,443	
Goldman Sachs	196,275	
HSBC Bank	169,317	
JPMorgan Chase Bank	50,757	
Morgan Stanley	173,236	
UBS	73,869	
		1,261,777

#### Franklin U.S. Low Duration Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
EUR	224,250,343	USD	265,093,352
USD	1,062,646	EUR	892,084
			4,165,879
			(8,487)
			4,157,392

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin U.S. Low Duration Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for efficient portfolio management:					
IDR	12,400,000,000	USD	899,202	12-Apr-18	10,178
INR	109,000,000	USD	1,630,760	12-Apr-18	59,608
MXN	28,500,000	USD	1,494,651	12-Apr-18	(71,997)
EUR	1,946,000	USD	2,311,651	19-Apr-18	39,393
INR	88,335,000	USD	1,338,004	19-Apr-18	30,852
JPY	237,000,000	USD	2,112,078	19-Apr-18	3,880
MXN	95,400,000	USD	4,852,468	19-Apr-18	(96,312)
NOK	9,400,000	USD	1,141,816	19-Apr-18	7,032
PHP	37,000,000	USD	710,718	19-Apr-18	27,230
PLN	3,210,000	USD	903,081	19-Apr-18	19,565
SEK	10,000,000	USD	1,205,836	19-Apr-18	21,758
USD	5,139,917	AUD	6,558,833	19-Apr-18	23,958
USD	3,306,520	CAD	4,150,000	19-Apr-18	913
USD	27,308,083	EUR	23,007,718	19-Apr-18	(488,498)
USD	1,455,476	GBP	1,100,000	19-Apr-18	(35,688)
USD	5,651,719	JPY	627,775,476	19-Apr-18	46,881
USD	11,404,630	EUR	10,300,000	28-Feb-19	(1,330,685)
USD	1,961,850	EUR	1,650,000	03-Jul-19	(98,378)
					(1,830,310)
					2,327,082

The above contracts were opened with the following counterparties:

Bank of America	472,508
BNP Paribas	137,081
Citibank	276,184
Deutsche Bank	(1,197,698)
Goldman Sachs	356,144
HSBC Bank	116,254
JPMorgan Chase Bank	495,994
Morgan Stanley	1,571,229
UBS	99,386
	2,327,082

#### Franklin U.S. Opportunities Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
CHF	2,990,563	USD	3,040,181	22-Jan-18	34,628
CNH	4,509,064	USD	680,472	22-Jan-18	10,873
EUR	124,250,732	USD	147,118,274	22-Jan-18	2,183,611
NOK	31,362,827	USD	3,759,988	22-Jan-18	63,464
PLN	130,566,214	USD	36,664,757	22-Jan-18	842,738
SEK	32,502,177	USD	3,859,085	22-Jan-18	109,225
SGD	17,341,171	USD	12,866,450	22-Jan-18	104,113
USD	3,520,554	EUR	2,974,637	22-Jan-18	(53,823)
USD	358,365	SGD	481,492	22-Jan-18	(1,773)
					3,293,056

The above contracts were opened with the following counterparties:

Bank of America	288,937
Barclays Bank	112,663
BNP Paribas	324,676
Citibank	347,737
Credit Suisse International	86,219
Deutsche Bank	11,998
Goldman Sachs	257,943
HSBC Bank	337,676
JPMorgan Chase Bank	552,741
Morgan Stanley	571,275
The Bank of New York Mellon	84,788
UBS	316,403
	3,293,056

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin World Perspectives Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for efficient portfolio management					
USD	14,000,000	JPY	1,527,297,800	20-Feb-18	411,644

The above contracts were opened with the following counterparty:

Bank of America	411,644
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#### Franklin Mutual Beacon Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	7,876,351	USD	9,283,178	16-Jan-18	177,602
USD	110,940	EUR	93,557	16-Jan-18	(1,437)
					176,165

The above contracts were opened with the following counterparties:

Bank of America	21,309
Barclays Bank	7,173
BNP Paribas	7,575
Citibank	13,267
Deutsche Bank	8,398
Goldman Sachs	11,679
HSBC Bank	22,345
JPMorgan Chase Bank	27,450
Morgan Stanley	25,129
The Bank of New York Mellon	8,763
Toronto-Dominion Bank	12,752
UBS	10,325
	176,165

#### Franklin Mutual European Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:					
CNH	3,705,582	EUR	472,461	22-Jan-18	361
CZK	408,773,703	EUR	15,995,254	22-Jan-18	4,559
USD	87,269,472	EUR	73,703,400	22-Jan-18	(1,076,791)
					(1,071,871)

The above contracts were opened with the following counterparties:

Bank of America	(88,092)
Barclays Bank	(79,134)
BNP Paribas	(73,453)
Citibank	(88,212)
Credit Suisse International	(26,598)
Goldman Sachs	(79,194)
HSBC Bank	(76,694)
JPMorgan Chase Bank	(396,367)
Morgan Stanley	(116,392)
The Bank of New York Mellon	(10,700)
UBS	(37,035)
	(1,071,871)

#### Franklin Mutual Global Discovery Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	11,925,774	GBP	10,610,300	25-Jan-18	(9,484)
EUR	82,049,105	USD	97,732,800	25-Jan-18	877,537
					868,053



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Mutual Global Discovery Fund (continued)

		Unrealised profit/(loss) USD
The above contracts were opened with the following counterparties:		
Bank of America		867,816
Citibank		237
		<u>868,053</u>

#### Templeton Africa Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
EUR	22,446,659	USD	26,543,144
USD	223,924	EUR	188,440
		10-Jan-18	408,744
		10-Jan-18	(2,337)
			<u>406,407</u>

The above contracts were opened with the following counterparties:

Bank of America	49,627
Barclays Bank	5,499
BNP Paribas	5,009
Citibank	45,547
Credit Suisse International	16,620
Deutsche Bank	31,489
Goldman Sachs	47,416
HSBC Bank	37,646
JPMorgan Chase Bank	64,199
Morgan Stanley	51,675
The Bank of New York Mellon	4,521
UBS	47,159
	<u>406,407</u>

#### Templeton Asian Bond Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:			
AUD	1,109,263	USD	849,994
CHF	30,094,508	USD	30,593,568
EUR	67,225,059	USD	79,591,068
SGD	43,797,906	USD	32,495,520
USD	33,035	AUD	42,885
USD	598,854	CHF	587,533
USD	26,609,450	EUR	22,471,093
		22-Jan-18	15,466
		22-Jan-18	348,720
		22-Jan-18	1,187,754
		22-Jan-18	263,716
		22-Jan-18	(424)
		22-Jan-18	(5,230)
		22-Jan-18	(392,215)
			<u>1,417,787</u>
Forward foreign exchange contracts used for efficient portfolio management:			
USD	749,692	KRW	846,664,218
USD	2,270,874	JPY	256,041,000
USD	10,102,157	JPY	1,144,540,000
USD	9,569,515	JPY	1,061,020,000
USD	10,405,298	JPY	1,169,030,000
USD	12,569,558	KRW	14,208,000,000
USD	1,137,200	JPY	126,020,000
USD	8,505,647	JPY	940,097,000
USD	9,670,834	JPY	1,065,900,000
USD	2,037,733	JPY	223,687,000
USD	1,905,934	JPY	215,172,335
USD	1,022,764	JPY	112,100,000
USD	41,428,800	AUD	56,000,000
USD	7,556,070	JPY	820,609,000
USD	1,021,324	JPY	110,640,000
USD	2,008,566	JPY	222,047,000
USD	7,584,611	KRW	8,359,000,000
USD	17,123,528	JPY	1,875,368,000
USD	3,399,570	JPY	371,267,000
USD	9,338,147	KRW	10,088,000,000
USD	9,707,113	KRW	10,904,000,000
USD	35,960,044	AUD	48,525,000
USD	20,048,709	KRW	21,815,000,000
USD	368,205	KRW	415,335,782
USD	385,003	JPY	43,140,000
USD	11,411,487	JPY	1,261,830,000
USD	8,228,145	JPY	893,700,000
		10-Jan-18	(43,700)
		11-Jan-18	(2,794)
		16-Jan-18	(64,014)
		22-Jan-18	142,352
		24-Jan-18	17,422
		24-Jan-18	(747,820)
		29-Jan-18	17,124
		31-Jan-18	149,224
		06-Feb-18	193,575
		13-Feb-18	48,226
		14-Feb-18	(7,929)
		20-Feb-18	25,411
		22-Feb-18	(2,258,806)
		22-Feb-18	254,453
		26-Feb-18	36,691
		27-Feb-18	32,386
		27-Feb-18	(253,543)
		28-Feb-18	432,022
		01-Mar-18	94,940
		05-Mar-18	(121,718)
		07-Mar-18	(518,103)
		13-Mar-18	(1,893,240)
		14-Mar-18	(409,407)
		27-Mar-18	(21,336)
		30-Mar-18	315
		10-Apr-18	151,933
		13-Apr-18	252,028

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Asian Bond Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
JPY	4,322,400,000	USD	38,248,450	24-Apr-18	354,115
USD	65,344,252	JPY	7,015,783,600	24-Apr-18	2,687,569
USD	3,918,807	JPY	442,210,000	27-Apr-18	(31,212)
USD	1,147,730	KRW	1,292,000,000	30-Apr-18	(64,616)
USD	2,143,997	JPY	242,566,519	09-May-18	(24,305)
USD	4,039,640	JPY	453,453,333	14-May-18	(15,018)
USD	2,149,227	JPY	241,579,600	16-May-18	(11,177)
USD	3,121,680	JPY	347,994,000	18-May-18	9,251
USD	11,495,184	KRW	12,770,000,000	18-May-18	(490,674)
USD	5,480,113	JPY	612,809,000	21-May-18	(1,805)
USD	3,187,043	JPY	349,831,000	22-May-18	57,419
USD	2,510,631	JPY	279,154,000	24-May-18	12,984
USD	2,957,784	JPY	322,990,000	25-May-18	67,752
USD	621,859	JPY	69,101,000	29-May-18	3,410
USD	920,529	JPY	103,265,000	13-Jun-18	(4,534)
USD	6,368,932	JPY	701,592,000	29-Jun-18	77,747
USD	29,407,382	JPY	3,256,500,000	03-Jul-18	198,623
USD	1,926,773	JPY	215,172,332	14-Aug-18	(8,531)
					(1,677,310)
					(259,523)

The above contracts were opened with the following counterparties:

Bank of America	148,765
Barclays Bank	207,855
BNP Paribas	197,544
Citibank	2,441,568
Credit Suisse International	156,027
Deutsche Bank	(720,958)
Goldman Sachs	(475,520)
HSBC Bank	(719,893)
JPMorgan Chase Bank	(2,591,602)
Morgan Stanley	528,495
Standard Chartered	296,092
The Bank of New York Mellon	48,386
Toronto-Dominion Bank	67
UBS	223,651
	(259,523)

#### Templeton Asian Growth Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	2,206,293	PKR	311,208,100	09-Jan-18	(162,888)
CHF	15,045,505	USD	15,249,037	16-Jan-18	213,360
CNH	15,047,258	USD	2,268,887	16-Jan-18	38,943
CZK	215,196,183	USD	9,928,162	16-Jan-18	189,355
EUR	152,300,336	USD	179,546,408	16-Jan-18	3,391,092
PLN	133,617,276	USD	37,300,760	16-Jan-18	1,082,985
SGD	1,467,533	USD	1,086,361	16-Jan-18	11,190
USD	83,956	CNH	551,972	16-Jan-18	(701)
EUR	10,305,958	HKD	96,056,300	25-Jan-18	84,141
EUR	7,140,175	IDR	115,555,585,300	25-Jan-18	55,533
EUR	4,296,058	KRW	5,534,826,600	25-Jan-18	(24,774)
EUR	6,397,244	THB	249,167,400	25-Jan-18	26,112
EUR	2,583,096	USD	3,078,800	25-Jan-18	25,681
KRW	120,260,700	EUR	93,858	25-Jan-18	(79)
USD	105,300	EUR	88,493	25-Jan-18	(1,055)
					4,928,895

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Asian Growth Fund (continued)

	Unrealised profit/(loss) USD
The above contracts were opened with the following counterparties:	
Bank of America	594,837
Barclays Bank	259,720
BNP Paribas	252,317
Citibank	609,805
Deutsche Bank	493,941
Goldman Sachs	367,561
HSBC Bank	211,849
JPMorgan Chase Bank	565,039
Morgan Stanley	546,258
The Bank of New York Mellon	330,040
Toronto-Dominion Bank	342,436
UBS	355,092
	4,928,895

#### Templeton BRIC Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	15,862,680	USD	18,753,549	10-Jan-18	292,901

The above contracts were opened with the following counterparties:

Bank of America	56,389
Barclays Bank	9,846
Citibank	24,891
Credit Suisse International	778
Deutsche Bank	22,154
Goldman Sachs	3,189
HSBC Bank	34,662
JPMorgan Chase Bank	59,089
Morgan Stanley	59,732
The Bank of New York Mellon	1,242
UBS	20,929
	292,901

#### Templeton Emerging Markets Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	27,219,608	USD	32,060,546	16-Jan-18	634,635
USD	2,691,242	EUR	2,266,074	16-Jan-18	(30,681)
					603,954

The above contracts were opened with the following counterparties:

Bank of America	80,961
Barclays Bank	1,962
BNP Paribas	3,149
Citibank	17,725
Deutsche Bank	13,199
Goldman Sachs	6,903
HSBC Bank	87,504
JPMorgan Chase Bank	181,594
Morgan Stanley	185,219
The Bank of New York Mellon	2,913
Toronto-Dominion Bank	5,958
UBS	16,867
	603,954

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Emerging Markets Balanced Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD		
Forward foreign exchange contracts used for share class hedging:					
EUR	20,882,306	USD	24,726,419	22-Jan-18	366,128
Forward foreign exchange contracts used for efficient portfolio management:					
USD	24,951	EUR	21,100	08-Jan-18	(381)
USD	334,766	EUR	282,775	16-Jan-18	(4,893)
USD	88,659	EUR	74,393	17-Jan-18	(705)
USD	194,264	EUR	163,735	18-Jan-18	(2,433)
USD	377,505	EUR	319,902	22-Jan-18	(6,895)
INR	5,212,900	USD	79,708	23-Jan-18	1,793
USD	79,079	INR	5,212,900	23-Jan-18	(2,422)
USD	375,775	EUR	317,000	24-Jan-18	(5,186)
USD	1,769,277	JPY	191,963,000	29-Jan-18	63,093
USD	158,106	EUR	132,000	31-Jan-18	(593)
USD	23,402	EUR	20,000	05-Feb-18	(650)
MXN	25,844,100	USD	1,398,490	06-Feb-18	(94,117)
USD	48,080	EUR	41,000	06-Feb-18	(1,229)
USD	1,337,859	MXN	25,844,100	06-Feb-18	33,487
USD	76,843	EUR	65,791	07-Feb-18	(2,286)
INR	7,462,500	USD	113,446	08-Feb-18	3,049
USD	113,231	INR	7,462,500	08-Feb-18	(3,264)
INR	5,212,900	USD	80,002	15-Feb-18	1,317
USD	78,888	INR	5,212,900	15-Feb-18	(2,431)
USD	289,944	EUR	244,797	20-Feb-18	(4,691)
USD	986,691	EUR	835,000	22-Feb-18	(18,416)
USD	66,022	EUR	56,000	26-Feb-18	(1,401)
USD	2,687,895	EUR	2,249,914	28-Feb-18	(21,296)
USD	453,338	EUR	381,000	07-Mar-18	(5,648)
USD	583,956	AUD	788,000	13-Mar-18	(30,745)
USD	335,855	EUR	282,775	13-Mar-18	(4,937)
USD	80,967	EUR	68,442	15-Mar-18	(1,528)
USD	23,185	EUR	19,553	19-Mar-18	(388)
USD	506,400	EUR	425,000	22-Mar-18	(6,102)
USD	728,134	AUD	963,000	28-Mar-18	(23,038)
MXN	15,886,797	USD	849,948	02-Apr-18	(55,486)
USD	815,167	MXN	15,886,797	02-Apr-18	20,705
USD	542,188	AUD	690,000	24-Apr-18	3,984
USD	1,697,286	JPY	191,963,000	27-Apr-18	(17,415)
USD	222,270	AUD	292,000	31-May-18	(5,481)
USD	704,385	JPY	77,500,000	31-May-18	10,681
MXN	37,950,000	USD	1,981,982	01-Jun-18	(104,501)
MXN	13,700,000	USD	690,159	22-Jun-18	(14,915)
USD	321,170	JPY	36,000,000	22-Jun-18	(1,501)
MXN	7,965,946	USD	420,574	29-Jun-18	(28,446)
USD	403,257	MXN	7,965,946	29-Jun-18	11,129
					<u>(324,182)</u>
					<u>41,946</u>

The above contracts were opened with the following counterparties:

Bank of America	70,124	
Barclays Bank	5,855	
BNP Paribas	12,470	
Citibank	(72,978)	
Credit Suisse International	10,554	
Deutsche Bank	(46,171)	
Goldman Sachs	8,274	
HSBC Bank	(86,109)	
JPMorgan Chase Bank	49,377	
Morgan Stanley	96,666	
The Bank of New York Mellon	5,384	
UBS	(11,500)	
		<u>41,946</u>

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Emerging Markets Bond Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD		
Forward foreign exchange contracts used for share class hedging:					
AUD	422,190,186	USD	319,736,238	16-Jan-18	9,660,349
CHF	9,660,892	USD	9,791,202	16-Jan-18	137,378
EUR	426,233,251	USD	502,474,517	16-Jan-18	9,501,018
GBP	42,189,028	USD	56,448,155	16-Jan-18	562,429
NOK	7,435,753	USD	890,463	16-Jan-18	15,861
PLN	140,290,546	USD	39,151,466	16-Jan-18	1,149,285
SEK	78,796,694	USD	9,367,543	16-Jan-18	249,288
SGD	24,301,685	USD	17,981,918	16-Jan-18	193,032
USD	24,104	CHF	23,719	16-Jan-18	(272)
USD	4,743,995	EUR	3,996,898	16-Jan-18	(56,929)
USD	18,950	NOK	157,315	16-Jan-18	(225)
USD	1,907,047	ZAR	24,229,551	16-Jan-18	(45,420)
ZAR	257,519,096	USD	18,814,301	16-Jan-18	1,937,120
					23,302,914
Forward foreign exchange contracts used for efficient portfolio management:					
USD	2,124,390	EUR	1,796,589	08-Jan-18	(32,518)
USD	13,018,525	EUR	11,051,380	10-Jan-18	(250,957)
USD	25,495,881	JPY	2,875,400,000	11-Jan-18	(37,931)
INR	626,076,000	USD	9,473,082	12-Jan-18	323,489
USD	48,660,412	EUR	41,062,866	16-Jan-18	(662,776)
USD	64,641,330	JPY	7,322,760,000	16-Jan-18	(401,778)
USD	64,676,404	EUR	54,381,595	17-Jan-18	(648,868)
USD	82,694,238	EUR	69,725,659	18-Jan-18	(1,068,204)
USD	93,958,072	EUR	79,618,013	22-Jan-18	(1,712,346)
USD	45,459,030	JPY	5,040,270,000	22-Jan-18	676,231
INR	499,148,000	USD	7,632,713	23-Jan-18	171,251
INR	1,533,400,000	USD	23,446,483	24-Jan-18	525,752
USD	14,409,844	EUR	12,156,000	24-Jan-18	(198,866)
USD	13,723,715	JPY	1,524,540,000	24-Jan-18	176,815
USD	30,660,990	EUR	25,926,325	26-Jan-18	(500,410)
INR	2,151,110,000	USD	32,791,311	29-Jan-18	824,160
INR	395,776,000	USD	6,053,472	30-Jan-18	130,689
USD	42,179,124	EUR	35,790,213	30-Jan-18	(848,039)
USD	43,394,277	EUR	36,231,139	31-Jan-18	(165,355)
INR	395,776,000	USD	6,013,005	01-Feb-18	169,868
USD	7,034,509	EUR	6,016,000	02-Feb-18	(199,143)
USD	34,959,936	EUR	29,812,000	06-Feb-18	(893,935)
USD	6,213,871	EUR	5,317,387	07-Feb-18	(181,518)
INR	1,131,870,583	USD	17,255,320	08-Feb-18	414,054
USD	108,567,293	JPY	11,940,160,000	08-Feb-18	2,393,824
USD	14,199,275	EUR	12,200,000	09-Feb-18	(475,659)
USD	108,651,240	JPY	11,956,430,000	09-Feb-18	2,328,254
MXN	1,899,503,821	USD	87,530,705	12-Feb-18	8,243,965
INR	487,121,000	USD	7,475,767	15-Feb-18	123,032
USD	23,475,132	AUD	29,870,000	15-Feb-18	171,813
USD	214,725,040	EUR	183,043,900	15-Feb-18	(5,524,187)
USD	145,115,856	EUR	122,450,664	20-Feb-18	(2,264,406)
MXN	1,946,000,000	USD	90,553,746	21-Feb-18	7,419,921
USD	23,758,870	EUR	20,100,324	22-Feb-18	(436,310)
MXN	705,921,750	USD	38,853,088	23-Feb-18	(3,324,322)
USD	7,249,425	EUR	6,149,000	26-Feb-18	(153,879)
USD	32,778,103	EUR	27,432,439	28-Feb-18	(254,140)
USD	220,759,486	EUR	185,543,888	01-Mar-18	(2,674,414)
USD	7,188,097	EUR	6,016,000	05-Mar-18	(58,353)
USD	359,940	EUR	302,389	06-Mar-18	(4,321)
USD	35,444,977	EUR	29,812,000	07-Mar-18	(469,219)
MXN	223,486,000	USD	12,299,386	13-Mar-18	(1,085,250)
USD	130,568,496	AUD	176,191,000	13-Mar-18	(6,874,224)
USD	41,016,219	EUR	34,533,866	13-Mar-18	(602,906)
INR	146,040,000	USD	2,246,942	14-Mar-18	24,817
USD	20,099,768	EUR	16,990,433	15-Mar-18	(379,281)
INR	140,242,000	USD	2,151,281	19-Mar-18	29,155
USD	37,550,098	EUR	31,658,854	19-Mar-18	(619,334)
USD	17,197,455	JPY	1,885,123,056	19-Mar-18	399,031
USD	17,189,159	JPY	1,892,096,627	20-Mar-18	327,530
USD	182,077,699	EUR	152,810,000	22-Mar-18	(2,194,021)
USD	17,314,794	JPY	1,888,117,650	26-Mar-18	482,258
MXN	2,414,724,311	USD	129,853,942	28-Mar-18	(8,991,749)
USD	151,846,547	AUD	200,826,000	28-Mar-18	(4,804,357)
MXN	1,456,169,725	USD	77,905,450	02-Apr-18	(5,085,758)
USD	94,114,800	AUD	120,000,000	06-Apr-18	512,087
USD	25,751,042	JPY	2,875,400,000	06-Apr-18	99,548
USD	40,869,117	JPY	4,558,950,000	10-Apr-18	188,723

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Emerging Markets Bond Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
USD	25,605,192	JPY	2,860,100,000	11-Apr-18	82,410
USD	159,152,998	JPY	17,262,000,000	13-Apr-18	5,092,648
USD	17,208,582	AUD	21,900,000	24-Apr-18	126,450
INR	18,021,000	USD	272,118	25-Apr-18	6,957
INR	1,604,076,666	USD	24,205,171	27-Apr-18	630,351
MXN	2,952,525,000	USD	150,000,000	30-Apr-18	(3,092,698)
MXN	1,623,995,760	USD	80,579,727	02-May-18	195,631
MXN	945,957,180	USD	47,923,258	14-May-18	(973,660)
INR	91,436,000	USD	1,368,759	16-May-18	44,012
BRL	164,000,000	USD	49,092,977	21-May-18	(352,680)
MXN	1,314,359,940	USD	67,480,936	30-May-18	(2,433,077)
MXN	924,707,277	USD	46,779,172	15-Jun-18	(1,145,563)
USD	277,391,938	JPY	30,810,200,000	19-Jun-18	1,288,075
MXN	2,430,000,000	USD	122,415,053	22-Jun-18	(2,645,555)
MXN	2,026,589,338	USD	106,996,685	29-Jun-18	(7,236,719)
					<u>(38,335,885)</u>
					<u>(15,032,971)</u>

The above contracts were opened with the following counterparties:

Bank of America	(3,428,518)
Barclays Bank	1,556,622
BNP Paribas	1,076,439
Citibank	(16,586,713)
Deutsche Bank	(9,586,475)
Goldman Sachs	(2,332,795)
HSBC Bank	4,543,321
JPMorgan Chase Bank	7,845,001
Morgan Stanley	4,822,959
Standard Chartered	1,808,150
The Bank of New York Mellon	64,480
Toronto-Dominion Bank	536,125
UBS	(5,351,567)
	<u>(15,032,971)</u>

#### Templeton Emerging Markets Smaller Companies Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	413,436	USD	488,793	10-Jan-18	<u>7,623</u>

The above contracts were opened with the following counterparty:

Morgan Stanley	<u>7,623</u>
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#### Templeton Euroland Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) EUR
Forward foreign exchange contracts used for share class hedging:					
USD	424,662	EUR	358,622	10-Jan-18	<u>(4,946)</u>

The above contracts were opened with the following counterparties:

Bank of America	(317)
HSBC Bank	(3,097)
Morgan Stanley	(1,532)
	<u>(4,946)</u>

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Frontier Markets Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) USD	
Forward foreign exchange contracts used for share class hedging:					
EUR	71,458,281	USD	84,231,479	16-Jan-18	1,601,555
PLN	42,326,790	USD	11,821,467	16-Jan-18	337,593
USD	26,071	EUR	21,861	16-Jan-18	(187)
USD	406,944	PLN	1,424,744	16-Jan-18	(2,337)
<u>1,936,624</u>					

The above contracts were opened with the following counterparties:

Bank of America	303,189
Barclays Bank	44,952
BNP Paribas	18,971
Citibank	151,680
Deutsche Bank	207,629
Goldman Sachs	262,068
HSBC Bank	142,041
JPMorgan Chase Bank	170,000
Morgan Stanley	248,267
The Bank of New York Mellon	99,575
Toronto-Dominion Bank	248,596
UBS	39,656
<u>1,936,624</u>	

#### Templeton Global Balanced Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) USD	
Forward foreign exchange contracts used for share class hedging:					
EUR	22,953,403	USD	27,058,347	16-Jan-18	512,432
GBP	512,172	USD	685,417	16-Jan-18	6,685
<u>519,117</u>					
Forward foreign exchange contracts used for efficient portfolio management:					
USD	5,758,131	KRW	6,502,944,739	10-Jan-18	(335,647)
INR	11,162,000	USD	168,891	12-Jan-18	5,767
INR	175,304,000	USD	2,680,934	23-Jan-18	59,868
USD	7,302,163	KRW	8,254,000,000	24-Jan-18	(434,439)
INR	23,797,000	USD	362,759	29-Jan-18	9,117
INR	11,162,000	USD	170,725	30-Jan-18	3,686
INR	34,579,000	USD	525,357	01-Feb-18	14,841
INR	106,647,000	USD	1,623,414	08-Feb-18	41,428
INR	62,439,000	USD	958,241	15-Feb-18	15,770
USD	4,405,226	KRW	4,855,000,000	27-Feb-18	(147,261)
USD	3,108,396	KRW	3,358,000,000	05-Mar-18	(40,516)
USD	5,419,745	KRW	6,088,000,000	07-Mar-18	(289,271)
INR	47,538,000	USD	731,410	14-Mar-18	8,078
INR	12,768,000	USD	195,858	19-Mar-18	2,654
USD	2,828,063	KRW	3,190,055,261	27-Mar-18	(163,876)
INR	14,640,000	USD	221,065	25-Apr-18	5,652
INR	59,611,000	USD	899,517	27-Apr-18	23,425
USD	1,925,913	KRW	2,168,000,000	30-Apr-18	(108,427)
INR	74,078,000	USD	1,108,917	16-May-18	35,657
<u>(1,293,494)</u>					
<u>(774,377)</u>					

The above contracts were opened with the following counterparties:

Bank of America	55,567
Barclays Bank	21,018
BNP Paribas	5,351
Citibank	42,136
Deutsche Bank	157,723
Goldman Sachs	(238,554)
HSBC Bank	(1,123,959)
JPMorgan Chase Bank	143,006
Morgan Stanley	72,369
The Bank of New York Mellon	28,794
Toronto-Dominion Bank	29,428
UBS	32,744
<u>(774,377)</u>	



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Global Bond Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
CHF	173,026,757	USD	174,928,273	10-Jan-18	2,812,963
CZK	2,517,399,533	USD	116,737,382	10-Jan-18	1,575,701
EUR	1,071,131,277	USD	1,266,179,515	10-Jan-18	19,936,623
JPY	5,433,027,000	USD	48,322,872	10-Jan-18	(79,524)
PLN	140,840,277	USD	39,469,058	10-Jan-18	989,380
SGD	160,720,769	USD	119,063,157	10-Jan-18	1,126,004
USD	33,003,881	EUR	27,942,201	10-Jan-18	(546,549)
USD	1,918,433	PLN	6,816,899	10-Jan-18	(39,821)
USD	2,426,771	SGD	3,271,353	10-Jan-18	(19,591)
AUD	26,099,739	USD	19,784,791	16-Jan-18	578,459
CHF	85,443,216	USD	86,590,006	16-Jan-18	1,220,729
EUR	798,073,848	USD	940,694,568	16-Jan-18	17,922,069
GBP	61,160,420	USD	81,844,992	16-Jan-18	801,881
NOK	1,992,116,432	USD	238,587,247	16-Jan-18	4,226,046
SEK	358,709,007	USD	42,630,226	16-Jan-18	1,148,815
USD	6,291,925	CHF	6,193,748	16-Jan-18	(73,443)
USD	33,551,387	EUR	28,313,316	16-Jan-18	(457,515)
USD	4,738,288	GBP	3,527,356	16-Jan-18	(28,275)
USD	1,409,472	SEK	11,954,716	16-Jan-18	(49,555)
CAD	5,153,702	USD	4,008,134	22-Jan-18	93,081
CHF	17,348,147	USD	17,637,170	22-Jan-18	199,686
CNH	9,540,400	USD	1,439,782	22-Jan-18	22,982
EUR	1,989,476,404	USD	2,355,378,803	22-Jan-18	35,211,376
GBP	127,617,352	USD	171,070,560	22-Jan-18	1,417,175
USD	50,102,626	EUR	42,065,715	22-Jan-18	(444,283)
					87,544,414
Forward foreign exchange contracts used for efficient portfolio management:					
USD	8,516,362	EUR	7,200,110	05-Jan-18	(126,143)
USD	308,304,439	EUR	260,784,568	08-Jan-18	(4,782,239)
USD	374,698,685	EUR	317,798,019	10-Jan-18	(6,884,010)
USD	136,670,206	KRW	154,348,496,997	10-Jan-18	(7,966,649)
USD	118,968,530	EUR	100,637,017	11-Jan-18	(1,874,786)
USD	82,452,407	JPY	9,298,900,000	11-Jan-18	(122,668)
INR	7,133,944,000	USD	107,942,866	12-Jan-18	3,686,057
USD	597,180,119	EUR	503,026,393	16-Jan-18	(7,036,482)
USD	134,982,122	JPY	15,290,480,000	16-Jan-18	(832,837)
USD	281,210,113	EUR	236,057,750	17-Jan-18	(2,351,573)
USD	201,284,991	EUR	169,595,408	18-Jan-18	(2,452,420)
USD	655,058,289	EUR	554,553,429	22-Jan-18	(11,302,962)
USD	190,075,190	JPY	21,101,915,000	22-Jan-18	2,584,675
INR	6,052,992,000	USD	92,569,765	23-Jan-18	2,066,150
USD	194,455,071	EUR	163,462,568	23-Jan-18	(1,976,854)
USD	55,731,488	JPY	6,261,237,600	23-Jan-18	97,595
USD	107,751,826	EUR	90,850,448	24-Jan-18	(1,429,470)
USD	324,200,469	KRW	366,460,000,000	24-Jan-18	(19,288,157)
USD	34,467,718	EUR	29,070,000	29-Jan-18	(478,459)
USD	462,058,780	JPY	51,072,050,000	29-Jan-18	8,126,078
INR	4,416,689,000	USD	67,554,130	30-Jan-18	1,458,433
USD	87,495,120	EUR	74,222,000	30-Jan-18	(1,734,918)
USD	455,603,621	JPY	51,080,000,000	30-Jan-18	1,579,598
USD	231,146,460	AUD	290,385,000	31-Jan-18	4,586,488
USD	360,417,866	EUR	301,106,770	31-Jan-18	(1,593,936)
USD	968,351,253	JPY	108,673,001,434	31-Jan-18	2,368,503
INR	4,982,330,000	USD	75,696,293	01-Feb-18	2,138,425
USD	159,549,120	EUR	136,435,645	02-Feb-18	(4,501,408)
USD	90,459,261	EUR	77,309,000	05-Feb-18	(2,512,532)
USD	139,496,469	EUR	118,955,273	06-Feb-18	(3,566,963)
USD	236,257,814	JPY	26,063,200,000	06-Feb-18	4,521,523
USD	21,649,677	EUR	18,536,000	07-Feb-18	(644,156)
INR	6,511,439,500	USD	99,776,885	08-Feb-18	1,871,709
USD	155,385,659	JPY	17,070,280,000	08-Feb-18	3,594,490
USD	142,301,177	EUR	122,265,000	09-Feb-18	(4,766,923)
USD	271,530,559	JPY	29,954,520,000	09-Feb-18	5,158,910
USD	164,360,889	EUR	140,670,992	12-Feb-18	(4,874,925)
USD	74,617,878	JPY	8,190,991,000	13-Feb-18	1,765,928
USD	114,463,341	JPY	12,790,506,688	14-Feb-18	697,401
USD	385,975,012	EUR	329,099,396	15-Feb-18	(10,016,812)
USD	355,688,827	JPY	38,479,716,000	15-Feb-18	13,413,065
USD	70,365,914	EUR	59,534,000	16-Feb-18	(1,272,837)
USD	276,178,554	JPY	30,318,161,300	16-Feb-18	6,487,260
USD	475,640,413	EUR	401,166,305	20-Feb-18	(7,198,898)
USD	147,659,490	EUR	124,500,000	21-Feb-18	(2,195,544)
USD	172,938,625	EUR	146,101,281	22-Feb-18	(2,926,539)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Global Bond Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
USD	187,370,964	JPY	20,349,416,000	22-Feb-18	6,305,878
USD	262,953,084	KRW	297,610,300,000	26-Feb-18	(16,110,205)
USD	145,099,328	EUR	123,062,000	27-Feb-18	(3,073,597)
USD	100,347,291	JPY	11,093,393,000	27-Feb-18	1,617,982
USD	195,612,921	KRW	215,585,000,000	27-Feb-18	(6,539,079)
USD	797,636,003	AUD	1,072,509,450	28-Feb-18	(39,046,834)
USD	528,958,850	EUR	441,915,075	28-Feb-18	(3,164,680)
USD	306,571,379	JPY	33,382,763,000	28-Feb-18	9,451,767
USD	134,230,857	EUR	112,849,300	01-Mar-18	(1,663,456)
USD	85,516,775	JPY	9,339,287,000	01-Mar-18	2,388,245
USD	304,142,999	EUR	254,670,745	05-Mar-18	(2,615,461)
USD	146,732,587	JPY	16,367,800,000	05-Mar-18	1,006,912
USD	240,771,082	KRW	260,105,000,000	05-Mar-18	(3,138,333)
USD	68,912,947	JPY	7,734,100,000	06-Mar-18	50,428
USD	261,541,998	EUR	219,890,273	07-Mar-18	(3,357,454)
USD	235,879,106	KRW	264,963,000,000	07-Mar-18	(12,589,706)
USD	262,355,569	AUD	349,384,900	09-Mar-18	(10,196,092)
USD	36,802,223	JPY	4,116,972,690	09-Mar-18	138,787
USD	22,618,049	EUR	19,062,992	12-Mar-18	(354,544)
USD	56,279,970	AUD	75,945,000	13-Mar-18	(2,963,053)
USD	118,829,615	EUR	100,049,352	13-Mar-18	(1,746,702)
INR	7,011,302,780	USD	107,874,495	14-Mar-18	1,191,427
USD	109,651,979	EUR	92,820,000	14-Mar-18	(2,219,169)
USD	576,144,196	KRW	626,902,500,000	14-Mar-18	(11,765,212)
USD	104,316,917	EUR	88,179,608	15-Mar-18	(1,968,452)
USD	300,353,689	AUD	402,970,000	16-Mar-18	(13,990,708)
USD	70,375,141	EUR	59,534,000	16-Mar-18	(1,387,626)
INR	3,744,585,000	USD	57,441,095	19-Mar-18	778,464
USD	70,302,109	EUR	59,243,683	19-Mar-18	(1,124,915)
USD	46,490,765	JPY	5,096,150,292	19-Mar-18	1,078,720
USD	80,762,433	AUD	107,590,000	20-Mar-18	(3,163,897)
USD	46,468,338	JPY	5,115,002,306	20-Mar-18	885,429
USD	284,548,935	KRW	321,065,100,000	22-Mar-18	(16,564,866)
USD	74,180,131	JPY	8,200,428,000	23-Mar-18	1,087,286
USD	151,552,859	JPY	16,674,365,733	26-Mar-18	2,901,181
USD	67,124,559	KRW	75,716,503,003	27-Mar-18	(3,889,621)
USD	11,809,783	JPY	1,323,298,000	30-Mar-18	9,653
USD	25,618,815	AUD	32,700,000	06-Apr-18	112,076
USD	12,702,206	JPY	1,382,000,000	10-Apr-18	370,352
USD	58,765,364	JPY	6,382,800,000	13-Apr-18	1,799,983
USD	137,021,929	JPY	14,877,430,000	18-Apr-18	4,202,952
USD	17,394,462	JPY	1,946,075,000	20-Apr-18	18,663
USD	193,848,416	JPY	20,761,650,000	23-Apr-18	8,441,226
INR	564,065,000	USD	8,517,403	25-Apr-18	217,769
USD	85,533,446	KRW	96,285,000,000	30-Apr-18	(4,815,432)
USD	76,185,905	JPY	8,388,830,000	08-May-18	1,202,732
USD	28,283,735	JPY	3,176,786,656	14-May-18	(122,238)
USD	307,520,971	JPY	34,482,288,000	15-May-18	(829,221)
INR	9,624,010,000	USD	144,067,477	16-May-18	4,632,481
USD	46,922,365	JPY	5,274,214,600	16-May-18	(244,008)
USD	77,932,116	JPY	8,687,599,500	18-May-18	230,945
USD	294,211,900	KRW	326,840,000,000	18-May-18	(12,558,499)
USD	79,099,039	JPY	8,681,782,000	22-May-18	1,430,913
USD	65,534,038	JPY	7,286,651,000	24-May-18	338,928
USD	73,947,564	JPY	8,075,074,000	25-May-18	1,693,860
USD	15,524,577	JPY	1,725,091,000	29-May-18	85,126
USD	22,980,888	JPY	2,577,996,000	13-Jun-18	(113,192)
USD	19,667,090	JPY	2,200,000,000	18-Jun-18	(46,878)
USD	80,039,253	JPY	8,817,004,000	29-Jun-18	977,053
USD	169,946,947	JPY	18,819,500,000	03-Jul-18	1,147,852
USD	28,446,713	JPY	3,176,786,656	14-Aug-18	(125,954)
					(176,203,826)
					(88,659,412)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Global Bond Fund (continued)

	Unrealised profit/(loss) USD
The above contracts were opened with the following counterparties:	
Bank of America	5,205,977
Barclays Bank	7,702,535
BNP Paribas	6,990,316
Citibank	(6,903,857)
Credit Suisse International	4,061,111
Deutsche Bank	(46,755,735)
Goldman Sachs	(57,854,319)
HSBC Bank	(37,984,983)
JPMorgan Chase Bank	23,499,512
Morgan Stanley	12,332,871
Standard Chartered	544,317
The Bank of New York Mellon	1,608,965
Toronto-Dominion Bank	3,038,596
UBS	(4,144,718)
	<u>(88,659,412)</u>

#### Templeton Global Bond (Euro) Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) EUR	
Forward foreign exchange contracts used for efficient portfolio management:					
EUR	5,001,423	USD	5,889,626	16-Jan-18	98,157
EUR	4,686,571	BRL	17,901,765	24-Jan-18	201,637
EUR	1,125,320	COP	3,960,000,000	25-Jan-18	24,953
EUR	19,202,271	USD	23,000,000	31-Jan-18	71,806
EUR	3,926,013	MXN	89,146,806	06-Feb-18	184,906
EUR	148,929	MXN	3,367,579	07-Feb-18	7,637
EUR	350,753	MXN	7,935,270	09-Feb-18	17,964
EUR	7,460,486	COP	26,443,693,750	12-Feb-18	131,275
EUR	8,425,436	BRL	32,299,025	14-Feb-18	362,015
EUR	6,219,451	USD	7,380,000	20-Feb-18	87,792
EUR	12,346,523	IDR	200,816,202,006	21-Feb-18	55,125
EUR	711,931	ZAR	12,036,968	21-Feb-18	(89,671)
EUR	1,555,296	IDR	25,300,000,000	28-Feb-18	8,125
EUR	1,476,669	KRW	2,000,000,000	28-Feb-18	(80,800)
EUR	17,429,391	MXN	393,041,480	28-Feb-18	1,014,833
EUR	236,079	ZAR	3,947,000	28-Feb-18	(26,416)
EUR	3,065,444	BRL	11,869,400	01-Mar-18	109,739
EUR	5,861,620	KRW	7,967,700,000	05-Mar-18	(341,285)
EUR	7,055,337	USD	8,404,000	05-Mar-18	78,344
EUR	265,748	ZAR	4,337,000	07-Mar-18	(22,268)
EUR	3,629,248	COP	13,029,000,000	12-Mar-18	31,746
EUR	14,976,879	MXN	329,786,348	15-Mar-18	1,252,411
EUR	18,462,521	BRL	71,780,436	22-Mar-18	652,722
EUR	22,798,476	MXN	506,283,482	28-Mar-18	1,792,798
EUR	14,176,390	IDR	231,500,450,600	29-Mar-18	84,742
EUR	16,174,956	KRW	20,764,600,000	29-Mar-18	32,252
EUR	14,733,306	KRW	20,009,008,000	10-Apr-18	(812,200)
EUR	3,092,784	INR	240,000,000	16-Apr-18	12,859
EUR	9,339,173	BRL	37,020,480	22-May-18	253,637
EUR	1,175,729	MXN	27,429,763	22-May-18	53,012
EUR	12,365,803	INR	974,239,750	24-May-18	(53,585)
EUR	9,482,464	MXN	219,490,600	24-May-18	502,986
EUR	1,822,945	MXN	42,611,339	14-Jun-18	88,625
EUR	808,167	IDR	13,300,000,000	19-Jun-18	9,434
EUR	8,770,186	INR	706,000,000	05-Jul-18	(163,460)
					<u>5,631,847</u>

The above contracts were opened with the following counterparties:

Barclays Bank	71,806
Citibank	5,303,568
Deutsche Bank	518,267
HSBC Bank	(398,007)
JPMorgan Chase Bank	136,213
	<u>5,631,847</u>

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Global Currency Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	2,459,614	USD	2,912,650	22-Jan-18	42,867
USD	16,027	EUR	13,503	22-Jan-18	(198)
					42,669
Forward foreign exchange contracts used for efficient portfolio management:					
USD	500,518	EUR	423,334	11-Jan-18	(7,814)
USD	526,545	EUR	450,000	05-Feb-18	(14,625)
USD	501,461	EUR	423,333	12-Feb-18	(7,834)
USD	527,171	EUR	450,000	14-Feb-18	(14,267)
USD	465,846	JPY	50,500,000	15-Feb-18	16,650
INR	38,000,000	USD	581,306	22-Feb-18	11,040
USD	145,279	EUR	122,000	01-Mar-18	(1,634)
INR	28,000,000	USD	429,744	08-Mar-18	6,087
USD	502,281	EUR	423,333	12-Mar-18	(7,873)
USD	534,083	EUR	450,000	13-Mar-18	(8,243)
USD	478,079	JPY	51,600,000	13-Mar-18	18,442
USD	666,088	AUD	850,000	06-Apr-18	3,068
USD	473,231	JPY	51,400,000	13-Apr-18	14,495
USD	102,151	AUD	130,000	24-Apr-18	751
USD	218,779	JPY	24,300,000	19-Jun-18	1,016
USD	1,089,520	JPY	122,078,000	12-Jul-18	(6,091)
					3,168
					45,837

The above contracts were opened with the following counterparties:

Bank of America	6,794
Barclays Bank	233
Citibank	48,588
Deutsche Bank	3,817
JPMorgan Chase Bank	(14,839)
Morgan Stanley	235
UBS	1,009
	45,837

#### Templeton Global Equity Income Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
CNH	4,083,250	USD	616,307	22-Jan-18	9,750

The above contracts were opened with the following counterparties:

Bank of America	1,174
Barclays Bank	584
BNP Paribas	1,054
Citibank	1,582
Credit Suisse International	652
Goldman Sachs	1,297
HSBC Bank	805
JPMorgan Chase Bank	1,119
Morgan Stanley	317
UBS	1,166
	9,750

#### Templeton Global High Yield Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for efficient portfolio management:					
USD	187,329	EUR	158,417	08-Jan-18	(2,860)
MXN	132,066,099	USD	7,021,431	10-Jan-18	(321,343)
USD	70,820	JPY	7,985,000	11-Jan-18	(87)
MXN	3,768,700	USD	203,787	12-Jan-18	(12,669)
USD	1,773,848	EUR	1,498,359	16-Jan-18	(25,926)
USD	192,947	JPY	21,860,000	16-Jan-18	(1,221)
USD	1,354,231	EUR	1,145,829	18-Jan-18	(22,271)
USD	866,648	EUR	734,611	22-Jan-18	(16,074)
USD	167,125	JPY	18,530,000	22-Jan-18	2,486

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Global High Yield Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
USD	2,872,094	EUR	2,422,870	24-Jan-18	(39,637)
USD	51,581	JPY	5,730,000	24-Jan-18	665
INR	73,170,000	USD	1,115,396	29-Jan-18	28,034
USD	102,313	JPY	11,337,896	29-Jan-18	1,541
USD	1,512,116	EUR	1,267,194	31-Jan-18	(11,394)
USD	255,906	JPY	28,287,628	31-Jan-18	4,460
USD	966,608	EUR	827,589	07-Feb-18	(28,760)
INR	81,830,000	USD	1,253,908	08-Feb-18	23,522
USD	97,392	JPY	10,691,000	13-Feb-18	2,305
USD	23,511	JPY	2,654,333	14-Feb-18	(98)
JPY	3,250,000	USD	29,031	15-Feb-18	(122)
USD	550,170	EUR	469,100	15-Feb-18	(14,278)
USD	65,864	JPY	7,150,000	15-Feb-18	2,265
USD	263,835	JPY	28,708,070	16-Feb-18	8,466
USD	142,142	EUR	120,058	20-Feb-18	(2,359)
USD	68,774	JPY	7,538,000	20-Feb-18	1,709
JPY	10,260,000	USD	91,681	22-Feb-18	(389)
USD	580,600	EUR	491,000	22-Feb-18	(10,427)
USD	247,273	JPY	26,858,000	22-Feb-18	8,295
USD	198,065	EUR	168,000	26-Feb-18	(4,204)
USD	31,007	JPY	3,359,000	26-Feb-18	1,114
USD	191,687	JPY	21,191,000	27-Feb-18	3,091
JPY	30,024,000	USD	268,383	28-Feb-18	(1,158)
USD	1,534,715	EUR	1,284,066	28-Feb-18	(11,468)
USD	433,554	JPY	46,958,000	28-Feb-18	15,610
USD	121,042	JPY	13,219,000	01-Mar-18	3,380
JPY	43,000,000	USD	384,512	05-Mar-18	(1,675)
USD	385,483	JPY	43,000,000	05-Mar-18	2,645
USD	180,879	JPY	20,300,000	06-Mar-18	132
USD	685,482	AUD	925,000	13-Mar-18	(36,090)
USD	1,779,616	EUR	1,498,359	13-Mar-18	(26,159)
USD	85,396	EUR	72,186	15-Mar-18	(1,611)
USD	155,191	JPY	17,156,000	23-Mar-18	2,275
USD	366,936	JPY	40,525,550	26-Mar-18	5,652
USD	900,527	AUD	1,191,000	28-Mar-18	(28,492)
JPY	1,686,000	USD	15,095	30-Mar-18	(61)
USD	15,047	JPY	1,686,000	30-Mar-18	12
USD	153,743	JPY	17,150,000	10-Apr-18	710
USD	2,742,372	AUD	3,490,000	24-Apr-18	20,151
MXN	121,319,360	USD	6,204,007	25-Apr-18	(162,161)
USD	105,634	JPY	11,920,000	27-Apr-18	(841)
USD	67,043	JPY	7,585,026	09-May-18	(760)
USD	23,632	JPY	2,654,334	14-May-18	(102)
USD	51,703	JPY	5,783,000	15-May-18	(10)
USD	67,205	JPY	7,554,000	16-May-18	(350)
USD	97,352	JPY	10,852,500	18-May-18	288
USD	170,897	JPY	19,110,500	21-May-18	(56)
JPY	7,418,000	USD	66,631	22-May-18	(269)
USD	98,556	JPY	10,817,000	22-May-18	1,786
USD	108,536	JPY	12,068,000	24-May-18	561
USD	101,648	JPY	11,100,000	25-May-18	2,328
USD	19,393	JPY	2,155,000	29-May-18	106
USD	28,704	JPY	3,220,000	13-Jun-18	(141)
USD	24,137	JPY	2,700,000	18-Jun-18	(58)
USD	4,963,492	JPY	551,300,000	19-Jun-18	23,048
USD	198,623	JPY	21,880,000	29-Jun-18	2,425
USD	23,768	JPY	2,654,333	14-Aug-18	(105)
					(616,624)

The above contracts were opened with the following counterparties:

Bank of America	(26,164)
Barclays Bank	11,114
Citibank	(185,224)
Deutsche Bank	(159,829)
Goldman Sachs	5,694
HSBC Bank	(258,217)
JPMorgan Chase Bank	12,136
Morgan Stanley	3,285
Standard Chartered	(19,419)
	(616,624)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Global Income Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	75,270,248	USD	88,696,839	16-Jan-18	1,714,987
SGD	416,205	USD	307,997	16-Jan-18	3,280
USD	481,318	EUR	407,972	16-Jan-18	(8,723)
					1,709,544
Forward foreign exchange contracts used for efficient portfolio management:					
USD	438,997	EUR	371,332	08-Jan-18	(6,809)
USD	7,380,252	EUR	6,307,000	10-Jan-18	(192,615)
USD	1,610,328	EUR	1,362,001	11-Jan-18	(25,141)
USD	7,631,325	JPY	860,892,000	11-Jan-18	(13,474)
USD	16,581,912	EUR	14,067,409	16-Jan-18	(315,338)
USD	5,198,521	JPY	588,660,000	16-Jan-18	(30,147)
USD	2,057,273	EUR	1,724,020	17-Jan-18	(13,686)
USD	16,391,149	EUR	13,811,177	18-Jan-18	(200,417)
USD	3,872,454	EUR	3,278,490	22-Jan-18	(67,038)
USD	297,903	JPY	33,030,000	22-Jan-18	4,431
USD	995,045	EUR	839,410	24-Jan-18	(13,732)
USD	84,798	JPY	9,420,000	24-Jan-18	1,093
USD	6,431,636	KRW	7,270,000,000	24-Jan-18	(382,647)
USD	55,559,207	EUR	46,869,111	29-Jan-18	(783,974)
USD	297,912	JPY	33,013,435	29-Jan-18	4,486
USD	16,978,091	EUR	14,405,641	30-Jan-18	(340,439)
USD	875,516	EUR	733,724	31-Jan-18	(6,619)
USD	745,690	JPY	82,427,915	31-Jan-18	12,997
USD	1,734,263	EUR	1,482,000	02-Feb-18	(47,697)
USD	1,734,370	EUR	1,482,000	05-Feb-18	(47,883)
MXN	85,916,000	USD	4,649,134	06-Feb-18	(312,883)
USD	2,967,055	EUR	2,540,331	07-Feb-18	(88,281)
USD	16,089,746	JPY	1,811,900,000	08-Feb-18	(21,907)
USD	3,821,376	JPY	420,520,000	09-Feb-18	81,887
USD	1,613,363	EUR	1,361,999	12-Feb-18	(25,205)
USD	291,904	JPY	32,043,000	13-Feb-18	6,908
USD	27,613,407	EUR	23,310,862	20-Feb-18	(443,288)
USD	326,153	JPY	35,748,000	20-Feb-18	8,103
USD	1,850,191	EUR	1,560,000	21-Feb-18	(27,510)
USD	15,604,442	KRW	17,724,000,000	21-Feb-18	(1,014,093)
USD	7,488,455	EUR	6,336,000	22-Feb-18	(138,321)
USD	678,548	JPY	73,826,000	22-Feb-18	21,659
USD	146,303	JPY	15,849,000	26-Feb-18	5,256
USD	287,725	JPY	31,808,000	27-Feb-18	4,639
USD	4,262,894	EUR	3,557,160	28-Feb-18	(20,392)
USD	681,716	JPY	73,611,000	28-Feb-18	26,549
USD	529,970	JPY	57,878,000	01-Mar-18	14,801
USD	442,005	EUR	371,333	06-Mar-18	(5,306)
USD	6,134,603	KRW	6,891,000,000	07-Mar-18	(327,426)
USD	6,053,934	AUD	8,062,200	09-Mar-18	(235,308)
USD	1,615,999	EUR	1,361,999	12-Mar-18	(25,331)
USD	7,768,566	AUD	10,486,000	13-Mar-18	(411,332)
USD	2,128,863	EUR	1,792,409	13-Mar-18	(31,293)
USD	3,878,471	EUR	3,278,490	15-Mar-18	(73,186)
USD	1,568,652	JPY	171,950,000	19-Mar-18	36,397
USD	16,635,905	AUD	22,162,000	20-Mar-18	(651,718)
USD	77,295	JPY	8,661,000	30-Mar-18	63
USD	6,227,080	JPY	695,502,600	05-Apr-18	22,867
USD	9,802,842	JPY	1,094,600,000	06-Apr-18	37,896
USD	252,622	JPY	28,180,000	10-Apr-18	1,167
USD	9,747,538	JPY	1,088,800,000	11-Apr-18	31,372
USD	307,684	JPY	34,720,000	27-Apr-18	(2,451)
MXN	74,782,000	USD	3,794,885	07-May-18	(78,661)
USD	6,190,849	JPY	689,869,550	18-May-18	20,712
USD	10,450,320	JPY	1,151,293,525	21-May-18	151,357
USD	4,363,745	JPY	476,467,500	22-May-18	101,218
USD	437,535	JPY	48,649,000	24-May-18	2,263
USD	452,253	JPY	49,386,000	25-May-18	10,359
USD	45,446	JPY	5,050,000	29-May-18	249
USD	1,209,398	JPY	135,790,000	12-Jun-18	(6,955)
USD	3,506,141	JPY	393,326,000	13-Jun-18	(17,332)
USD	698,526	JPY	78,200,000	15-Jun-18	(2,087)
USD	3,517,110	JPY	378,070,000	18-Jun-18	129,265
USD	3,364,590	JPY	364,910,000	19-Jun-18	94,470



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Global Income Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
USD	2,455,827	JPY	268,250,000	20-Jun-18	51,773
USD	3,333,394	JPY	365,540,000	22-Jun-18	57,026
					(5,506,659)
					(3,797,115)

The above contracts were opened with the following counterparties:

Bank of America	122,840
Barclays Bank	(10,719)
BNP Paribas	32,652
Citibank	(1,586,625)
Deutsche Bank	(117,794)
Goldman Sachs	(423,142)
HSBC Bank	(428)
JPMorgan Chase Bank	(1,890,250)
Morgan Stanley	327,025
Standard Chartered	38,779
The Bank of New York Mellon	37,432
Toronto-Dominion Bank	6,496
UBS	(333,381)
	(3,797,115)

#### Templeton Global Total Return Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
BRL	50,591,160	USD	15,700,000	03-Jan-18	(434,878)
USD	15,147,643	BRL	50,259,880	03-Jan-18	(17,521)
EUR	1,491,865,225	USD	1,763,567,470	10-Jan-18	27,727,379
GBP	15,363,883	USD	20,596,700	10-Jan-18	160,296
JPY	16,385,171,179	USD	145,727,139	10-Jan-18	(232,642)
PLN	348,831,898	USD	97,753,688	10-Jan-18	2,453,402
USD	40,562,567	EUR	34,077,571	10-Jan-18	(354,653)
USD	3,015,879	JPY	337,840,980	10-Jan-18	15,972
CHF	160,595,815	USD	162,702,654	16-Jan-18	2,343,057
EUR	1,342,951,856	USD	1,582,941,912	16-Jan-18	30,161,930
GBP	1,769,556	USD	2,367,919	16-Jan-18	23,303
NOK	29,041,556	USD	3,477,640	16-Jan-18	62,151
PLN	950,712	USD	265,283	16-Jan-18	7,825
SGD	458,431,633	USD	339,278,295	16-Jan-18	3,577,455
USD	2,958,247	CHF	2,910,495	16-Jan-18	(32,894)
USD	20,442,099	EUR	17,221,142	16-Jan-18	(243,297)
AUD	301,931,165	USD	231,279,114	22-Jan-18	4,291,203
CHF	23,044,980	USD	23,428,526	22-Jan-18	265,645
CNH	99,462,089	USD	15,010,682	22-Jan-18	239,166
EUR	1,353,609,395	USD	1,602,709,144	22-Jan-18	23,811,950
GBP	146,142,685	USD	195,846,651	22-Jan-18	1,679,942
NOK	18,872,247	USD	2,261,690	22-Jan-18	39,032
SEK	220,611,774	USD	26,186,036	22-Jan-18	749,266
USD	4,894,749	AUD	6,349,494	22-Jan-18	(59,203)
USD	16,786,790	EUR	14,122,959	22-Jan-18	(183,609)
USD	369,540	GBP	276,291	22-Jan-18	(3,895)
USD	46,045	NOK	380,742	22-Jan-18	(372)
BRL	94,149,245	USD	28,200,000	02-Feb-18	118,685
					96,164,695
Forward foreign exchange contracts used for efficient portfolio management:					
MXN	1,753,525,150	USD	79,384,542	05-Jan-18	9,668,249
USD	169,509,730	EUR	143,311,039	05-Jan-18	(2,510,760)
USD	366,149,705	EUR	309,751,578	08-Jan-18	(5,724,649)
USD	467,157,672	EUR	401,287,753	10-Jan-18	(14,671,835)
USD	247,824,165	KRW	279,880,220,510	10-Jan-18	(14,445,930)
USD	285,162,403	EUR	241,189,362	11-Jan-18	(4,453,916)
USD	276,787,075	JPY	31,230,938,000	11-Jan-18	(546,485)
INR	1,740,008,000	USD	26,327,856	12-Jan-18	899,050
USD	629,122,486	EUR	531,019,024	16-Jan-18	(8,717,823)
USD	56,695,054	JPY	6,421,270,000	16-Jan-18	(340,731)
USD	446,238,773	EUR	374,553,689	17-Jan-18	(3,689,583)
USD	726,718,454	EUR	612,984,809	18-Jan-18	(9,669,043)
MXN	454,357,500	USD	19,711,822	22-Jan-18	3,282,328
USD	387,505,419	EUR	328,427,875	22-Jan-18	(7,139,349)
USD	125,026,665	JPY	13,897,395,000	22-Jan-18	1,548,310
INR	10,835,045,192	USD	165,705,959	23-Jan-18	3,695,292



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Global Total Return Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
USD	15,272,882	JPY	1,715,854,800	23-Jan-18	26,745
INR	6,486,475,320	USD	99,181,580	24-Jan-18	2,223,997
USD	58,326,574	EUR	49,203,713	24-Jan-18	(804,947)
USD	140,477,812	JPY	15,837,890,000	24-Jan-18	(255,987)
USD	314,285,841	KRW	355,253,000,000	24-Jan-18	(18,698,291)
USD	187,426,676	JPY	20,721,946,000	25-Jan-18	3,284,421
USD	81,133,711	EUR	68,428,000	29-Jan-18	(1,126,248)
USD	60,992,238	JPY	6,747,653,046	29-Jan-18	1,018,526
INR	905,518,000	USD	13,850,076	30-Jan-18	299,011
USD	66,736,952	EUR	56,612,872	30-Jan-18	(1,323,309)
USD	14,758,452	EUR	12,368,282	31-Jan-18	(111,569)
USD	53,579,854	JPY	5,922,670,841	31-Jan-18	933,863
INR	1,091,268,000	USD	16,579,581	01-Feb-18	468,374
USD	57,555,871	EUR	49,211,500	02-Feb-18	(1,616,148)
USD	51,343,910	EUR	43,879,933	05-Feb-18	(1,426,092)
MXN	557,930,584	USD	30,191,049	06-Feb-18	(2,031,837)
USD	222,676,697	EUR	189,887,008	06-Feb-18	(5,693,905)
USD	120,337,228	JPY	13,275,900,000	06-Feb-18	2,296,932
USD	196,460,416	EUR	167,932,054	07-Feb-18	(5,516,779)
INR	1,218,424,500	USD	18,670,311	08-Feb-18	350,235
USD	254,453,195	JPY	28,116,370,000	08-Feb-18	4,438,745
USD	85,730,518	EUR	73,659,558	09-Feb-18	(2,871,872)
USD	318,321,194	JPY	35,040,512,000	09-Feb-18	6,722,180
MXN	457,839,000	USD	21,097,599	12-Feb-18	1,987,050
USD	278,995,499	EUR	235,575,059	12-Feb-18	(4,415,717)
USD	20,405,848	JPY	2,240,001,000	13-Feb-18	482,931
MXN	967,646,000	USD	52,257,169	14-Feb-18	(3,483,681)
USD	995,766	EUR	850,000	14-Feb-18	(26,948)
USD	247,047,189	JPY	27,733,280,943	14-Feb-18	371,834
USD	18,396,094	EUR	15,685,325	15-Feb-18	(477,415)
USD	488,710,524	JPY	52,837,551,000	15-Feb-18	18,722,308
USD	149,567,712	EUR	126,543,716	16-Feb-18	(2,705,504)
USD	292,372,801	JPY	32,165,869,260	16-Feb-18	6,245,459
MXN	449,959,410	USD	20,851,244	20-Feb-18	1,806,224
USD	343,359,239	EUR	289,634,388	20-Feb-18	(5,241,496)
USD	14,894,357	JPY	1,632,496,000	20-Feb-18	370,053
USD	436,727,173	KRW	496,048,000,000	21-Feb-18	(28,381,779)
USD	248,706,006	EUR	210,439,300	22-Feb-18	(4,604,176)
USD	50,239,092	JPY	5,456,256,000	22-Feb-18	1,690,402
MXN	139,958,300	USD	6,634,667	26-Feb-18	405,903
USD	28,862,120	EUR	24,481,000	26-Feb-18	(612,636)
USD	6,681,630	JPY	723,821,000	26-Feb-18	240,040
USD	69,204,628	EUR	58,694,000	27-Feb-18	(1,465,942)
USD	31,434,808	JPY	3,475,118,000	27-Feb-18	506,849
USD	274,200,847	EUR	228,622,971	28-Feb-18	(1,091,103)
USD	159,710,260	JPY	17,369,878,000	28-Feb-18	5,111,571
MXN	109,621,300	USD	5,984,512	01-Mar-18	(472,800)
USD	116,643,017	JPY	12,743,919,000	01-Mar-18	3,210,026
MXN	1,179,814,300	USD	64,435,516	05-Mar-18	(5,154,859)
USD	42,056,224	EUR	35,198,500	05-Mar-18	(341,413)
USD	54,912,437	JPY	6,125,400,000	05-Mar-18	376,821
USD	111,644,913	KRW	120,610,000,000	05-Mar-18	(1,455,237)
USD	493,508,302	AUD	650,200,000	06-Mar-18	(13,712,056)
USD	233,205,516	EUR	195,918,338	06-Mar-18	(2,799,565)
USD	25,789,896	JPY	2,894,400,000	06-Mar-18	18,872
USD	452,887,942	EUR	380,749,660	07-Mar-18	(5,797,086)
USD	225,588,890	KRW	253,404,000,000	07-Mar-18	(12,040,480)
MXN	1,421,720,750	USD	69,133,029	09-Mar-18	2,254,382
USD	369,785,863	AUD	492,451,700	09-Mar-18	(14,370,775)
USD	10,825,574	JPY	1,211,029,860	09-Mar-18	40,825
MXN	1,278,939,000	USD	61,896,624	12-Mar-18	2,289,075
USD	275,943,236	EUR	232,571,059	12-Mar-18	(4,325,479)
MXN	1,031,269,440	USD	56,755,149	13-Mar-18	(5,007,854)
USD	265,052,461	AUD	357,536,000	13-Mar-18	(13,853,500)
USD	216,090,077	EUR	181,938,417	13-Mar-18	(3,176,355)
INR	614,617,000	USD	9,456,374	14-Mar-18	104,442
MXN	1,062,965,300	USD	58,098,235	14-Mar-18	(4,769,452)
USD	92,291,006	EUR	78,124,000	14-Mar-18	(1,867,812)
USD	73,261,159	EUR	61,928,021	15-Mar-18	(1,382,432)
USD	376,848,960	AUD	505,600,000	16-Mar-18	(17,553,917)
USD	149,587,327	EUR	126,543,716	16-Mar-18	(2,949,496)
INR	1,114,241,000	USD	17,092,207	19-Mar-18	231,640
USD	200,649,332	EUR	169,290,263	19-Mar-18	(3,455,122)
USD	69,105,892	JPY	7,575,139,063	19-Mar-18	1,603,456
MXN	973,468,180	USD	53,269,210	20-Mar-18	(4,479,633)
USD	141,527,551	AUD	188,540,000	20-Mar-18	(5,544,392)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Global Total Return Fund (continued)

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
USD	19,311,138	JPY	2,125,673,513	20-Mar-18	367,963
USD	85,500,498	JPY	9,445,582,000	22-Mar-18	1,314,535
USD	407,028,440	KRW	459,262,400,000	22-Mar-18	(23,694,946)
USD	208,828,440	JPY	23,085,462,000	23-Mar-18	3,060,878
USD	195,449,655	JPY	21,556,674,186	26-Mar-18	3,272,283
USD	121,717,003	KRW	137,296,779,490	27-Mar-18	(7,053,053)
MXN	796,131,500	USD	42,987,662	28-Mar-18	(3,139,552)
USD	3,290,582	JPY	368,713,000	30-Mar-18	2,690
MXN	1,623,680,221	USD	86,867,304	02-Apr-18	(5,670,798)
USD	67,150,719	JPY	7,498,150,000	06-Apr-18	259,590
USD	19,264,840	JPY	2,132,690,000	10-Apr-18	234,434
USD	213,503,968	JPY	23,830,477,000	11-Apr-18	847,041
USD	28,821,986	JPY	3,130,500,000	13-Apr-18	882,818
USD	158,270,352	JPY	17,184,520,000	18-Apr-18	4,854,717
USD	282,873,864	JPY	31,647,645,000	20-Apr-18	303,502
USD	220,866,646	JPY	23,655,370,000	23-Apr-18	9,617,748
INR	136,616,000	USD	2,062,907	25-Apr-18	52,744
USD	225,785,270	AUD	293,520,000	27-Apr-18	(3,161,282)
USD	22,110,188	JPY	2,494,980,000	27-Apr-18	(176,103)
USD	38,500,489	KRW	43,340,000,000	30-Apr-18	(2,167,532)
USD	41,042,140	JPY	4,519,150,000	08-May-18	647,924
USD	13,697,527	JPY	1,549,704,004	09-May-18	(155,277)
USD	278,287,130	JPY	31,239,644,779	14-May-18	(1,049,377)
USD	143,631,021	JPY	16,107,384,000	15-May-18	(405,678)
USD	222,566,989	JPY	24,854,298,800	16-May-18	299,368
USD	21,478,329	JPY	2,394,329,000	18-May-18	63,649
USD	21,402,206	JPY	2,394,329,000	21-May-18	(16,401)
USD	21,587,404	JPY	2,369,098,000	22-May-18	393,207
USD	17,881,468	JPY	1,988,219,000	24-May-18	92,479
USD	19,884,277	JPY	2,171,363,000	25-May-18	455,474
USD	4,278,618	JPY	475,440,000	29-May-18	23,461
USD	510,865,707	JPY	55,720,633,500	01-Jun-18	12,078,196
USD	214,211,273	JPY	23,878,130,560	05-Jun-18	412,050
USD	117,959,430	JPY	13,101,400,000	08-Jun-18	631,008
USD	87,970,050	JPY	9,810,200,000	11-Jun-18	99,545
USD	143,979,373	JPY	16,165,860,000	12-Jun-18	(827,994)
USD	358,423,314	JPY	40,208,654,000	13-Jun-18	(1,771,921)
MXN	2,082,611,100	USD	106,478,404	14-Jun-18	(3,684,822)
MXN	439,250,500	USD	22,220,842	15-Jun-18	(544,160)
USD	71,554,265	JPY	8,010,500,000	15-Jun-18	(213,798)
USD	98,897,210	JPY	10,640,010,000	18-Jun-18	3,553,201
USD	92,614,332	JPY	10,044,580,000	19-Jun-18	2,600,397
USD	77,940,218	JPY	8,513,410,000	20-Jun-18	1,643,104
USD	91,756,064	JPY	10,061,970,000	22-Jun-18	1,569,722
MXN	2,259,718,103	USD	119,305,051	29-Jun-18	(8,069,195)
USD	43,820,586	JPY	4,827,210,000	29-Jun-18	534,926
USD	68,547,692	JPY	7,590,800,000	03-Jul-18	462,983
USD	145,673,076	JPY	16,268,040,778	14-Aug-18	(645,001)
USD	88,498,976	JPY	9,810,200,000	11-Sep-18	100,881
					(212,891,151)
					(116,726,456)

The above contracts were opened with the following counterparties:

Bank of America	(18,924,719)
Barclays Bank	11,240,602
BNP Paribas	8,015,344
Citibank	(68,255,782)
Credit Suisse International	6,261,665
Deutsche Bank	5,970,937
Goldman Sachs	(14,463,971)
HSBC Bank	(34,065,788)
JPMorgan Chase Bank	(24,144,382)
Morgan Stanley	5,113,058
Standard Chartered	2,489,876
The Bank of New York Mellon	3,356,811
Toronto-Dominion Bank	3,098,749
UBS	(2,418,856)
	(116,726,456)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 5 — Forward foreign exchange contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Templeton Latin America Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) USD	
Forward foreign exchange contracts used for share class hedging:					
PLN	33,473,723	USD	9,348,073	16-Jan-18	267,801
EUR	6,851,897	MXN	158,129,500	25-Jan-18	237,211
EUR	9,402,635	USD	11,204,300	25-Jan-18	96,214
EUR	11,517,306	BRL	45,477,200	26-Jan-18	153,451
					754,677

The above contracts were opened with the following counterparties:

Bank of America	181,054
Barclays Bank	27,803
BNP Paribas	18,153
Citibank	355,415
Deutsche Bank	27,177
Goldman Sachs	22,146
HSBC Bank	25,964
JPMorgan Chase Bank	28,629
Morgan Stanley	24,570
The Bank of New York Mellon	260
Toronto-Dominion Bank	19,933
UBS	23,573
754,677	

### Note 6 — Open positions on financial future contracts

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Brazil Opportunities Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment USD	Unrealised profit/(loss) USD
Bond Future (20)	U.S. Treasury 10 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	(2,480,937)	1,563
Currency Future 359 2	USD/BRL Future, Feb. 2018 USD/BRL Future, Jan. 2018	CM Capital Markets CCTVM CM Capital Markets CCTVM	BRL BRL	17,967,758 99,866	(83,793) (317) (84,110)
Deposit Future (3) (895) (241) (135) 230	BM&F, One-Day Interbank Deposits Future, Jan. 2018 BM&F, One-Day Interbank Deposits Future, Jan. 2020 BM&F, One-Day Interbank Deposits Future, Jan. 2021 BM&F, One-Day Interbank Deposits Future, Jan. 2023 BM&F, One-Day Interbank Deposits Future, Jan. 2025	CM Capital Markets CCTVM CM Capital Markets CCTVM CM Capital Markets CCTVM CM Capital Markets CCTVM CM Capital Markets CCTVM	BRL BRL BRL BRL BRL	(90,520) (23,127,552) (5,608,816) (2,533,650) 3,469,022	(590) (992,797) (99,127) (25,276) 245,311 (872,479)
Equity Future (43)	Bovespa Index Future, Feb. 2018	CM Capital Markets CCTVM	BRL	(997,524)	(42,189) (997,215)

#### Franklin Diversified Balanced Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment EUR	Unrealised profit/(loss) EUR
Bond Future 63	U.S. Treasury 10 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	6,513,546	(6,153)
Equity Future 115 496 24	MSCI Emerging Markets Index Future, Mar. 2018 MSCI World Index Future, Mar. 2018 Nikkei 225 Index Future, Mar. 2018	JPMorgan Chase Bank JPMorgan Chase Bank JPMorgan Chase Bank	USD USD JPY	5,576,992 24,651,173 4,038,477	175,788 252,876 (15,607) 413,057 406,904

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 6 — Open positions on financial future contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Diversified Conservative Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment EUR	Unrealised profit/(loss) EUR
Bond Future 122	U.S. Treasury 10 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	12,613,534	(11,916)
Equity Future 68	MSCI Emerging Markets Index Future, Mar. 2018	JPMorgan Chase Bank	USD	3,297,699	110,802
130	MSCI World Index Future, Mar. 2018	JPMorgan Chase Bank	USD	6,460,993	81,263
19	Nikkei 225 Index Future, Mar. 2018	JPMorgan Chase Bank	JPY	3,197,128	(12,648)
					179,417
					167,501

#### Franklin Diversified Dynamic Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment EUR	Unrealised profit/(loss) EUR
Bond Future 22	U.S. Treasury 10 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	2,274,572	(2,149)
Equity Future 77	MSCI Emerging Markets Index Future, Mar. 2018	JPMorgan Chase Bank	USD	3,734,159	125,467
294	MSCI World Index Future, Mar. 2018	JPMorgan Chase Bank	USD	14,611,784	183,781
11	Nikkei 225 Index Future, Mar. 2018	JPMorgan Chase Bank	JPY	1,850,969	(7,323)
					301,925
					299,776

#### Franklin Euro Government Bond Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment EUR	Unrealised profit/(loss) EUR
Bond Future (60)	Euro-OAT Future, Mar. 2018	JPMorgan Chase Bank	EUR	(9,310,800)	118,200

#### Franklin Euro Short Duration Bond Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment EUR	Unrealised profit/(loss) EUR
Bond Future (324)	Euro-BOBL Future, Mar. 2018	JPMorgan Chase Bank	EUR	(42,641,640)	226,400

#### Franklin European Corporate Bond Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment EUR	Unrealised profit/(loss) EUR
Bond Future (58)	Euro-Bund Future, Mar. 2018	JPMorgan Chase Bank	EUR	(9,377,440)	76,560
(36)	Euro-OAT Future, Mar. 2018	JPMorgan Chase Bank	EUR	(5,586,480)	70,920
					147,480

#### Franklin European Income Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment EUR	Unrealised profit/(loss) EUR
Bond Future (7)	Euro-OAT Future, Mar. 2018	JPMorgan Chase Bank	EUR	(1,086,260)	13,790

#### Franklin European Total Return Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment EUR	Unrealised profit/(loss) EUR
Bond Future (446)	Euro-OAT Future, Mar. 2018	JPMorgan Chase Bank	EUR	(69,210,280)	878,620

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 6 — Open positions on financial future contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Flexible Alpha Bond Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment USD	Unrealised profit/(loss) USD
<b>Bond Future</b>					
96	Australia 10 Yr. Bond Future, Mar. 2018	JPMorgan Chase Bank	AUD	9,673,825	(72,746)
91	Canada 10 Yr. Bond Future, Mar. 2018	JPMorgan Chase Bank	CAD	9,756,567	(112,203)
60	Long Gilt Future, Mar. 2018	JPMorgan Chase Bank	GBP	10,141,339	85,078
(949)	U.S. Treasury 2 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	(203,189,798)	252,468
(991)	U.S. Treasury 5 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	(115,118,586)	222,391
(573)	U.S. Treasury 10 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	(71,078,859)	179,281
					554,269

#### Franklin Global Multi-Asset Income Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment EUR	Unrealised profit/(loss) EUR
<b>Bond Future</b>					
103	U.S. Treasury 10 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	10,649,131	(10,060)
<b>Equity Future</b>					
151	MSCI Emerging Markets Index Future, Mar. 2018	JPMorgan Chase Bank	USD	7,322,832	246,045
362	MSCI World Index Future, Mar. 2018	JPMorgan Chase Bank	USD	17,991,380	226,288
21	Nikkei 225 Index Future, Mar. 2018	JPMorgan Chase Bank	JPY	3,533,668	(13,979)
					458,354
					448,294

#### Franklin K2 Alternative Strategies Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment USD	Unrealised profit/(loss) USD
<b>Bond Future</b>					
(13)	Euro-BOBL Future, Mar. 2018	Deutsche Bank	EUR	(2,052,859)	12,604
(68)	U.S. Treasury 5 Yr. Note Future, Mar. 2018	Deutsche Bank	USD	(7,899,157)	43,348
(22)	U.S. Treasury 10 Yr. Note Future, Mar. 2018	Deutsche Bank	USD	(2,729,032)	18,627
(12)	CME Ultra Long Term U.S. Treasury Bond Future, Mar. 2018	JPMorgan Chase Bank	USD	(2,011,875)	(5,570)
(23)	Euro-BOBL Future, Mar. 2018	JPMorgan Chase Bank	EUR	(3,631,982)	24,506
(35)	Euro-Bund Future, Mar. 2018	JPMorgan Chase Bank	EUR	(6,789,711)	58,421
(13)	Euro-BUXL 30 Yr. Bond Future, Mar. 2018	JPMorgan Chase Bank	EUR	(2,555,896)	58,929
(19)	Long Gilt Future, Mar. 2018	JPMorgan Chase Bank	GBP	(3,210,711)	(19,782)
341	U.S. Treasury 2 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	73,011,297	(6,426)
164	U.S. Treasury 5 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	19,050,906	10,065
44	U.S. Treasury 10 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	5,458,063	11,633
(126)	U.S. Treasury Ultra 10 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	(16,828,876)	(77,310)
307	3-month EUR LIBOR Future, Jun. 2019	Morgan Stanley	EUR	92,162,154	(58,676)
(615)	90 day Eurodollar Future, Jun. 2019	Morgan Stanley	USD	(150,275,250)	68,956
(138)	90 day Sterling Future, Jun. 2019	Morgan Stanley	GBP	(23,082,805)	(18,195)
40	Australia 10 Yr. Bond Future, Mar. 2018	Morgan Stanley	AUD	4,031,016	(23,230)
73	Canada 10 Yr. Bond Future, Mar. 2018	Morgan Stanley	CAD	7,827,335	(122,722)
136	Euro-BOBL Future, Mar. 2018	Morgan Stanley	EUR	21,476,071	(127,835)
136	Euro-Bund Future, Mar. 2018	Morgan Stanley	EUR	26,382,880	(287,338)
(197)	Euro-Schatz Future, Mar. 2018	Morgan Stanley	EUR	(26,467,579)	27,828
22	Japan 10 Yr. Bond Future, Mar. 2018	Morgan Stanley	JPY	29,440,070	5,879
171	Long Gilt Future, Mar. 2018	Morgan Stanley	GBP	28,896,406	225,459
10	mini-10 Yr. JGB Future, Mar. 2018	Morgan Stanley	JPY	1,338,719	359
41	U.S. Long Bond Treasury Future, Mar. 2018	Morgan Stanley	USD	6,273,000	(6,378)
(123)	U.S. Treasury 2 Yr. Note Future, Mar. 2018	Morgan Stanley	USD	(26,335,448)	45,645
(226)	U.S. Treasury 5 Yr. Note Future, Mar. 2018	Morgan Stanley	USD	(26,253,076)	128,180
(212)	U.S. Treasury 10 Yr. Note Future, Mar. 2018	Morgan Stanley	USD	(26,297,940)	153,753
					140,730
<b>Equity Future</b>					
12	CBOE VIX Index Future, Jan. 2018	JPMorgan Chase Bank	USD	137,700	(2,432)
(43)	S&P 500 E-mini Index Future, Mar. 2018	JPMorgan Chase Bank	USD	(5,753,400)	(30,453)
(7)	AEX Index Future, Jan. 2018	Morgan Stanley	EUR	(914,646)	5,526
63	CAC 40 Index Future, Jan. 2018	Morgan Stanley	EUR	4,014,233	(61,087)
18	DAX Index Future, Mar. 2018	Morgan Stanley	EUR	6,970,533	(131,228)
52	DJIA mini E-cbot Index Future, Mar. 2018	Morgan Stanley	USD	6,431,100	116,039
(227)	Euro STOXX 50 Index Future, Mar. 2018	Morgan Stanley	EUR	(9,513,740)	225,267
(89)	FTSE 100 Index Future, Mar. 2018	Morgan Stanley	GBP	(9,178,083)	(299,080)
30	Hang Seng Index Future, Jan. 2018	Morgan Stanley	HKD	5,749,765	79,036
50	Nasdaq 100 E-mini Index Future, Mar. 2018	Morgan Stanley	USD	6,408,750	58,178
22	Nikkei 225 Index Future, Mar. 2018	Morgan Stanley	JPY	4,441,977	11,467

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 6 — Open positions on financial future contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment USD	Unrealised profit/(loss) USD
121	Russell 2000 mini Index Future, Mar. 2018	Morgan Stanley	USD	9,295,825	50,778
42	S&P 500 E-mini Index Future, Mar. 2018	Morgan Stanley	USD	5,619,600	93,513
(248)	STOXX Europe 600 Index Future, Mar. 2018	Morgan Stanley	EUR	(2,713,773)	38,462
35	Topix Index Future, Mar. 2018	Morgan Stanley	JPY	5,644,109	79,078
					233,064
					373,794

#### Franklin K2 Global Macro Opportunities Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment USD	Unrealised profit/(loss) USD
<b>Bond Future</b>					
1	3-month EUR LIBOR Future, Jun. 2020	JPMorgan Chase Bank	EUR	299,108	(437)
6	90 day Bank Bill Future, Dec. 2018	JPMorgan Chase Bank	AUD	4,658,184	(1,076)
2	90 day Bank Bill Future, Mar. 2019	JPMorgan Chase Bank	AUD	1,552,346	(441)
6	90 day Bank Bill Future, Sep. 2018	JPMorgan Chase Bank	AUD	4,659,324	105
(8)	90 day Bank Bill Future, Sep. 2018	JPMorgan Chase Bank	USD	(1,957,103)	1,749
(4)	90 day Eurodollar Future, Dec. 2019	JPMorgan Chase Bank	USD	(976,700)	1,181
(6)	90 day Eurodollar Future, Jun. 2019	JPMorgan Chase Bank	USD	(1,466,100)	1,427
(3)	90 day Eurodollar Future, Jun. 2020	JPMorgan Chase Bank	USD	(732,375)	319
(7)	90 day Eurodollar Future, Mar. 2019	JPMorgan Chase Bank	USD	(1,711,416)	1,776
(4)	90 day Eurodollar Future, Mar. 2020	JPMorgan Chase Bank	USD	(976,600)	1,056
(7)	90 day Eurodollar Future, Sep. 2018	JPMorgan Chase Bank	USD	(1,714,300)	1,676
(5)	90 day Eurodollar Future, Sep. 2019	JPMorgan Chase Bank	USD	(1,221,315)	954
2	90 day Sterling Future, Dec. 2018	JPMorgan Chase Bank	GBP	334,904	268
1	90 day Sterling Future, Dec. 2019	JPMorgan Chase Bank	GBP	167,098	100
2	90 day Sterling Future, Jun. 2019	JPMorgan Chase Bank	GBP	334,534	200
2	90 day Sterling Future, Mar. 2019	JPMorgan Chase Bank	GBP	334,702	200
1	90 day Sterling Future, Mar. 2020	JPMorgan Chase Bank	GBP	167,030	83
2	90 day Sterling Future, Sep. 2019	JPMorgan Chase Bank	GBP	334,364	65
(6)	Australia 3 Yr. Bond Future, Mar. 2018	JPMorgan Chase Bank	AUD	(520,098)	(407)
(2)	Euro-BOBL Future, Mar. 2018	JPMorgan Chase Bank	EUR	(315,824)	2,130
7	Euro-BTP Future, Mar. 2018	JPMorgan Chase Bank	EUR	1,143,436	(27,319)
3	Euro-Bund Future, Mar. 2018	JPMorgan Chase Bank	EUR	581,976	(1,823)
(0)	Euro-BUXL 30 Yr. Bond Future, Mar. 2018	JPMorgan Chase Bank	EUR	(0)	548
3	Euro-OAT Future, Mar. 2018	JPMorgan Chase Bank	EUR	558,579	(6,930)
1	Euro-Schatz Future, Mar. 2018	JPMorgan Chase Bank	EUR	134,353	(62)
3	Long Gilt Future, Mar. 2018	JPMorgan Chase Bank	GBP	506,955	3,102
6	mini-10 Yr. JGB Future, Mar. 2018	JPMorgan Chase Bank	JPY	803,230	(567)
(2)	U.S. Treasury 2 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	(428,218)	746
(3)	U.S. Treasury 5 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	(348,492)	1,197
(2)	U.S. Treasury 10 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	(248,094)	(1,051)
(28)	90 day Eurodollar Future, Jun. 2019	Morgan Stanley	USD	(6,841,800)	4,181
8	Euro-Bund Future, Mar. 2018	Morgan Stanley	EUR	1,551,936	(14,624)
6	Long Gilt Future, Mar. 2018	Morgan Stanley	GBP	1,013,910	3,869
3	U.S. Long Bond Treasury Future, Mar. 2018	Morgan Stanley	USD	459,000	2,120
(7)	U.S. Treasury 2 Yr. Note Future, Mar. 2018	Morgan Stanley	USD	(1,498,765)	3,397
(13)	U.S. Treasury 5 Yr. Note Future, Mar. 2018	Morgan Stanley	USD	(1,510,132)	6,450
(1)	U.S. Treasury 10 Yr. Note Future, Mar. 2018	Morgan Stanley	USD	(124,047)	30
					(15,808)
<b>Currency Future</b>					
(6)	CAD/USD Future, Mar. 2018	JPMorgan Chase Bank	USD	(479,400)	(11,808)
(10)	CHF/USD Future, Mar. 2018	JPMorgan Chase Bank	USD	(1,290,878)	(19,410)
10	EUR/USD Future, Mar. 2018	JPMorgan Chase Bank	USD	1,509,438	29,189
2	GBP/USD Future, Mar. 2018	JPMorgan Chase Bank	USD	169,462	1,877
(7)	JPY/USD Future, Mar. 2018	JPMorgan Chase Bank	USD	(779,975)	(3,929)
(7)	MXN/USD Future, Mar. 2018	JPMorgan Chase Bank	USD	(175,280)	131
(9)	NZD/USD Future, Mar. 2018	JPMorgan Chase Bank	USD	(637,830)	(13,900)
(4)	AUD/USD Future, Mar. 2018	Morgan Stanley	USD	(312,440)	(8,491)
(1)	CAD/USD Future, Mar. 2018	Morgan Stanley	USD	(79,900)	(1,958)
(2)	CHF/USD Future, Mar. 2018	Morgan Stanley	USD	(258,175)	(3,566)
(25)	EUR/USD Future, Mar. 2018	Morgan Stanley	USD	(3,773,594)	(74,759)
(1)	GBP/USD Future, Mar. 2018	Morgan Stanley	USD	(84,731)	(908)
(8)	JPY/USD Future, Mar. 2018	Morgan Stanley	USD	(891,400)	(1,945)
					(109,477)
<b>Equity Future</b>					
1	AEX Index Future, Jan. 2018	JPMorgan Chase Bank	EUR	130,664	(1,790)
1	CAC 40 Index Future, Jan. 2018	JPMorgan Chase Bank	EUR	63,718	(1,124)
2	DJIA mini E-cbot Index Future, Mar. 2018	JPMorgan Chase Bank	USD	247,350	2,026
1	Euro STOXX 50 Index Future, Mar. 2018	JPMorgan Chase Bank	EUR	41,911	(1,010)
1	FTSE 100 Index Future, Mar. 2018	JPMorgan Chase Bank	GBP	103,124	2,968
1	FTSE MIB Index Future, Mar. 2018	JPMorgan Chase Bank	EUR	130,526	(4,070)



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 6 — Open positions on financial future contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin K2 Global Macro Opportunities Fund (continued)

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment USD	Unrealised profit/(loss) USD
3	FTSE/JSE Africa Top 40 Index Future, Mar. 2018	JPMorgan Chase Bank	ZAR	128,934	3,063
1	Hang Seng China Enterprises Index Future, Jan. 2018	JPMorgan Chase Bank	HKD	75,069	1,680
2	Hang Seng Index Future, Jan. 2018	JPMorgan Chase Bank	HKD	383,318	5,370
2	MSCI EAFE Index Future, Mar. 2018	JPMorgan Chase Bank	USD	204,550	2,846
5	MSCI Emerging Markets Index Future, Mar. 2018	JPMorgan Chase Bank	USD	290,925	9,480
2	Nasdaq 100 E-mini Index Future, Mar. 2018	JPMorgan Chase Bank	USD	256,350	480
1	Nikkei 225 Index Future, Mar. 2018	JPMorgan Chase Bank	JPY	100,976	976
1	Nikkei 225 Index Future, Mar. 2018	JPMorgan Chase Bank	USD	113,700	1,172
2	OMXS 30 Index Future, Jan. 2018	JPMorgan Chase Bank	SEK	38,382	(930)
2	Russell 2000 mini Index Future, Mar. 2018	JPMorgan Chase Bank	USD	153,650	1,195
1	S&P 500 E-mini Index Future, Mar. 2018	JPMorgan Chase Bank	USD	133,800	49
1	S&P MidCap 400 E-mini Index Future, Mar. 2018	JPMorgan Chase Bank	USD	190,240	1,028
2	S&P/TSX 60 IX Index Future, Mar. 2018	JPMorgan Chase Bank	CAD	304,662	5,102
4	SPI 200 Index Future, Mar. 2018	JPMorgan Chase Bank	AUD	469,711	3,505
2	Topix Index Future, Mar. 2018	JPMorgan Chase Bank	JPY	322,520	5,673
2	CAC 40 Index Future, Jan. 2018	Morgan Stanley	EUR	127,436	(1,598)
2	DAX Index Future, Mar. 2018	Morgan Stanley	EUR	774,504	(11,956)
(6)	DJIA mini E-cbot Index Future, Mar. 2018	Morgan Stanley	USD	(742,050)	(10,937)
12	Euro STOXX 50 Index Future, Mar. 2018	Morgan Stanley	EUR	502,932	(11,976)
4	FTSE 100 Index Future, Mar. 2018	Morgan Stanley	GBP	412,497	8,542
2	Hang Seng Index Future, Jan. 2018	Morgan Stanley	HKD	383,318	4,714
(3)	Nasdaq 100 E-mini Index Future, Mar. 2018	Morgan Stanley	USD	(384,525)	(4,051)
4	Russell 2000 mini Index Future, Mar. 2018	Morgan Stanley	USD	307,300	2,412
(7)	S&P 500 E-mini Index Future, Mar. 2018	Morgan Stanley	USD	(936,600)	(8,031)
					4,808
					(120,477)

#### Franklin K2 Long Short Credit Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment USD	Unrealised profit/(loss) USD
Bond Future					
(4)	Euro-BOBL Future, Mar. 2018	JPMorgan Chase Bank	EUR	(631,650)	4,262
(2)	Euro-Bund Future, Mar. 2018	JPMorgan Chase Bank	EUR	(387,983)	3,667
(2)	Euro-BUXL 30 Yr. Bond Future, Mar. 2018	JPMorgan Chase Bank	EUR	(393,215)	9,066
					16,995
Equity Future					
(1)	S&P 500 E-mini Index Future, Mar. 2018	JPMorgan Chase Bank	USD	(133,800)	(1,115)
					15,880

#### Franklin U.S. Low Duration Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment USD	Unrealised profit/(loss) USD
Bond Future					
32	Canada 10 Yr. Bond Future, Mar. 2018	JPMorgan Chase Bank	CAD	3,430,880	(39,456)
(50)	Euro-BOBL Future, Mar. 2018	JPMorgan Chase Bank	EUR	(7,895,284)	62,390
(34)	Euro-Bund Future, Mar. 2018	JPMorgan Chase Bank	EUR	(6,595,445)	76,691
692	U.S. Treasury 2 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	148,163,688	(330,059)
(122)	U.S. Treasury 5 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	(14,172,016)	22,875
(13)	U.S. Treasury 10 Yr. Note Future, Mar. 2018	JPMorgan Chase Bank	USD	(1,612,609)	2,031
					(205,528)



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 7 — Open positions on interest rate swap contracts

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin Global Fundamental Strategies Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
1,010,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.34675%	Citibank	25-Feb-41	USD	(332,083)
600,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.523%	Deutsche Bank	28-Mar-21	USD	(25,480)
430,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.775%	Deutsche Bank	04-Oct-23	USD	(11,923)
430,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.795%	Deutsche Bank	04-Oct-23	USD	(12,390)
210,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.668%	Deutsche Bank	04-Oct-43	USD	(46,608)
210,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.68655%	Deutsche Bank	04-Oct-43	USD	(47,376)
430,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.765%	HSBC Bank	07-Oct-23	USD	(11,719)
210,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.675%	HSBC Bank	07-Oct-43	USD	(46,910)
330,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.5575%	JPMorgan Chase Bank	04-Mar-21	USD	(14,207)
5,610,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.7305%	JPMorgan Chase Bank	07-Jul-24	USD	(151,228)
23,630,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.91422%	JPMorgan Chase Bank	22-Jan-25	USD	606,287
29,540,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.96953%	JPMorgan Chase Bank	23-Jan-25	USD	650,831
17,440,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.973%	JPMorgan Chase Bank	27-Jan-25	USD	380,539
4,360,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.9367%	JPMorgan Chase Bank	29-Jan-25	USD	105,229
3,690,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.94152%	JPMorgan Chase Bank	30-Jan-25	USD	87,908
5,820,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.81667%	JPMorgan Chase Bank	03-Feb-25	USD	187,544
830,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.215%	JPMorgan Chase Bank	11-Jan-41	USD	(251,880)
1,010,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.3494%	JPMorgan Chase Bank	25-Feb-41	USD	(332,570)
760,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.3201%	JPMorgan Chase Bank	28-Feb-41	USD	(245,881)
250,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.299%	JPMorgan Chase Bank	01-Mar-41	USD	(80,096)
30,700,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.3782%	JPMorgan Chase Bank	18-Nov-46	USD	1,057,053
10,100,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.7935%	JPMorgan Chase Bank	13-Mar-47	USD	(555,913)
3,300,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.537%	JPMorgan Chase Bank	13-Apr-47	USD	1,219
1,000,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.5873%	JPMorgan Chase Bank	27-Jul-47	USD	(10,840)
					899,506

#### Franklin K2 Alternative Strategies Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
4,000,000	Receiving fixed rate 2.095%				
	Paying floating rate 3-month CAD BA	JPMorgan Chase Bank	14-Sep-21	CAD	(4,925)
9,500,000	Receiving fixed rate 2.11%				
	Paying floating rate 3-month CAD BA	JPMorgan Chase Bank	15-Sep-21	CAD	(7,659)
9,500,000	Receiving fixed rate 2.115%				
	Paying floating rate 3-month CAD BA	JPMorgan Chase Bank	15-Sep-21	CAD	(6,194)
9,500,000	Receiving fixed rate 2.12%				
	Paying floating rate 3-month CAD BA	JPMorgan Chase Bank	18-Sep-21	CAD	(5,249)
7,280,000	Receiving fixed rate 2.07%				
	Paying floating rate 3-month CAD BA	JPMorgan Chase Bank	19-Sep-21	CAD	(15,399)
5,100,000	Receiving fixed rate 2.177%				
	Paying floating rate 3-month CAD BA	JPMorgan Chase Bank	27-Dec-21	CAD	(4,452)
1,483,200	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.41%	JPMorgan Chase Bank	18-Jul-26	USD	102,606
1,600,000	Receiving floating rate 3-month CAD BA Paying fixed rate 2.351%	JPMorgan Chase Bank	14-Sep-27	CAD	296

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 7 — Open positions on interest rate swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
3,900,000	Receiving floating rate 3-month CAD BA Paying fixed rate 2.36%	JPMorgan Chase Bank	15-Sep-27	CAD	(1,657)
3,900,000	Receiving floating rate 3-month CAD BA Paying fixed rate 2.365%	JPMorgan Chase Bank	15-Sep-27	CAD	(3,072)
3,900,000	Receiving floating rate 3-month CAD BA Paying fixed rate 2.386%	JPMorgan Chase Bank	18-Sep-27	CAD	(8,716)
2,870,000	Receiving floating rate 3-month CAD BA Paying fixed rate 2.3625%	JPMorgan Chase Bank	19-Sep-27	CAD	(1,445)
2,100,000	Receiving floating rate 3-month CAD BA Paying fixed rate 2.364%	JPMorgan Chase Bank	27-Dec-27	CAD	4,364
688,077	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.556%	JPMorgan Chase Bank	29-Nov-46	GBP	(29,149)
306,623	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.596%	JPMorgan Chase Bank	01-Dec-46	GBP	(17,188)
692,041	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.44%	JPMorgan Chase Bank	05-Jan-47	GBP	(5,804)
700,000	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.37%	JPMorgan Chase Bank	05-Jan-67	GBP	(33,966)
1,258,000	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.41%	JPMorgan Chase Bank	04-Aug-67	GBP	(89,819)
1,194,000	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.339%	JPMorgan Chase Bank	14-Dec-67	GBP	(34,757)
					<u>(162,185)</u>

#### Franklin K2 Global Macro Opportunities Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
76,973	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.556%	JPMorgan Chase Bank	29-Nov-46	GBP	(3,261)
37,720	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.596%	JPMorgan Chase Bank	01-Dec-46	GBP	(2,114)
83,425	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.44%	JPMorgan Chase Bank	05-Jan-47	GBP	(700)
70,000	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.287%	JPMorgan Chase Bank	27-Feb-67	GBP	(227)
89,000	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.41%	JPMorgan Chase Bank	04-Aug-67	GBP	(6,354)
					<u>(12,656)</u>

#### Franklin K2 Long Short Credit Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
2,024,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.75%	JPMorgan Chase Bank	21-Mar-20	USD	2,021
1,012,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2%	JPMorgan Chase Bank	21-Mar-23	USD	2,350
1,023,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.25%	JPMorgan Chase Bank	21-Mar-28	USD	4,233
310,624	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.44%	JPMorgan Chase Bank	05-Jan-47	GBP	(2,605)
62,000	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.287%	JPMorgan Chase Bank	27-Feb-67	GBP	(201)
227,000	Receiving floating rate 6-month GBP LIBOR Paying fixed rate 1.41%	JPMorgan Chase Bank	04-Aug-67	GBP	(16,208)
					<u>(10,410)</u>

#### Franklin U.S. Low Duration Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
48,300,000	Receiving fixed rate 2.00% Paying floating rate 3-month USD BBA LIBOR	JPMorgan Chase Bank	20-Dec-19	USD	(309,611)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 7 — Open positions on interest rate swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Templeton Asian Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
23,500,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.765%	HSBC Bank	07-Oct-23	USD	(640,444)
11,430,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.675%	HSBC Bank	07-Oct-43	USD	(2,553,219)
25,800,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.61313%	JPMorgan Chase Bank	26-Jan-47	USD	(411,269)
44,400,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.6782%	JPMorgan Chase Bank	27-Jan-47	USD	(1,330,624)
4,000,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.5873%	JPMorgan Chase Bank	27-Jul-47	USD	(43,358)
					(4,978,914)

#### Templeton Emerging Markets Balanced Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
340,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.018%	JPMorgan Chase Bank	22-Aug-23	USD	(13,804)
960,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.91422%	JPMorgan Chase Bank	22-Jan-25	USD	24,631
1,200,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.96953%	JPMorgan Chase Bank	23-Jan-25	USD	26,439
700,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.973%	JPMorgan Chase Bank	27-Jan-25	USD	15,274
180,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.9367%	JPMorgan Chase Bank	29-Jan-25	USD	4,344
150,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.94152%	JPMorgan Chase Bank	30-Jan-25	USD	3,573
230,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.81667%	JPMorgan Chase Bank	03-Feb-25	USD	7,412
200,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.848%	JPMorgan Chase Bank	22-Aug-43	USD	(51,363)
					16,506

#### Templeton Emerging Markets Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
62,460,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.44%	Citibank	21-Apr-21	USD	(2,537,595)
10,460,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.775%	Deutsche Bank	04-Oct-23	USD	(290,044)
10,460,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.795%	Deutsche Bank	04-Oct-23	USD	(301,400)
5,090,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.668%	Deutsche Bank	04-Oct-43	USD	(1,129,681)
5,090,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.68655%	Deutsche Bank	04-Oct-43	USD	(1,148,293)
10,460,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.765%	HSBC Bank	07-Oct-23	USD	(285,065)
5,090,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.675%	HSBC Bank	07-Oct-43	USD	(1,136,998)
217,280,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.91422%	JPMorgan Chase Bank	22-Jan-25	USD	5,574,868
271,610,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.96953%	JPMorgan Chase Bank	23-Jan-25	USD	5,984,163
160,300,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.973%	JPMorgan Chase Bank	27-Jan-25	USD	3,497,725
40,070,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.9367%	JPMorgan Chase Bank	29-Jan-25	USD	967,090
33,930,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.94152%	JPMorgan Chase Bank	30-Jan-25	USD	808,327
111,000,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.43%	JPMorgan Chase Bank	25-Nov-46	USD	2,589,923

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 7 — Open positions on interest rate swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Templeton Emerging Markets Bond Fund (continued)

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
114,600,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.7935%	JPMorgan Chase Bank	13-Mar-47	USD	(6,307,688)
					6,285,332

#### Templeton Global Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
34,400,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.3675%	Citibank	20-Dec-40	USD	(11,368,081)
186,490,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.34675%	Citibank	25-Feb-41	USD	(61,317,078)
94,430,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.5575%	JPMorgan Chase Bank	04-Mar-21	USD	(4,065,365)
727,100,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.91422%	JPMorgan Chase Bank	22-Jan-25	USD	18,655,590
536,430,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.973%	JPMorgan Chase Bank	27-Jan-25	USD	11,704,833
134,110,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.9367%	JPMorgan Chase Bank	29-Jan-25	USD	3,236,746
113,540,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.94152%	JPMorgan Chase Bank	30-Jan-25	USD	2,704,905
178,930,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.81667%	JPMorgan Chase Bank	03-Feb-25	USD	5,765,844
263,000,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.9625%	JPMorgan Chase Bank	23-Nov-40	USD	(67,547,860)
31,200,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.153%	JPMorgan Chase Bank	10-Dec-40	USD	(9,097,232)
194,540,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.215%	JPMorgan Chase Bank	11-Jan-41	USD	(59,037,019)
186,490,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.3494%	JPMorgan Chase Bank	25-Feb-41	USD	(61,406,970)
139,860,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.3201%	JPMorgan Chase Bank	28-Feb-41	USD	(45,248,611)
46,620,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.299%	JPMorgan Chase Bank	01-Mar-41	USD	(14,936,303)
227,900,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.61313%	JPMorgan Chase Bank	26-Jan-47	USD	(3,632,874)
392,400,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.6782%	JPMorgan Chase Bank	27-Jan-47	USD	(11,759,843)
46,600,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.537%	JPMorgan Chase Bank	13-Apr-47	USD	17,207
					(307,332,111)

#### Templeton Global Bond (Euro) Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) EUR
30,090,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.9965%	HSBC Bank	28-Apr-25	USD	536,537
13,890,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.3865%	HSBC Bank	28-Apr-45	USD	368,371
10,700,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.3782%	JPMorgan Chase Bank	18-Nov-46	USD	307,067
7,300,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.7935%	JPMorgan Chase Bank	13-Mar-47	USD	(334,888)
14,300,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.5873%	JPMorgan Chase Bank	27-Jul-47	USD	(129,194)
					747,893

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 7 — Open positions on interest rate swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Templeton Global High Yield Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
1,330,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.44%	Citibank	21-Apr-21	USD	(54,035)
1,860,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.9367%				
1,580,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.94152%	JPMorgan Chase Bank	29-Jan-25	USD	44,891
2,490,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.81667%	JPMorgan Chase Bank	30-Jan-25	USD	37,641
		JPMorgan Chase Bank	03-Feb-25	USD	80,238
					108,735

#### Templeton Global Income Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
1,430,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.018%	JPMorgan Chase Bank	22-Aug-23	USD	(58,057)
22,820,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.7305%				
20,030,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.91422%	JPMorgan Chase Bank	07-Jul-24	USD	(615,154)
25,040,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.96953%	JPMorgan Chase Bank	22-Jan-25	USD	513,920
14,780,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.973%	JPMorgan Chase Bank	23-Jan-25	USD	551,686
3,700,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.9367%	JPMorgan Chase Bank	27-Jan-25	USD	322,498
3,130,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.94152%	JPMorgan Chase Bank	29-Jan-25	USD	89,300
4,930,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.81667%	JPMorgan Chase Bank	30-Jan-25	USD	74,567
820,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.848%	JPMorgan Chase Bank	03-Feb-25	USD	158,864
11,100,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.537%	JPMorgan Chase Bank	22-Aug-43	USD	(210,588)
3,400,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.5873%	JPMorgan Chase Bank	13-Apr-47	USD	4,099
		JPMorgan Chase Bank	27-Jul-47	USD	(36,855)
					794,280

#### Templeton Global Total Return Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
45,640,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.34675%	Citibank	25-Feb-41	USD	(15,006,228)
88,240,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.523%				
234,540,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.668%	Deutsche Bank	28-Mar-21	USD	(3,747,202)
234,540,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.68655%	Deutsche Bank	04-Oct-43	USD	(52,054,096)
234,540,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.675%	Deutsche Bank	04-Oct-43	USD	(52,911,708)
83,070,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 3.0755%	HSBC Bank	07-Oct-43	USD	(52,391,250)
202,130,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.91422%	JPMorgan Chase Bank	14-Jun-21	USD	(2,488,156)
252,660,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.96953%	JPMorgan Chase Bank	22-Jan-25	USD	5,186,157
149,110,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.973%	JPMorgan Chase Bank	23-Jan-25	USD	5,566,653
37,280,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.9367%	JPMorgan Chase Bank	27-Jan-25	USD	3,253,561
31,560,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.94152%	JPMorgan Chase Bank	29-Jan-25	USD	899,753
49,740,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.81667%	JPMorgan Chase Bank	30-Jan-25	USD	751,866
		JPMorgan Chase Bank	03-Feb-25	USD	1,602,823

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 7 — Open positions on interest rate swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Templeton Global Total Return Fund (continued)

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
403,420,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.0362%	JPMorgan Chase Bank	23-Mar-25	USD	7,456,025
541,800,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.9777%	JPMorgan Chase Bank	27-Mar-25	USD	12,183,933
541,800,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 1.985%	JPMorgan Chase Bank	27-Mar-25	USD	11,892,667
45,640,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.3494%	JPMorgan Chase Bank	25-Feb-41	USD	(15,028,227)
34,230,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.3201%	JPMorgan Chase Bank	28-Feb-41	USD	(11,074,360)
11,410,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 4.299%	JPMorgan Chase Bank	01-Mar-41	USD	(3,655,582)
330,000,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.61313%	JPMorgan Chase Bank	26-Jan-47	USD	(5,260,414)
568,200,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.6782%	JPMorgan Chase Bank	27-Jan-47	USD	(17,028,397)
51,300,000	Receiving floating rate 3-month USD BBA LIBOR Paying fixed rate 2.5873%	JPMorgan Chase Bank	27-Jul-47	USD	(556,073)
					<u>(182,408,255)</u>

### Note 8 — Open positions on inflation swap contracts

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin Brazil Opportunities Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
7,000,000	Receiving floating rate CDI Paying floating rate IPCA	CM Capital Markets CCTVM	17-Aug-20	BRL	172,566
7,000,000	Receiving floating rate IPCA Paying floating rate CDI	CM Capital Markets CCTVM	17-Aug-20	BRL	(270,826)
6,040,000	Receiving floating rate CDI Paying floating rate IPCA	Itau Corretora de Valores	15-Aug-22	BRL	210,289
6,040,000	Receiving floating rate IPCA Paying floating rate CDI	Itau Corretora de Valores	15-Aug-22	BRL	(218,529)
5,000,000	Receiving floating rate CDI Paying floating rate IPCA	CM Capital Markets CCTVM	15-Dec-27	BRL	534,089
5,000,000	Receiving floating rate IPCA Paying floating rate CDI	CM Capital Markets CCTVM	15-Dec-27	BRL	(310,450)
					<u>117,139</u>

#### Franklin Flexible Alpha Bond Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
7,300,000	Receiving floating rate US CPI Urban Consumers NSA Paying fixed rate 1.782%	JPMorgan Chase Bank	27-May-24	USD	219,807
3,500,000	Receiving floating rate US CPI Urban Consumers NSA Paying fixed rate 2.0575%	JPMorgan Chase Bank	15-Sep-24	USD	24,231
3,800,000	Receiving floating rate US CPI Urban Consumers NSA Paying fixed rate 2.07%	JPMorgan Chase Bank	26-Sep-24	USD	25,715
7,000,000	Receiving floating rate US CPI Urban Consumers NSA Paying fixed rate 2.103%	Citibank	11-Dec-25	USD	27,338
					<u>297,091</u>



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 8 — Open positions on inflation swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
6,674,584	Receiving fixed rate 8.38%				
	Paying floating rate CDI	Morgan Stanley	02-Jan-20	BRL	14,755
6,676,506	Receiving fixed rate 8.365%				
	Paying floating rate CDI	Morgan Stanley	02-Jan-20	BRL	14,182
7,000,108	Receiving fixed rate 8.28%				
	Paying floating rate CDI	Morgan Stanley	02-Jan-20	BRL	11,294
7,183,197	Receiving fixed rate 8.245%				
	Paying floating rate CDI	Morgan Stanley	02-Jan-20	BRL	10,075
					50,306

#### Franklin K2 Global Macro Opportunities Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
530,010	Receiving fixed rate 8.38%				
	Paying floating rate CDI	Morgan Stanley	02-Jan-20	BRL	1,172
530,162	Receiving fixed rate 8.365%				
	Paying floating rate CDI	Morgan Stanley	02-Jan-20	BRL	1,126
523,161	Receiving fixed rate 8.28%				
	Paying floating rate CDI	Morgan Stanley	02-Jan-20	BRL	844
534,891	Receiving fixed rate 8.245%				
	Paying floating rate CDI	Morgan Stanley	02-Jan-20	BRL	750
					3,892

#### Franklin K2 Long Short Credit Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
910,816	Receiving fixed rate 8.38%				
	Paying floating rate CDI	Morgan Stanley	02-Jan-20	BRL	2,014
911,078	Receiving fixed rate 8.365%				
	Paying floating rate CDI	Morgan Stanley	02-Jan-20	BRL	1,935
899,172	Receiving fixed rate 8.28%				
	Paying floating rate CDI	Morgan Stanley	02-Jan-20	BRL	1,451
926,955	Receiving fixed rate 8.245%				
	Paying floating rate CDI	Morgan Stanley	02-Jan-20	BRL	1,300
					6,700

#### Franklin U.S. Low Duration Fund

Notional amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
24,600,000	Receiving floating rate US CPI Urban Consumers NSA				
	Paying fixed rate 1.96%	JPMorgan Chase Bank	31-Aug-24	USD	328,497

### Note 9 — Open positions on cross currency swap contracts

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Flexible Alpha Bond Fund

Description	Notional amount	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
Receiving floating rate 3-month USD BBA LIBOR +1.0825%	3,486,000			USD	
Paying fixed rate 0.75%	3,000,000	BNP Paribas	31-May-22	EUR	(104,222)
Receiving floating rate 3-month USD BBA LIBOR +0.821%	3,029,000			USD	
Paying fixed rate 0.625%	2,600,000	BNP Paribas	08-Jun-23	EUR	(79,368)
Receiving floating rate 3-month USD BBA LIBOR +0.36%	2,530,000			USD	
Paying floating rate 3-month EUR LIBOR	2,300,000	Citibank	18-Oct-19	EUR	(227,732)
Receiving fixed rate 3.045%	1,008,000			USD	
Paying fixed rate 1.125%	900,000	Citibank	15-Dec-21	EUR	(97,981)
Receiving floating rate 3-month USD BBA LIBOR +1.53%	1,810,500			USD	
Paying fixed rate 1.00%	1,700,000	Citibank	03-Mar-22	EUR	(65,088)
Receiving fixed rate 3.38%	1,232,000			USD	
Paying fixed rate 1.625%	1,100,000	Citibank	11-Jan-27	EUR	(136,286)



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 9 — Open positions on cross currency swap contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Flexible Alpha Bond Fund (continued)

Description	Notional amount	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
Receiving floating rate 3-month USD BBA LIBOR +0.7275%	4,740,000			USD	
Paying fixed rate 0.1%	4,000,000	HSBC Bank	15-Jan-19	EUR	(58,495)
Receiving floating rate 3-month USD BBA LIBOR +1.1225%	3,902,500			USD	
Paying fixed rate 0.75%	3,500,000	HSBC Bank	01-Apr-22	EUR	(281,231)
Receiving floating rate 3-month USD BBA LIBOR +1.045%	1,552,200			USD	
Paying fixed rate 0.75%	1,300,000	HSBC Bank	31-May-22	EUR	(2,842)
Receiving floating rate 3-month USD BBA LIBOR +1.12%	2,230,000			USD	
Paying fixed rate 0.75%	2,000,000	HSBC Bank	01-Jun-22	EUR	(162,097)
Receiving floating rate 3-month USD BBA LIBOR +0.731%	2,897,278			USD	
Paying fixed rate 0.18%	330,000,000	HSBC Bank	15-Jul-22	JPY	(29,120)
Receiving floating rate 3-month USD BBA LIBOR +0.7825%	5,985,000			USD	
Paying fixed rate 0.625%	5,000,000	HSBC Bank	08-Jun-23	EUR	5,685
Receiving floating rate 3-month USD BBA LIBOR +1.395%	1,195,000			USD	
Paying fixed rate 1.5%	1,000,000	HSBC Bank	26-Nov-25	EUR	(4,896)
Receiving floating rate 3-month USD BBA LIBOR +1.415%	2,633,400			USD	
Paying fixed rate 1.5%	2,200,000	HSBC Bank	26-Nov-25	EUR	(5,923)
Receiving floating rate 3-month USD BBA LIBOR +0.7863%	1,176,000			USD	
Paying fixed rate 0.1%	1,000,000	JPMorgan Chase Bank	15-Jan-19	EUR	(22,834)
Receiving floating rate 3-month USD BBA LIBOR +0.5975%	4,130,000			USD	
Paying fixed rate 0.1%	3,500,000	JPMorgan Chase Bank	27-Jan-21	EUR	(55,431)
Receiving floating rate 3-month USD BBA LIBOR +0.8375%	2,390,000			USD	
Paying fixed rate 1.00%	2,000,000	JPMorgan Chase Bank	26-Nov-25	EUR	(16,268)
					<u>(1,344,129)</u>

#### Franklin K2 Alternative Strategies Fund

Description	Notional amount	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
Receiving fixed rate 11.58%	1,245,996			TRY	
Paying floating rate 3-month USD BBA LIBOR	4,709,865	Bank of America	21-Mar-23	USD	1,604
Receiving fixed rate 11.5%	1,210,887			TRY	
Paying floating rate 3-month USD BBA LIBOR	4,571,099	Morgan Stanley	21-Mar-23	USD	(1,903)
					<u>(299)</u>

#### Franklin K2 Global Macro Opportunities Fund

Description	Notional amount	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
Receiving fixed rate 11.58%	92,143			TRY	
Paying floating rate 3-month USD BBA LIBOR	348,299	Bank of America	21-Mar-23	USD	119
Receiving fixed rate 11.5%	89,546			TRY	
Paying floating rate 3-month USD BBA LIBOR	338,037	Morgan Stanley	21-Mar-23	USD	(141)
					<u>(22)</u>

#### Franklin K2 Long Short Credit Fund

Description	Notional amount	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
Receiving fixed rate 11.58%	158,400			TRY	
Paying floating rate 3-month USD BBA LIBOR	598,751	Bank of America	21-Mar-23	USD	204
Receiving fixed rate 11.5%	153,936			TRY	
Paying floating rate 3-month USD BBA LIBOR	581,110	Morgan Stanley	21-Mar-23	USD	(242)
					<u>(38)</u>

#### Franklin Strategic Income Fund

Description	Notional amount	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
Receiving fixed rate 3.045%	336,000			USD	
Paying fixed rate 1.125%	300,000	Citibank	15-Dec-21	EUR	(32,661)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin Diversified Balanced Fund

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) EUR
USD	12,657,000	Performance of Bank of America Merrill Lynch Vortex Alpha Index	0.15% per annum of the Notional Amount	Bank of America	09-Nov-18	47,694
JPY	3,381,455,749	Positive performance of Barclays Japan Value Equity Market Hedged Index	Negative performance of Barclays Japan Value Equity Market Hedged Index	Barclays Bank	15-Nov-18	429,173
GBP	9,855,975	Positive performance of Barclays UK Quality Equity Market Hedged Index	Negative performance of Barclays UK Quality Equity Market Hedged Index	Barclays Bank	15-Nov-18	35,261
EUR	20,321,574	Performance of Citi Pure Earnings Momentum Europe Long Short Index	0.60% per annum of the Notional Amount	Citibank	15-Nov-18	191,283
USD	6,167,088	Performance JPMorgan exAL-Capped Enhanced Alpha Select 4x Leverage Index	1.60% per annum of the Notional Amount	JPMorgan Chase Bank	28-Mar-18	(10,139)
USD	10,125,000	Positive performance of JPMorgan U.S. Volatility Momentum QES Long Only Flat 20% Exposure Index (Series 1) (USD)	Negative performance of JPMorgan U.S. Volatility Momentum QES Long Only Flat 20% Exposure Index (Series 1) (USD)	JPMorgan Chase Bank	08-Nov-18	(98,766)
EUR	12,875,000	Positive performance of SGI FT EU Equity Call Strategy Index	Negative performance of SGI FT EU Equity Call Strategy Index	Societe Generale	01-Feb-18	70,569
USD	3,836,123	Performance of SGI VI Smart Beta Index	3-month USD BBA LIBOR +0.50%	Societe Generale	27-Feb-18	(136,836)
EUR	8,685,592	Positive performance of SGI PH Quality Europe Index	Negative performance of SGI PH Quality Europe Index	Societe Generale	21-Nov-18	70,509
EUR	13,569,114	Positive performance of SGI PH VL Europe Index	Negative performance of SGI PH VL Europe Index	Societe Generale	21-Nov-18	595,996
EUR	8,416,900	Positive performance of SGI Price Momentum Europe Index	Negative performance of SGI Price Momentum Europe Index	Societe Generale	21-Nov-18	(477,856)
						716,888

#### Franklin Diversified Conservative Fund

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) EUR
USD	14,880,000	Performance of Bank of America Merrill Lynch Vortex Alpha Index	0.15% per annum of the Notional Amount	Bank of America	09-Nov-18	56,071
JPY	4,963,209,552	Positive performance of Barclays Japan Value Equity Market Hedged Index	Negative performance of Barclays Japan Value Equity Market Hedged Index	Barclays Bank	15-Nov-18	629,928
GBP	14,466,342	Positive performance of Barclays UK Quality Equity Market Hedged Index	Negative performance of Barclays UK Quality Equity Market Hedged Index	Barclays Bank	15-Nov-18	51,755
EUR	29,827,455	Performance of Citi Pure Earnings Momentum Europe Long Short Index	0.60% per annum of the Notional Amount	Citibank	15-Nov-18	280,760
USD	8,605,239	Performance JPMorgan exAL-Capped Enhanced Alpha Select 4x Leverage Index	1.60% per annum of the Notional Amount	JPMorgan Chase Bank	28-Mar-18	(14,147)
USD	14,880,000	Positive performance of JPMorgan U.S. Volatility Momentum QES Long Only Flat 20% Exposure Index (Series 1) (USD)	Negative performance of JPMorgan U.S. Volatility Momentum QES Long Only Flat 20% Exposure Index (Series 1) (USD)	JPMorgan Chase Bank	08-Nov-18	(145,149)
EUR	7,967,000	Positive performance of SGI FT EU Equity Call Strategy Index	Negative performance of SGI FT EU Equity Call Strategy Index	Societe Generale	01-Feb-18	43,668
USD	4,288,758	Performance of SGI VI Smart Beta Index	3-month USD BBA LIBOR +0.50%	Societe Generale	27-Feb-18	(122,514)
EUR	12,748,554	Positive performance of SGI PH Quality Europe Index	Negative performance of SGI PH Quality Europe Index	Societe Generale	21-Nov-18	103,492
EUR	19,662,185	Positive performance of SGI PH VL Europe Index	Negative performance of SGI PH VL Europe Index	Societe Generale	21-Nov-18	863,622

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin Diversified Conservative Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) EUR
EUR	12,295,388	Positive performance of SGI Price Momentum Europe Index	Negative performance of SGI Price Momentum Europe Index	Societe Generale	21-Nov-18	(698,051)
						1,049,435

#### Franklin Diversified Dynamic Fund

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) EUR
USD	7,330,000	Performance of Bank of America Merrill Lynch Vortex Alpha Index	0.15% per annum of the Notional Amount	Bank of America	09-Nov-18	27,621
JPY	1,398,750,928	Positive performance of Barclays Japan Value Equity Market Hedged Index	Negative performance of Barclays Japan Value Equity Market Hedged Index	Barclays Bank	15-Nov-18	177,529
GBP	4,077,035	Positive performance of Barclays UK Quality Equity Market Hedged Index	Negative performance of Barclays UK Quality Equity Market Hedged Index	Barclays Bank	15-Nov-18	14,586
EUR	8,406,053	Performance of Citi Pure Earnings Momentum Europe Long Short Index	0.60% per annum of the Notional Amount	Citibank	15-Nov-18	79,125
USD	3,119,399	Performance JPMorgan exAL-Capped Enhanced Alpha Select 4x Leverage Index	1.60% per annum of the Notional Amount	JPMorgan Chase Bank	28-Mar-18	(5,128)
USD	4,189,000	Positive performance of JPMorgan U.S. Volatility Momentum QES Long Only Flat 20% Exposure Index (Series 1) (USD)	Negative performance of JPMorgan U.S. Volatility Momentum QES Long Only Flat 20% Exposure Index (Series 1) (USD)	JPMorgan Chase Bank	08-Nov-18	(40,862)
USD	2,252,603	Performance of SGI VI Smart Beta Index	3-month USD BBA LIBOR +0.50%	Societe Generale	27-Feb-18	(80,352)
EUR	3,592,808	Positive performance of SGI PH Quality Europe Index	Negative performance of SGI PH Quality Europe Index	Societe Generale	21-Nov-18	29,166
EUR	5,679,966	Positive performance of SGI PH VL Europe Index	Negative performance of SGI PH VL Europe Index	Societe Generale	21-Nov-18	249,481
EUR	3,521,877	Positive performance of SGI Price Momentum Europe Index	Negative performance of SGI Price Momentum Europe Index	Societe Generale	21-Nov-18	(199,949)
						251,217

#### Franklin Flexible Alpha Bond Fund

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	1,040,000	Performance of iBoxx USD Liquid High Yield Index Series 1 Version 1	3-month USD BBA LIBOR	Citibank	20-Mar-18	26,530
USD	14,100,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Citibank	20-Mar-18	46,112
USD	1,040,000	Performance of iBoxx USD Liquid High Yield Index Series 1 Version 1	3-month USD BBA LIBOR	Citibank	20-Jun-18	33,434
USD	3,000,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Citibank	20-Jun-18	(2,654)
USD	5,600,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Citibank	20-Sep-18	(30,444)
USD	6,300,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Goldman Sachs	20-Sep-18	(4,612)
USD	9,000,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Morgan Stanley	20-Sep-18	(74,680)
						(6,314)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin Global Multi-Asset Income Fund

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) EUR
JPY	5,637,571,742	Positive performance of Barclays Japan Value Equity Market Hedged Index	Negative performance of Barclays Japan Value Equity Market Hedged Index	Barclays Bank	15-Nov-18	715,517
GBP	16,431,862	Positive performance of Barclays UK Quality Equity Market Hedged Index	Negative performance of Barclays UK Quality Equity Market Hedged Index	Barclays Bank	15-Nov-18	58,787
EUR	33,880,160	Performance of Citi Pure Earnings Momentum Europe Long Short Index	0.60% per annum of the Notional Amount	Citibank	15-Nov-18	318,908
USD	9,680,894	Performance JPMorgan exAL-Capped Enhanced Alpha Select 4x Leverage Index	1.60% per annum of the Notional Amount	JPMorgan Chase Bank	28-Mar-18	(15,915)
USD	16,875,000	Positive performance of JPMorgan U.S. Volatility Momentum QES Long Only Flat 20% Exposure Index (Series 1) (USD)	Negative performance of JPMorgan U.S. Volatility Momentum QES Long Only Flat 20% Exposure Index (Series 1) (USD)	JPMorgan Chase Bank	08-Nov-18	(164,610)
EUR	25,872,000	Positive performance of SGI FT EU Equity Call Strategy Index	Negative performance of SGI FT EU Equity Call Strategy Index	Societe Generale	01-Feb-18	(23,621)
USD	3,912,972	Performance of SGI VI Smart Beta Index	3-month USD BBA LIBOR +0.50%	Societe Generale	27-Feb-18	(139,578)
EUR	14,480,729	Positive performance of SGI PH Quality Europe Index	Negative performance of SGI PH Quality Europe Index	Societe Generale	21-Nov-18	117,554
EUR	22,333,964	Positive performance of SGI PH VL Europe Index	Negative performance of SGI PH VL Europe Index	Societe Generale	21-Nov-18	980,975
EUR	13,965,765	Positive performance of SGI Price Momentum Europe Index	Negative performance of SGI Price Momentum Europe Index	Societe Generale	21-Nov-18	(792,884)
						1,055,133

#### Franklin K2 Alternative Strategies Fund

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
HUF	1,339,132	1-month EUR LIBOR -0.35%	Performance of Richter Gedeon Nyrt	BNP Paribas	29-Jan-18	(14,085)
GBP	12,367	1-month GBP LIBOR -2.75%	Performance of Primary Health Properties PLC	BNP Paribas	29-Jan-18	(107)
JPY	140,481,000	1-month JPY LIBOR -0.40%	Performance of Suzuki Motor Corp.	BNP Paribas	29-Jan-18	(1,908)
USD	444,044	Performance of CP Foods Holdings Ltd., cvt., senior note, Reg S, 0.50%, 09/22/21	1-month USD LIBOR +0.75%	BNP Paribas	29-Jan-18	2,311
JPY	255,200,000	Performance of Suzuki Motor Corp., cvt., senior note, Reg S, zero cpn., 03/31/23	1-month JPY LIBOR +0.75%	BNP Paribas	29-Jan-18	5,359
USD	1,020,753	Performance of Liberty Media Group, cvt., senior note, 144A, 1.00%, 01/30/23	1-month USD LIBOR +0.75%	BNP Paribas	28-Feb-18	(331)
USD	339,345	US Overnight Bank Funding Rate -0.50%	Performance of Liberty Media Group	BNP Paribas	28-Feb-18	199
USD	2,728,962	Performance of Empire State Realty OP LP, senior note, 144A, cvt., 2.625%, 08/15/19	1-month USD LIBOR +0.75%	BNP Paribas	28-Mar-18	16,552
GBP	3,052,790	Performance of J Sainsbury PLC, cvt., senior note, Reg S, 1.25%, 11/21/19	1-month GBP LIBOR +0.80%	BNP Paribas	28-Mar-18	25,415
GBP	794,314	Performance of National Grid North America Inc., cvt., senior note, Reg S, 0.90%, 11/02/20	1-month GBP LIBOR +0.80%	BNP Paribas	28-Mar-18	2,446
USD	245,328	US Overnight Bank Funding Rate -0.30%	Performance of Ctrip.com International Ltd., ADR	BNP Paribas	28-Mar-18	1,113
EUR	145,092	1-month EUR LIBOR -7.50%	Performance of Nyrstar NV	BNP Paribas	27-Apr-18	(1,505)
HKD	10,389,060	1-month HKD LIBOR -0.75%	Performance of ASM Pacific Technology Ltd.	BNP Paribas	27-Apr-18	(35,411)
HKD	12,288,611	Performance of ASM Pacific Technology Ltd., cvt., senior note, Reg S, 2.00%, 03/28/19	1-month HKD LIBOR +0.90%	BNP Paribas	27-Apr-18	31,409

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
EUR	1,788,338	Performance of Magyar Nemzeti Vagyonkezelő ZRT, cvt., senior note, Reg S, cvt., 3.375%, 04/02/19	1-month EUR LIBOR +0.80%	BNP Paribas	27-Apr-18	15,555
EUR	889,096	Performance of Nyrstar NV, cvt., senior note, Reg S, 5.00%, 07/11/22	1-month EUR LIBOR +0.80%	BNP Paribas	27-Apr-18	(15,352)
JPY	109,065,000	Performance of Chugoku Electric Power Co., cvt., zero cpn., 03/25/20	1-month JPY LIBOR +0.75%	BNP Paribas	29-May-18	(1,296)
USD	1,587,318	US Overnight Bank Funding Rate -0.30%	Performance of Empire State Realty Trust Inc.	BNP Paribas	30-May-18	(17,010)
GBP	555,976	1-month GBP LIBOR -0.40%	Performance of J Sainsbury PLC	BNP Paribas	27-Jun-18	(11,882)
PHP	270,506	1-month USD LIBOR -4.00%	Performance of Ayala Land Inc.	BNP Paribas	27-Jun-18	(8,668)
GBP	39,747	1-month GBP LIBOR -0.40%	Performance of National Grid PLC	BNP Paribas	27-Jul-18	(2,252)
HKD	1,437,480	1-month HKD LIBOR -0.40%	Performance of ASM Pacific Technology Ltd.	BNP Paribas	27-Jul-18	(4,900)
HKD	6,021,000	1-month HKD LIBOR -0.40%	Performance of ENN Energy Holdings Ltd.	BNP Paribas	29-Aug-18	4,147
JPY	4,601,800	1-month JPY LIBOR -0.40%	Performance of Chugoku Electric Power Co. Inc.	BNP Paribas	29-Aug-18	(169)
USD	3,527,037	Performance of Tesla Inc., cvt., senior note, 2.375%, 03/15/22	1-month USD LIBOR +0.75%	BNP Paribas	29-Aug-18	(47,746)
USD	450,423	US Overnight Bank Funding Rate -0.30%	Performance of Euronet Worldwide Inc.	BNP Paribas	29-Aug-18	(1,283)
USD	2,040,277	US Overnight Bank Funding Rate -0.98%	Performance of Tesla Inc.	BNP Paribas	29-Aug-18	38,925
HKD	2,068,000	1-month HKD LIBOR -0.40%	Performance of Haitian International Holdings Ltd.	BNP Paribas	28-Sep-18	563
EUR	113,873	1-month EUR LIBOR -0.35%	Performance of Fresenius SE & Co. KGaA	BNP Paribas	29-Oct-18	462
EUR	2,026,853	1-month USD LIBOR -0.35%	Performance of QIAGEN NV	BNP Paribas	29-Oct-18	7,194
EUR	135,000	Performance of Fresenius SE & Co. KGaA, cvt., senior note, zero cpn., 09/24/19	1-month EUR LIBOR +0.80%	BNP Paribas	29-Oct-18	149
USD	2,927,292	Performance of QIAGEN NV, cvt., senior note, Reg S, 0.875%, 03/19/21	1-month USD LIBOR +0.80%	BNP Paribas	29-Oct-18	(50,595)
USD	3,114,219	Performance of Vishay Intertechnology Inc., cvt., senior bond, 2.25%, 11/15/40	1-month USD LIBOR +0.75%	BNP Paribas	29-Oct-18	(39,967)
USD	269,522	US Overnight Bank Funding Rate -0.30%	Performance of Liberty Media Group	BNP Paribas	29-Oct-18	158
USD	2,851,050	US Overnight Bank Funding Rate -0.30%	Performance of Vishay Intertechnology Inc.	BNP Paribas	29-Oct-18	48,090
GBP	315,549	1-month USD LIBOR -5.50%	Performance of Hurricane Energy PLC	BNP Paribas	28-Nov-18	1,850
USD	790,125	Performance of Hurricane Energy PLC, cvt., senior note, Reg S, 7.50%, 07/24/22	1-month USD LIBOR +0.80%	BNP Paribas	28-Nov-18	9,742
JPY	237,740,600	1-month JPY LIBOR -0.40%	Performance of Nagoya Railroad Co. Ltd.	BNP Paribas	27-Dec-18	17,850
JPY	263,340,000	Performance of Nagoya Railroad Co. Ltd., cvt., senior note, Reg S, zero cpn., 10/03/23	1-month JPY LIBOR +0.75%	BNP Paribas	27-Dec-18	(32,021)
USD	496,216	Performance of STMicroelectronics NV, cvt., senior note, Reg S, 0.25%, 07/03/17	1-month USD LIBOR +0.80%	BNP Paribas	28-Dec-18	1,758
NOK	916,485	1-month EUR LIBOR -0.65%	Performance of Marine Harvest ASA	BNP Paribas	31-Dec-18	(15,770)
GBP	157,725	1-month GBP LIBOR -0.40%	Performance of Playtech PLC	BNP Paribas	31-Dec-18	(542)
EUR	316,727	1-month USD LIBOR -0.35%	Performance of STMicroelectronics NV	BNP Paribas	31-Dec-18	3,099

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
EUR	1,606,024	Performance of Marine Harvest ASA, cvt., senior note, Reg S, 0.125%, 11/05/20	1-month EUR LIBOR +0.80%	BNP Paribas	31-Dec-18	21,927
EUR	235,112	Performance of PT Jersey Ltd., Reg S, cvt., senior note, 0.50%, 11/19/19	1-month EUR LIBOR +0.80%	BNP Paribas	31-Dec-18	1,966
SEK SEK	564,684 3,270,635	1-month SEK LIBOR -3.25% Performance of SAS AB, cvt., senior note, Reg S, 3.625%, 04/01/19	Performance of SAS AB 1-month SEK LIBOR +0.80%	BNP Paribas BNP Paribas	02-Jan-19 02-Jan-19	646 (621)
EUR	546,277	1-month EUR LIBOR -0.35%	Performance of BE Semiconductor Industries NV	BNP Paribas	29-Jan-19	4,875
USD	834,282	Performance of AYC Finance Ltd., cvt., senior note, Reg S, 0.50%, 05/02/19	1-month USD LIBOR +1.00%	BNP Paribas	29-Jan-19	31,168
EUR	716,778	Performance of BE Semiconductor Industries NV, cvt., senior note, Reg S, 2.50%, 12/02/23	1-month EUR LIBOR +0.80%	BNP Paribas	29-Jan-19	2,419
USD	278,206	Performance of Ctrip.com International Ltd., cvt., senior note, 1.25%, 10/15/18	1-month USD LIBOR +0.75%	BNP Paribas	29-Jan-19	1,349
USD	590,864	Performance of Euronet Worldwide Inc., cvt., senior bond, 1.50%, 10/01/44	1-month USD LIBOR +0.75%	BNP Paribas	29-Jan-19	(3,891)
USD	800,000	Performance of Hon Hai Precision Industry Co. Ltd., cvt., senior note, Reg S, zero cpn., 11/06/22	1-month USD LIBOR +1.00%	BNP Paribas	29-Jan-19	9,337
USD	559,181	Performance of InterDigital Inc., cvt., senior note, 1.50%, 03/01/20	1-month USD LIBOR +0.75%	BNP Paribas	29-Jan-19	2,998
USD	136,968	Performance of Pattern Energy Group Inc., cvt., senior note, 4.00%, 07/15/20	1-month USD LIBOR +0.75%	BNP Paribas	29-Jan-19	592
USD	306,351	US Overnight Bank Funding Rate -0.30%	Performance of InterDigital Inc.	BNP Paribas	29-Jan-19	(603)
USD	50,287	US Overnight Bank Funding Rate -0.30%	Performance of Pattern Energy Group Inc.	BNP Paribas	29-Jan-19	(309)
EUR EUR	174,916 555,685	1-month EUR LIBOR -7.50% Performance of Nyrstar NV, cvt., senior note, Reg S, 5.00%, 07/11/22	1-month EUR LIBOR +0.90%	Deutsche Bank Deutsche Bank	15-Jan-18 15-Jan-18	(22,266) 7,846
HUF	2,087,156	1-month EUR LIBOR -0.40%	Performance of Richter Gedeon Nyrt	Deutsche Bank	17-Jan-18	(147,352)
EUR	3,576,676	Performance of Magyar Nemzeti Vagyonkezelő ZRT, cvt., senior note, Reg S, cvt., 3.375%, 04/02/19	1-month EUR LIBOR +0.90%	Deutsche Bank	17-Jan-18	199,397
CAD	111,112	CAD-CAD Overnight -0.30%	Performance of Element Fleet Management Corp.	Deutsche Bank	22-Jan-18	(5,788)
THB	283,523	1-month USD LIBOR -1.00%	Performance of CP ALL PCL, fgn.	Deutsche Bank	06-Feb-18	(1,148)
GBP	915,837	Performance of J Sainsbury PLC, cvt., senior note, Reg S, 1.25%, 11/21/19	1-month GBP LIBOR +0.90%	Deutsche Bank	12-Feb-18	13,676
GBP	1,023,194	Performance of Enterprise Funding Ltd., cvt., senior note, Reg S, 3.50%, 09/10/20	1-month GBP LIBOR +0.90%	Deutsche Bank	17-Feb-18	1,106
GBP	485,951	Performance of Carillion Finance Jersey Ltd., cvt., senior note, Reg S, 2.50%, 12/19/19	1-month GBP LIBOR +0.90%	Deutsche Bank	19-Feb-18	194,356
GBP	1,143,248	Performance of Great Portland Estates Capital Jersey Ltd., cvt., senior note, Reg S, 1.00%, 09/10/18	1-month GBP LIBOR +0.90%	Deutsche Bank	19-Feb-18	28,421
GBP	359,167	Performance of PHP Finance Jersey Ltd., cvt., senior note, 4.25%, 05/20/19	1-month GBP LIBOR +0.90%	Deutsche Bank	19-Feb-18	3,720



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
EUR	705,337	Performance of PT Jersey Ltd., Reg S, cvt., senior note, 0.50%, 11/19/19	1-month EUR LIBOR +0.90%	Deutsche Bank	19-Feb-18	7,194
GBP	203,577	Performance of St. Modwen Properties Securities Jersey Ltd., 2.875%, cvt., 03/06/19	1-month GBP LIBOR +0.90%	Deutsche Bank	19-Feb-18	3,418
USD	789,494	Performance of Larsen & Toubro Ltd., cvt., senior note, Reg S, 0.675%, 10/22/19	1-month USD LIBOR +1.50%	Deutsche Bank	20-Feb-18	(3,398)
USD	220,261	1-month USD LIBOR -2.50%	Performance of Larsen & Toubro Ltd., GDR, Reg S	Deutsche Bank	17-Mar-18	(7,968)
HKD	188,000	1-month HKD LIBOR -0.40%	Performance of Haitian International Holdings Ltd.	Deutsche Bank	19-Mar-18	(2,509)
EUR	1,799,883	Performance of ACS Actividades Finance BV, cvt., first lien, senior secured note, Reg S, 2.625%, 10/22/18	1-month EUR LIBOR +0.90%	Deutsche Bank	19-Mar-18	(25,509)
EUR	3,983,952	Performance of OCI NV, cvt., senior note, Reg S, 3.875%, 09/25/18	1-month EUR LIBOR +0.90%	Deutsche Bank	19-Mar-18	9,604
GBP	39,799	1-month USD LIBOR -0.40%	Performance of Inmarsat PLC	Deutsche Bank	03-Apr-18	(4,199)
GBP	496,769	1-month USD LIBOR -11.45%	Performance of Premier Oil PLC	Deutsche Bank	03-Apr-18	(40,288)
USD	100,200	Performance of Dana Gas Sukuk Ltd., cvt., senior note, Reg S, 7.00%, 10/31/17	1-month USD LIBOR +0.90%	Deutsche Bank	18-Apr-18	2,000
USD	903,976	US Overnight Bank Funding Rate -0.75%	Performance of Ship Finance International Ltd.	Deutsche Bank	18-Apr-18	(36,736)
USD	874,688	Performance of ENN Energy Holdings Ltd., cvt., senior note, Reg S, zero cpn., 02/26/18	1-month USD LIBOR +0.90%	Deutsche Bank	12-May-18	29,063
USD	2,290,882	Performance of Haitian International Holdings Ltd., cvt., senior note, 2.00%, 02/13/19	1-month USD LIBOR +0.90%	Deutsche Bank	12-May-18	129,382
HKD	19,661,778	Performance of ASM Pacific Technology Ltd., cvt., senior note, Reg S, 2.00%, 03/28/19	1-month HKD LIBOR +0.90%	Deutsche Bank	18-May-18	97,759
EUR	141,749	1-month EUR LIBOR -3.00%	Performance of Sogefi SpA	Deutsche Bank	11-Jun-18	(11,536)
EUR	413,998	Performance of Sogefi SpA, cvt., senior note, Reg S, 2.00%, 05/21/21	1-month EUR LIBOR +0.90%	Deutsche Bank	11-Jun-18	10,654
USD	427,779	Performance of Inmarsat PLC, cvt., senior note, Reg S, 3.875%, 09/09/23	1-month USD LIBOR +1.00%	Deutsche Bank	02-Jul-18	14,974
USD	1,385,310	1-month GBP LIBOR -0.40%	Performance of Vantiv Inc., A	Deutsche Bank	16-Jul-18	68,692
EUR	192,782	1-month EUR LIBOR -2.00%	Performance of OCI NV	Deutsche Bank	19-Jul-18	(715)
PHP	271,245	1-month USD LIBOR -2.63%	Performance of Ayala Land Inc.	Deutsche Bank	20-Jul-18	(16,139)
MYR	386,905	1-month SGD LIBOR -3.10%	Performance of IHH Healthcare Bhd.	Deutsche Bank	20-Aug-18	(3,206)
USD	830,188	Performance of Asia View Ltd., cvt., senior note, Reg S, 1.50%, 08/08/19	1-month USD LIBOR +0.90%	Deutsche Bank	20-Aug-18	21,719
USD	444,044	Performance of CP Foods Holdings Ltd., cvt., senior note, Reg S, 0.50%, 09/22/21	1-month USD LIBOR +0.90%	Deutsche Bank	20-Aug-18	2,061
USD	1,458,670	Performance of PB Issuer No. 4 Ltd., cvt., senior note, Reg S, 3.25%, 07/03/21	1-month USD LIBOR +0.90%	Deutsche Bank	20-Aug-18	14,127
USD	2,640,730	US Overnight Bank Funding Rate -0.35%	Performance of AT&T Inc.	Deutsche Bank	17-Sep-18	(43,343)
USD	1,834,066	US Overnight Bank Funding Rate -0.35%	Performance of Becton Dickinson and Co.	Deutsche Bank	17-Sep-18	63,403
USD	1,062,995	US Overnight Bank Funding Rate -0.35%	Performance of CVS Health Corp.	Deutsche Bank	17-Sep-18	11,232
USD	1,596,832	US Overnight Bank Funding Rate -0.35%	Performance of Discovery Communications Inc., C	Deutsche Bank	17-Sep-18	(106,917)
USD	3,808,313	US Overnight Bank Funding Rate -0.35%	Performance of Lennar Corp., A	Deutsche Bank	17-Sep-18	(109,956)



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	62,223	US Overnight Bank Funding Rate -0.35%	Performance of Lennar Corp., B	Deutsche Bank	17-Sep-18	(3,393)
USD	1,108,177	US Overnight Bank Funding Rate -0.35%	Performance of Liberty Ventures, A	Deutsche Bank	17-Sep-18	49,852
USD	493,165	US Overnight Bank Funding Rate -0.35%	Performance of Littelfuse Inc.	Deutsche Bank	17-Sep-18	(249)
USD	621,514	US Overnight Bank Funding Rate -0.35%	Performance of Marvell Technology Group Ltd.	Deutsche Bank	17-Sep-18	3,024
USD	1,596,172	US Overnight Bank Funding Rate -0.35%	Performance of Sinclair Broadcast Group Inc., A	Deutsche Bank	17-Sep-18	(13,368)
USD	1,256,520	US Overnight Bank Funding Rate -0.35%	Performance of Spectrum Brands Holdings Inc.	Deutsche Bank	17-Sep-18	23,213
USD	2,168,262	US Overnight Bank Funding Rate -0.35%	Performance of The Walt Disney Co.	Deutsche Bank	17-Sep-18	75,050
USD	1,214,946	US Overnight Bank Funding Rate -0.35%	Performance of Transocean Inc.	Deutsche Bank	17-Sep-18	(139,924)
USD	680,304	US Overnight Bank Funding Rate -0.35%	Performance of U.S. Treasury Note, 2.125%, 12/31/22	Deutsche Bank	17-Sep-18	998
USD	1,507,367	US Overnight Bank Funding Rate -0.35%	Performance of United Technologies Corp.	Deutsche Bank	17-Sep-18	(13,387)
EUR	2,658,200	1-month EUR LIBOR -0.40%	Performance of Alstria Office REIT-AG	Deutsche Bank	19-Sep-18	14,835
EUR	563,832	1-month EUR LIBOR -0.40%	Performance of Fresenius SE & Co. KGaA	Deutsche Bank	19-Sep-18	(9,253)
USD	201,000	Performance of Gulf Keystone Petroleum Ltd., senior note, Reg S, PIK, 10.00%, 10/18/21	1-month USD LIBOR +0.90%	Deutsche Bank	19-Sep-18	1,611
SGD	1,300,000	Performance of Indah Capital Ltd., senior note, Reg S, cvt., zero cpn., 10/24/18	1-month SGD LIBOR +1.00%	Deutsche Bank	19-Sep-18	10,047
USD	818,719	Performance of AK Steel Corp., cvt., senior note, 5.00%, 11/15/19	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(65,549)
USD	144,632	Performance of Allscripts Healthcare Solutions Inc., cvt., senior note, 1.25%, 07/01/20	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	3,160
USD	1,606,000	Performance of American Residential Properties OP LP, cvt., senior note, 144A, 3.25%, 11/15/18	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	181,042
USD	2,377,303	Performance of Amicus Therapeutics Inc., cvt., senior note, 144A, 3.00%, 12/15/23	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	577,878
USD	96,577	Performance of AmTrust Financial Services Inc., cvt., senior note, 2.75%, 12/15/44	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(4,842)
USD	157,473	Performance of Atlas Air Worldwide Holdings Inc., cvt., senior note, 1.875%, 06/01/24	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	13,931
USD	15,016	Performance of Biomarin Pharmaceutical Inc., cvt., 0.60%, 08/15/24	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	501
USD	929,336	Performance of CalAmp Corp., cvt., senior note, 1.625%, 05/15/20	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	18,125
USD	780,129	Performance of Carbonite Inc., cvt., senior note, 144A, 2.50%, 04/01/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	58,691
USD	227,815	Performance of Carriage Services Inc., cvt., sub. note, 2.75%, 03/15/21	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	26,424
USD	1,170,938	Performance of Cemex SAB de CV, cvt., sub. note, 3.72%, 03/15/20	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(68,895)
USD	679,029	Performance of Colony NorthStar Inc., cvt., senior note, 3.875%, 01/15/21	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(13,236)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	55,246	Performance of Cypress Semiconductor Corp., cvt., senior note, 144A, 2.00%, 02/01/23	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(928)
USD	892,198	Performance of Cypress Semiconductor Corp., cvt., senior note, 4.50%, 01/15/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(7,336)
USD	536,938	Performance of Dermira Inc., cvt., senior note, 144A, 3.00%, 05/15/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(4,322)
USD	272,054	Performance of Encore Capital Group Inc., senior note, 144A, cvt., 3.25%, 03/15/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	26,130
USD	81,902	Performance of EZCORP Inc., cvt., senior note, 144A, 2.875%, 07/01/24	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	17,142
USD	819,245	Performance of EZCORP Inc., cvt., senior note, 2.12%, 06/15/19	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	1,500
USD	823,358	Performance of Forest City Enterprises Inc., cvt., senior note, 4.25%, 08/15/18	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(9,115)
USD	940,318	Performance of Green Plains Inc., cvt., senior note, 3.25%, 10/01/18	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(130,072)
USD	82,496	Performance of Green Plains Inc., cvt., senior note, 4.125%, 09/01/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(9,481)
USD	32,905	Performance of HCl Group Inc., cvt., senior bond, 144A, 4.25%, 03/01/37	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(4,322)
USD	425,285	Performance of Herbalife Ltd., cvt., senior note, 2.00%, 08/15/19	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(15,911)
USD	51,388	Performance of Hercules Capital Inc., cvt., senior note, 144A, 4.375%, 02/01/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	1,190
USD	439,840	Performance of Horizon Global Corp., cvt., senior note, 2.75%, 07/01/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(9,010)
USD	267,572	Performance of HubSpot Inc., cvt., 144A, 0.25%, 06/01/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	4,844
USD	899,949	Performance of IH Merger Sub LLC, cvt., 3.00%, 07/01/19	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	117,105
USD	1,300,521	Performance of IH Merger Sub LLC, cvt., senior note, 144A, 3.50%, 01/15/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	103,047
USD	83,375	Performance of II-VI Inc., cvt., senior note, 144A, 0.25%, 09/01/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	2,759
USD	73,187	Performance of Impax Laboratories Inc., cvt., senior note, 2.00%, 06/15/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	1,473
USD	277,967	Performance of Inoviva Inc., cvt., sub. note, 2.125%, 01/15/23	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	19,001
USD	507,518	Performance of Inphi Corp., cvt., senior note, 1.125%, 12/01/20	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(2,024)
USD	418,785	Performance of InterDigital Inc., cvt., senior note, 1.50%, 03/01/20	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(11,072)
USD	1,291,935	Performance of Invacare Corp., cvt., senior note, 5.00%, 02/15/21	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	114,925
USD	687,909	Performance of Kaman Corp., cvt., senior note, 144A, 3.25%, 05/01/24	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	30,804

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	525,966	Performance of Knowles Corp., cvt., senior note, 3.25%, 11/01/21	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	4,212
USD	466,005	Performance of Liberty Interactive LLC, cvt., senior bond, 4.00%, 11/15/29	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	50,383
USD	509,814	Performance of Liberty Media Group, cvt., senior note, 144A, 1.00%, 01/30/23	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(21,922)
USD	44,953	Performance of Microchip Technology Inc., cvt., senior note, 144A, 1.625%, 02/15/27	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(885)
USD	633,923	Performance of Micron Technology Inc., cvt., senior bond, G, 3.00%, 11/15/43	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(45,621)
USD	901,835	Performance of Navistar International Corp., cvt., senior sub. note, 4.50%, 10/15/18	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(11,089)
USD	219,229	Performance of Navistar International Corp., cvt., senior sub. note, 4.75%, 04/15/19	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	3,771
USD	1,014,210	Performance of Neurocrine Biosciences Inc., cvt., senior note, 144A, 2.25%, 05/15/24	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	88,087
USD	272,857	Performance of ON Semiconductor Corp., cvt., senior note, 144A, 1.625%, 10/15/23	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(1,182)
USD	111,922	Performance of Pacira Pharmaceuticals Inc., cvt., senior note, 144A, 2.375%, 04/01/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	7,104
USD	263,593	Performance of PDL BioPharma Inc., cvt., senior note, 4.00%, 12/01/21	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(40,464)
USD	410,425	Performance of PRA Group Inc., cvt., senior note, 144A, 3.50%, 06/01/23	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(6,392)
USD	331,594	Performance of PRA Group Inc., cvt., senior note, 3.00%, 08/01/20	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	4,352
USD	726,950	Performance of Quidel Corp., cvt., senior note, 3.25%, 12/15/20	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	157,741
USD	183,736	Performance of Radius Health Inc., cvt., senior note, 3.00%, 09/01/24	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	1,527
USD	41,170	Performance of Rambus Inc., cvt., senior note, 144A, 1.375%, 02/01/23	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(1,022)
USD	424,215	Performance of RTI International Metals Inc., cvt., senior note, 1.625%, 10/15/19	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	9,737
USD	226,336	Performance of RWT Holdings Inc., cvt., senior note, 5.625%, 11/15/19	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	8,909
USD	239,070	Performance of ServiceNow Inc., cvt., senior note, 144A, zero cpn., 06/01/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	13,210
USD	209,519	Performance of Square Inc., cvt., 144A, 0.375%, 03/01/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(42,227)
USD	335,013	Performance of Sucampo Pharmaceuticals Inc., cvt., 144A, 3.25%, 12/15/21	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	51,802

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	105,148	Performance of Teladoc Inc., cvt., senior note, 144A, 3.00%, 12/15/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	1,262
USD	91,328	Performance of TerraVia Holdings Inc., cvt., senior sub. note, 5.00%, 10/01/19	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(445,122)
USD	1,212,419	Performance of Tesla Inc., cvt., senior note, 2.375%, 03/15/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	309
USD	246,462	Performance of The Greenbrier Cos. Inc., cvt., senior note, 144A, 2.875%, 02/01/24	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	10,250
USD	334,581	Performance of The Medicines Co., cvt., senior note, 2.75%, 07/15/23	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(39,523)
USD	1,379,937	Performance of Trinity Industries Inc., cvt., sub. note, 3.875%, 06/01/36	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	48,493
USD	349,864	Performance of Viavi Solutions Inc., senior note, 144A, cvt., 1.00%, 03/01/24	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(8,880)
USD	2,682	Performance of Virtus Investment Partners Inc., 7.25%, cvt. pfd.	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(2,866)
USD	275,677	Performance of Weibo Corp., cvt., senior note, 144A, 1.25%, 11/15/22	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	1,776
USD	747,450	Performance of Wright Medical Group Inc., cvt., senior note, 2.00%, 02/15/20	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(43,624)
USD	686,175	Performance of Wright Medical Group NV, cvt., senior note, 2.25%, 11/15/21	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(77,480)
USD	347,626	Performance of Zillow Group Inc., cvt., senior note, 144A, 2.00%, 12/01/21	1-month USD LIBOR +1.00%	Deutsche Bank	01-Oct-18	(740)
USD	0	US Overnight Bank Funding Rate	Performance of Marriott Vacations Worldwide Corp.	Deutsche Bank	01-Oct-18	(203)
USD	995,075	US Overnight Bank Funding Rate	Performance of Tesla Inc.	Deutsche Bank	01-Oct-18	53,704
USD	675,979	US Overnight Bank Funding Rate -0.13%	Performance of AK Steel Holding Corp.	Deutsche Bank	01-Oct-18	185,872
USD	337,634	US Overnight Bank Funding Rate -0.25%	Performance of Knowles Corp.	Deutsche Bank	01-Oct-18	29,043
USD	166,515	US Overnight Bank Funding Rate -0.35%	Performance of Air Transport Services Group Inc.	Deutsche Bank	01-Oct-18	5,932
USD	1,026	US Overnight Bank Funding Rate -0.35%	Performance of Ak Steel Holding Corp., 7.25%, cvt. pfd.	Deutsche Bank	01-Oct-18	518
USD	208,021	US Overnight Bank Funding Rate -0.35%	Performance of Allscripts Healthcare Solutions Inc.	Deutsche Bank	01-Oct-18	(13,564)
USD	1,334,227	US Overnight Bank Funding Rate -0.35%	Performance of American Homes 4 Rent, A	Deutsche Bank	01-Oct-18	(963)
USD	3,057,774	US Overnight Bank Funding Rate -0.35%	Performance of Amicus Therapeutics Inc.	Deutsche Bank	01-Oct-18	(993,718)
USD	44,338	US Overnight Bank Funding Rate -0.35%	Performance of AmTrust Financial Services Inc.	Deutsche Bank	01-Oct-18	10,301
USD	198,706	US Overnight Bank Funding Rate -0.35%	Performance of Atlas Air Worldwide Holdings Inc.	Deutsche Bank	01-Oct-18	19,380
USD	188,060	US Overnight Bank Funding Rate -0.35%	Performance of BioMarin Pharmaceutical Inc.	Deutsche Bank	01-Oct-18	(17,336)
USD	315,235	US Overnight Bank Funding Rate -0.35%	Performance of CalAmp Corp.	Deutsche Bank	01-Oct-18	19,473
USD	498,210	US Overnight Bank Funding Rate -0.35%	Performance of Carbonite Inc.	Deutsche Bank	01-Oct-18	(60,532)
USD	380,585	US Overnight Bank Funding Rate -0.35%	Performance of Carriage Services Inc.	Deutsche Bank	01-Oct-18	(36,455)
USD	309,960	US Overnight Bank Funding Rate -0.35%	Performance of Cemex SAB de CV, CPO, ADR	Deutsche Bank	01-Oct-18	63,264

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	87,300	US Overnight Bank Funding Rate -0.35%	Performance of Chart Industries Inc.	Deutsche Bank	01-Oct-18	(5,018)
USD	192,175	US Overnight Bank Funding Rate -0.35%	Performance of Cleveland-Cliffs Inc.	Deutsche Bank	01-Oct-18	(20,774)
USD	169,302	US Overnight Bank Funding Rate -0.35%	Performance of Colony NorthStar Inc., A	Deutsche Bank	01-Oct-18	26,449
USD	494,635	US Overnight Bank Funding Rate -0.35%	Performance of Cowen Inc.	Deutsche Bank	01-Oct-18	19,742
USD	627,050	US Overnight Bank Funding Rate -0.35%	Performance of Cypress Semiconductor Corp.	Deutsche Bank	01-Oct-18	36,905
USD	145,224	US Overnight Bank Funding Rate -0.35%	Performance of Dermira Inc.	Deutsche Bank	01-Oct-18	(3,711)
USD	69,844	US Overnight Bank Funding Rate -0.35%	Performance of DexCom Inc.	Deutsche Bank	01-Oct-18	(9,318)
USD	86,141	US Overnight Bank Funding Rate -0.35%	Performance of DISH Network Corp., A	Deutsche Bank	01-Oct-18	5,008
USD	1,001,559	US Overnight Bank Funding Rate -0.35%	Performance of Encore Capital Group Inc.	Deutsche Bank	01-Oct-18	19,267
USD	334,112	US Overnight Bank Funding Rate -0.35%	Performance of Everbridge Inc.	Deutsche Bank	01-Oct-18	(35,156)
USD	1,028,997	US Overnight Bank Funding Rate -0.35%	Performance of EZCORP Inc., A	Deutsche Bank	01-Oct-18	(210,834)
USD	1,226,497	US Overnight Bank Funding Rate -0.35%	Performance of Forest City Realty Trust Inc., A	Deutsche Bank	01-Oct-18	(15,908)
USD	846,376	US Overnight Bank Funding Rate -0.35%	Performance of Green Plains Inc.	Deutsche Bank	01-Oct-18	359,788
USD	63,657	US Overnight Bank Funding Rate -0.35%	Performance of HCI Group Inc.	Deutsche Bank	01-Oct-18	17,858
USD	154,876	US Overnight Bank Funding Rate -0.35%	Performance of Herbalife Ltd.	Deutsche Bank	01-Oct-18	14,606
USD	54,120	US Overnight Bank Funding Rate -0.35%	Performance of Hercules Capital Inc.	Deutsche Bank	01-Oct-18	(768)
USD	325,026	US Overnight Bank Funding Rate -0.35%	Performance of Horizon Global Corp.	Deutsche Bank	01-Oct-18	19,044
USD	167,164	US Overnight Bank Funding Rate -0.35%	Performance of HubSpot Inc.	Deutsche Bank	01-Oct-18	(8,666)
USD	419,968	US Overnight Bank Funding Rate -0.35%	Performance of II-VI Inc.	Deutsche Bank	01-Oct-18	(27,037)
USD	4,396	US Overnight Bank Funding Rate -0.35%	Performance of Impax Laboratories Inc.	Deutsche Bank	01-Oct-18	831
USD	264,874	US Overnight Bank Funding Rate -0.35%	Performance of Inphi Corp.	Deutsche Bank	01-Oct-18	(2,281)
USD	182,574	US Overnight Bank Funding Rate -0.35%	Performance of Insulet Corp.	Deutsche Bank	01-Oct-18	536
USD	193,573	US Overnight Bank Funding Rate -0.35%	Performance of InterDigital Inc.	Deutsche Bank	01-Oct-18	2,061
USD	909,344	US Overnight Bank Funding Rate -0.35%	Performance of Invacare Corp.	Deutsche Bank	01-Oct-18	(123,815)
USD	1,800,819	US Overnight Bank Funding Rate -0.35%	Performance of Invitation Homes Inc.	Deutsche Bank	01-Oct-18	(165,210)
USD	409,409	US Overnight Bank Funding Rate -0.35%	Performance of Kaman Corp., A	Deutsche Bank	01-Oct-18	(38,315)
USD	76,680	US Overnight Bank Funding Rate -0.35%	Performance of KB Home	Deutsche Bank	01-Oct-18	(3,013)
USD	285,407	US Overnight Bank Funding Rate -0.35%	Performance of Liberty Media Group	Deutsche Bank	01-Oct-18	10,130
USD	948,401	US Overnight Bank Funding Rate -0.35%	Performance of Microchip Technology Inc.	Deutsche Bank	01-Oct-18	(54,847)
USD	597,761	US Overnight Bank Funding Rate -0.35%	Performance of Micron Technology Inc.	Deutsche Bank	01-Oct-18	41,974
USD	460,145	US Overnight Bank Funding Rate -0.35%	Performance of Navistar International Corp.	Deutsche Bank	01-Oct-18	7,742
USD	557,251	US Overnight Bank Funding Rate -0.35%	Performance of Neurocrine Biosciences Inc.	Deutsche Bank	01-Oct-18	(87,201)
USD	129,975	US Overnight Bank Funding Rate -0.35%	Performance of ON Semiconductor Corp.	Deutsche Bank	01-Oct-18	(1,587)
USD	87,621	US Overnight Bank Funding Rate -0.35%	Performance of OSI Systems Inc.	Deutsche Bank	01-Oct-18	32,414
USD	60,441	US Overnight Bank Funding Rate -0.35%	Performance of Pacira Pharmaceuticals Inc.	Deutsche Bank	01-Oct-18	(10,257)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	403,991	US Overnight Bank Funding Rate -0.35%	Performance of PDL BioPharma Inc.	Deutsche Bank	01-Oct-18	(18,040)
USD	381,368	US Overnight Bank Funding Rate -0.35%	Performance of PRA Group Inc.	Deutsche Bank	01-Oct-18	1,001
USD	512,744	US Overnight Bank Funding Rate -0.35%	Performance of Quidel Corp.	Deutsche Bank	01-Oct-18	(41,623)
USD	367,815	US Overnight Bank Funding Rate -0.35%	Performance of Rambus Inc.	Deutsche Bank	01-Oct-18	15,382
USD	180,819	US Overnight Bank Funding Rate -0.35%	Performance of Redwood Trust Inc.	Deutsche Bank	01-Oct-18	21,849
USD	234,578	US Overnight Bank Funding Rate -0.35%	Performance of Sarepta Therapeutics Inc.	Deutsche Bank	01-Oct-18	(8,686)
USD	80,972	US Overnight Bank Funding Rate -0.35%	Performance of ServiceNow Inc.	Deutsche Bank	01-Oct-18	(7,944)
USD	69,404	US Overnight Bank Funding Rate -0.35%	Performance of Silicon Laboratories Inc.	Deutsche Bank	01-Oct-18	1,678
USD	277,360	US Overnight Bank Funding Rate -0.35%	Performance of Square Inc., A	Deutsche Bank	01-Oct-18	44,981
USD	86,041	US Overnight Bank Funding Rate -0.35%	Performance of Starwood Property Trust Inc.	Deutsche Bank	01-Oct-18	120
USD	266,504	US Overnight Bank Funding Rate -0.35%	Performance of Sucampo Pharmaceuticals Inc., A	Deutsche Bank	01-Oct-18	(91,531)
USD	113,652	US Overnight Bank Funding Rate -0.35%	Performance of The Medicines Co.	Deutsche Bank	01-Oct-18	34,992
USD	318,718	US Overnight Bank Funding Rate -0.35%	Performance of The New York Times Co., A	Deutsche Bank	01-Oct-18	(9,935)
USD	1,143,467	US Overnight Bank Funding Rate -0.35%	Performance of Trinity Industries Inc.	Deutsche Bank	01-Oct-18	(35,753)
USD	1,192,991	US Overnight Bank Funding Rate -0.35%	Performance of U.S. Treasury Note, 2.25%, 08/15/27	Deutsche Bank	01-Oct-18	(1,426)
USD	152,399	US Overnight Bank Funding Rate -0.35%	Performance of Viavi Solutions Inc.	Deutsche Bank	01-Oct-18	12,065
USD	539,469	US Overnight Bank Funding Rate -0.35%	Performance of Virtus Investment Partners Inc.	Deutsche Bank	01-Oct-18	(21,048)
USD	218,896	US Overnight Bank Funding Rate -0.35%	Performance of Wayfair Inc., A	Deutsche Bank	01-Oct-18	(27,392)
USD	193,884	US Overnight Bank Funding Rate -0.35%	Performance of Weibo Corp., ADR	Deutsche Bank	01-Oct-18	6,026
USD	1,143,034	US Overnight Bank Funding Rate -0.35%	Performance of Wright Medical Group NV	Deutsche Bank	01-Oct-18	261,957
USD	114,085	US Overnight Bank Funding Rate -0.35%	Performance of Zillow Group Inc., C	Deutsche Bank	01-Oct-18	7
USD	95,514	US Overnight Bank Funding Rate -0.50%	Performance of Greenbrier Cos. Inc.	Deutsche Bank	01-Oct-18	(4,794)
USD	684,980	US Overnight Bank Funding Rate -1.00%	Performance of Innoviva Inc.	Deutsche Bank	01-Oct-18	(53,756)
USD	247,296	US Overnight Bank Funding Rate -1.50%	Performance of Teladoc Inc.	Deutsche Bank	01-Oct-18	(19,756)
USD	591,812	US Overnight Bank Funding Rate -3.50%	Performance of Radius Health Inc.	Deutsche Bank	01-Oct-18	50,578
USD	170,923	US Overnight Bank Funding Rate -4.00%	Performance of Flexion Therapeutics Inc.	Deutsche Bank	01-Oct-18	4,198
EUR	1,610,317	1-month EUR LIBOR -0.40%	Performance of Iberdrola SA	Deutsche Bank	12-Oct-18	36,190
GBP	319,376	1-month GBP LIBOR -0.40%	Performance of EI Group PLC	Deutsche Bank	12-Oct-18	1,526
GBP	184,470	1-month GBP LIBOR -0.40%	Performance of Great Portland Estates PLC	Deutsche Bank	12-Oct-18	(6,900)
GBP	6,919	1-month GBP LIBOR -0.40%	Performance of St. Modwen Properties PLC	Deutsche Bank	12-Oct-18	(235)
GBP	24,683	1-month GBP LIBOR -0.50%	Performance of J Sainsbury PLC	Deutsche Bank	12-Oct-18	(1,160)
GBP	59,019	1-month GBP LIBOR -11.45%	Performance of Premier Oil PLC	Deutsche Bank	12-Oct-18	(5,748)
GBP	200,331	1-month GBP LIBOR -4.50%	Performance of Primary Health Properties PLC	Deutsche Bank	12-Oct-18	(3,468)
GBP	66,956	Performance of Premier Oil PLC, wts., 05/31/22	1-month GBP LIBOR +0.40%	Deutsche Bank	12-Oct-18	(57,379)
GBP	3,614,490	1-month GBP LIBOR -0.40%	Performance of Tesco PLC	Deutsche Bank	16-Oct-18	(45,478)
GBP	63,335	1-month GBP LIBOR -2.00%	Performance of GVC Holdings PLC	Deutsche Bank	16-Oct-18	473
GBP	285,824	Performance of Aldermore Group PLC	1-month GBP LIBOR +0.45%	Deutsche Bank	16-Oct-18	(871)



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
GBP	4,594,242	Performance of Booker Group PLC	1-month GBP LIBOR +0.45%	Deutsche Bank	16-Oct-18	65,009
GBP	88,331	Performance of Ladbrokes Coral Group PLC	1-month GBP LIBOR +0.45%	Deutsche Bank	16-Oct-18	6,884
GBP	945,370	Performance of Sky PLC	1-month GBP LIBOR +0.45%	Deutsche Bank	16-Oct-18	(2,881)
GBP	1,612,056	Performance of Worldpay Group PLC	1-month GBP LIBOR +0.45%	Deutsche Bank	16-Oct-18	(48,026)
SEK	1,907,692	1-month SEK LIBOR -3.50%	Performance of SAS AB	Deutsche Bank	05-Nov-18	21,836
SEK	2,180,424	Performance of SAS AB, cvt., senior note, Reg S, 3.625%, 04/01/19	1-month SEK LIBOR +0.90%	Deutsche Bank	05-Nov-18	(14,054)
JPY	8,840,300	1-month JPY LIBOR -0.40%	Performance of Chugoku Electric Power Co. Inc.	Deutsche Bank	06-Nov-18	(536)
JPY	16,396,800	1-month JPY LIBOR -0.40%	Performance of Kansai Paint Co. Ltd.	Deutsche Bank	06-Nov-18	(3,248)
JPY	40,272,100	1-month JPY LIBOR -0.40%	Performance of Kyushu Electric Power Co. Inc.	Deutsche Bank	06-Nov-18	25,446
JPY	23,835,600	1-month JPY LIBOR -0.40%	Performance of Medipal Holdings Corp.	Deutsche Bank	06-Nov-18	(8,588)
JPY	7,666,300	1-month JPY LIBOR -0.40%	Performance of Mitsubishi Chemical Holdings Corp.	Deutsche Bank	06-Nov-18	(2,172)
JPY	20,231,200	1-month JPY LIBOR -0.40%	Performance of Nipro Corp.	Deutsche Bank	06-Nov-18	(11,790)
JPY	7,881,900	1-month JPY LIBOR -1.75%	Performance of MIRAIT Holdings Corp.	Deutsche Bank	06-Nov-18	(9,120)
HKD	5,999,550	1-month HKD LIBOR -0.40%	Performance of Haitian International Holdings Ltd.	Deutsche Bank	16-Nov-18	(80,058)
HKD	295,475	1-month HKD LIBOR -0.50%	Performance of ENN Energy Holdings Ltd.	Deutsche Bank	16-Nov-18	(1,255)
HKD	11,532,510	1-month HKD LIBOR -1.00%	Performance of ASM Pacific Technology Ltd.	Deutsche Bank	16-Nov-18	(33,886)
HKD	1,303,835	1-month HKD LIBOR -1.26%	Performance of Pacific Basin Shipping Ltd.	Deutsche Bank	16-Nov-18	(1,975)
HKD	3,267,782	1-month HKD LIBOR -1.50%	Performance of Yuexiu Transport Infrastructure Ltd.	Deutsche Bank	16-Nov-18	(17,488)
JPY	139,020,000	1-month JPY LIBOR -0.35%	Performance of DCM Holdings Co. Ltd.	Deutsche Bank	16-Nov-18	43,477
JPY	8,508,000	1-month JPY LIBOR -0.35%	Performance of Sankyo Co. Ltd.	Deutsche Bank	16-Nov-18	320
JPY	38,127,000	1-month JPY LIBOR -0.35%	Performance of Seino Holdings Co. Ltd.	Deutsche Bank	16-Nov-18	(1,134)
JPY	62,726,400	1-month JPY LIBOR -0.35%	Performance of Suzuki Motor Corp.	Deutsche Bank	16-Nov-18	(18,233)
JPY	111,444,000	1-month JPY LIBOR -0.35%	Performance of Teijin Ltd.	Deutsche Bank	16-Nov-18	(42,952)
JPY	527,058,000	1-month JPY LIBOR -0.35%	Performance of Terumo Corp.	Deutsche Bank	16-Nov-18	(52,558)
JPY	3,890,700	1-month JPY LIBOR -0.35%	Performance of Tohoku Electric Power Co. Inc.	Deutsche Bank	16-Nov-18	335
JPY	755,073,900	1-month JPY LIBOR -0.35%	Performance of Yamada Denki Co. Ltd.	Deutsche Bank	16-Nov-18	172,659
JPY	116,112,000	1-month JPY LIBOR -3.50%	Performance of EDION Corp.	Deutsche Bank	16-Nov-18	(3,927)
JPY	742,472	1-month USD LIBOR -0.35%	Performance of The Oita Bank Ltd.	Deutsche Bank	16-Nov-18	4,979
JPY	3,241,883	1-month USD LIBOR -0.35%	Performance of Yamaguchi Financial Group Inc.	Deutsche Bank	16-Nov-18	51,317
JPY	707,380	1-month USD LIBOR -1.50%	Performance of The Yamagata Bank Ltd.	Deutsche Bank	16-Nov-18	12,652
JPY	236,756,250	Performance of DCM Holdings Co. Ltd., cvt., senior note, zero cpn., 12/21/20	1-month JPY LIBOR +0.90%	Deutsche Bank	16-Nov-18	(40,417)
JPY	118,100,000	Performance of EDION Corp., senior note, Reg S, cvt., zero cpn., 10/01/21	1-month JPY LIBOR +0.90%	Deutsche Bank	16-Nov-18	3,728
JPY	2,386,314	Performance of K's Holdings Corp.	1-month JPY LIBOR +0.75%	Deutsche Bank	16-Nov-18	1,539
JPY	110,742,500	Performance of SANKYO Co. Ltd., cvt., senior note, Reg S, zero cpn., 07/23/20	1-month JPY LIBOR +0.90%	Deutsche Bank	16-Nov-18	3,173
JPY	49,450,000	Performance of Seino Holdings Co. Ltd., cvt., senior note, Reg S, zero cpn., 10/01/18	1-month JPY LIBOR +0.90%	Deutsche Bank	16-Nov-18	6,066
JPY	181,125,000	Performance of Teijin Ltd., cvt., senior note, Reg S, zero cpn., 12/10/21	1-month JPY LIBOR +0.90%	Deutsche Bank	16-Nov-18	47,423



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
JPY	248,625,000	Performance of Terumo Corp., cvt., senior note, Reg S, zero cpn., 12/04/19	1-month JPY LIBOR +0.90%	Deutsche Bank	16-Nov-18	26,054
JPY	350,937,500	Performance of Terumo Corp., cvt., senior note, Reg S, zero cpn., 12/06/21	1-month JPY LIBOR +0.90%	Deutsche Bank	16-Nov-18	14,977
JPY	208,162,500	Performance of Tohoku Electric Power Co. Inc., cvt., senior note, Reg S, zero cpn., 12/03/18	1-month JPY LIBOR +0.90%	Deutsche Bank	16-Nov-18	(5,747)
JPY	40,010,000	Performance of Tohoku Electric Power Co. Inc., cvt., senior note, Reg S, zero cpn., 12/03/20	1-month JPY LIBOR +0.90%	Deutsche Bank	16-Nov-18	643
JPY	911,487,500	Performance of Yamada Denki Co. Ltd., cvt., senior note, Reg S, zero cpn., 06/28/19	1-month JPY LIBOR +0.90%	Deutsche Bank	16-Nov-18	(191,128)
EUR	2,681,322	Performance of Alstria Office REIT AG, cvt., senior note, Reg S, 2.75%, 06/14/18	1-month EUR LIBOR +0.90%	Deutsche Bank	19-Nov-18	5,552
EUR	675,000	Performance of Fresenius SE & Co. KGaA, cvt., senior note, zero cpn., 09/24/19	1-month EUR LIBOR +0.90%	Deutsche Bank	19-Nov-18	8,299
EUR	1,058,042	Performance of Euler Hermes Group	1-month EUR LIBOR +0.45%	Deutsche Bank	03-Dec-18	1,668
EUR	297,523	1-month EUR LIBOR -0.50%	Performance of Fugro NV, IDR	Deutsche Bank	04-Dec-18	(22,489)
ZAR	775,113	1-month USD LIBOR -1.00%	Performance of Sibanye Gold Ltd.	Deutsche Bank	10-Dec-18	(73,119)
USD	1,591,833	Performance of Sibanye Gold Ltd., cvt., senior note, Reg S, 1.875%, 09/26/23	1-month USD LIBOR +1.00%	Deutsche Bank	10-Dec-18	78,917
GBP	358,694	1-month EUR LIBOR -0.40%	Performance of Playtech PLC	Deutsche Bank	19-Dec-18	(6,865)
USD	727,125	Performance of The Oita Bank Ltd., cvt., senior note, Reg S, zero cpn., 12/18/19	1-month USD LIBOR +0.90%	Deutsche Bank	19-Dec-18	(23,625)
USD	503,125	Performance of Yamagata Bank Ltd., cvt., senior note, zero cpn., 04/22/19	1-month USD LIBOR +0.90%	Deutsche Bank	19-Dec-18	1,875
USD	441,171	1-month USD LIBOR -0.35%	Performance of Finisar Corp., cvt., senior bond, 0.50%, 12/15/36	Deutsche Bank	15-Jun-19	6,443
USD	385,236	1-month USD LIBOR -0.35%	Performance of The Priceline Group Inc., cvt., senior note, 0.90%, 09/15/21	Deutsche Bank	15-Jun-19	(4,122)
USD	1,973,719	Performance of 51job Inc., cvt., senior note, 3.25%, 04/15/19	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	49,241
USD	382,806	Performance of Aegean Marine Petroleum Network Inc., cvt., senior note, 144A, 4.25%, 12/15/21	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	10,116
USD	6,481,649	Performance of Altaba Inc., cvt., zero cpn., 12/01/18	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(10,360)
USD	2,487,866	Performance of AMAG Pharmaceuticals Inc., cvt., senior note, 3.25%, 06/01/22	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(63,664)
USD	436,832	Performance of Apollo Commercial Real Estate Finance Inc., cvt., senior note, 4.75%, 08/23/22	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	3,957
USD	2,375,551	Performance of Apollo Commercial Real Estate Finance Inc., cvt., senior note, 5.50%, 03/15/19	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	18,306
USD	653,841	Performance of Ares Capital Corp., cvt., 144A, 3.75%, 02/01/22	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	8,299

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	3,741,870	Performance of Ctrip.com International Ltd., cvt., senior note, 1.00%, 07/01/20	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	19,649
USD	2,100,157	Performance of Ctrip.com International Ltd., cvt., senior note, 1.25%, 10/15/18	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	1,742
USD	1,123,227	Performance of DHT Holdings Inc., senior note, 4.50%, 10/01/19	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	9,356
USD	4,058,972	Performance of DISH Network Corp., cvt., senior bond, 3.375%, 08/15/26	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	32,979
USD	32,848	Performance of Empire State Realty Trust Inc.	US Overnight Bank Funding Rate +0.90%	Deutsche Bank	15-Jun-19	224
USD	1,086,521	Performance of Evestnet Inc., cvt., senior note, 1.75%, 12/15/19	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(10,683)
USD	782,864	Performance of Euronet Worldwide Inc., cvt., senior bond, 1.50%, 10/01/44	US Overnight Bank Funding Rate +0.90%	Deutsche Bank	15-Jun-19	(40,000)
USD	111,030	Performance of Finisar Corp.	US Overnight Bank Funding Rate +0.90%	Deutsche Bank	15-Jun-19	(9,275)
USD	306,380	Performance of FireEye Inc., cvt., senior bond, B, 1.625%, 06/01/35	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(465)
USD	473,624	Performance of Fluidigm Corp., cvt., senior bond, 2.75%, 02/01/34	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	6,001
USD	1,245	Performance of Frontier Communications Corp., 11.125%, cvt. pfd.	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(25,357)
USD	2,454,233	Performance of Golar LNG Ltd., senior note, 144A, cvt., 2.75%, 02/15/22	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	100,831
USD	1,089,845	Performance of Hannon Armstrong Sustainable Infrastructure Capital Inc., cvt., senior note, 4.125%, 09/01/22	US Overnight Bank Funding Rate +0.90%	Deutsche Bank	15-Jun-19	18,645
USD	1,078,360	Performance of HubSpot Inc., cvt., 144A, 0.25%, 06/01/22	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(9,777)
USD	901,756	Performance of IAC Financeco Inc., cvt., senior note, 144A, 0.875%, 10/01/22	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	5,682
USD	645,254	Performance of II-VI Inc., cvt., senior note, 144A, 0.25%, 09/01/22	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	20,991
USD	923,210	Performance of Innoviva Inc., cvt., sub. note, 2.125%, 01/15/23	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	34,377
USD	3,178,623	Performance of Insulet Corp., cvt., senior note, 1.25%, 09/15/21	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(252)
USD	2,943,498	Performance of InterDigital Inc., cvt., senior note, 1.50%, 03/01/20	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	35,692
USD	1,477,213	Performance of Invacare Corp., cvt., senior note, 5.00%, 02/15/21	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(18,847)
USD	2,778,922	Performance of j2 Global Inc., cvt., senior bond, 3.25%, 06/15/29	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(31,630)
USD	1,499,663	Performance of Jazz Investments I Ltd., cvt., senior note, 144A, 1.50%, 08/15/24	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	8,951
USD	492,394	Performance of Knowles Corp., cvt., senior note, 3.25%, 11/01/21	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	8,119

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	923,813	Performance of LendingTree Inc., cvt., senior note, 144A, 0.625%, 06/01/22	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(246)
USD	2,052,976	Performance of Liberty Media Corp., cvt., senior note, 1.375%, 10/15/23	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	17,657
USD	1,626,227	Performance of Liberty Media Group, cvt., senior note, 144A, 1.00%, 01/30/23	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(19,283)
USD	2,918,352	Performance of Ligand Pharmaceuticals Inc., senior note, FRN, cvt., 0.75%, 08/15/19	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	23,294
USD	1,400,053	Performance of Live Nation Entertainment Inc., cvt., senior note, 2.50%, 05/15/19	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	5,872
USD	3,215,683	Performance of Medicines Co., cvt., senior note, 2.50%, 01/15/22	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	32,458
USD	237,688	Performance of Microchip Technology Inc., cvt., junior sub. bond, 144A, 2.25%, 02/15/37	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	3,718
USD	4,652,539	Performance of Molina Healthcare Inc., cvt., senior note, 1.125%, 01/15/20	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	41,479
USD	346,529	Performance of National Health Investors Inc., cvt., senior note, 3.25%, 04/01/21	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(14,004)
USD	1,487,397	Performance of Nice Systems Inc., cvt., senior note, 144A, 1.25%, 01/15/24	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	43,499
USD	1,105,511	Performance of Nuance Communications Inc., cvt., 144A, 1.25%, 04/01/25	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(13,713)
USD	3,414,597	Performance of Palo Alto Networks Inc., cvt., zero cpn., 07/01/19	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(49,270)
USD	2,923,020	Performance of Pattern Energy Group Inc., cvt., senior note, 4.00%, 07/15/20	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	18,702
USD	221,936	Performance of Proofpoint Inc.	US Overnight Bank Funding Rate +0.90%	Deutsche Bank	15-Jun-19	(6,922)
USD	583,074	Performance of Quidel Corp., cvt., senior note, 3.25%, 12/15/20	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	33,874
USD	974,184	Performance of Radius Health Inc., cvt., senior note, 3.00%, 09/01/24	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	35,486
USD	3,727,096	Performance of Red Hat Inc., cvt., senior note, 0.25%, 10/01/19	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(236,033)
USD	892,335	Performance of Redwood Trust Inc., cvt., senior note, 4.75%, 08/15/23	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(1,146)
USD	2,576,899	Performance of ServiceNow Inc., cvt., senior note, 144A, zero cpn., 06/01/22	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	22,214
USD	2,550,335	Performance of Ship Finance International Ltd., cvt., senior note, 3.25%, 02/01/18	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	72,221
USD	480,646	Performance of Ship Finance International Ltd., cvt., senior note, 3.75%, 10/15/21	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	12,139
USD	1,546,035	Performance of Starwood Property Trust Inc., cvt., senior note, 4.375%, 04/01/23	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	16,021

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	705,355	Performance of Sucampo Pharmaceuticals Inc., cvt., 144A, 3.25%, 12/15/21	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(8,102)
USD	1,017,652	Performance of Tesla Inc., cvt., senior note, 0.25%, 03/01/19	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(40,969)
USD	1,172,552	Performance of Tesla Inc., cvt., senior note, 2.375%, 03/15/22	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(69,282)
USD	915,342	Performance of Teva Pharmaceutical Finance Co. LLC., cvt., senior bond, 0.25%, 02/01/26	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	309
USD	1,989,210	Performance of The Priceline Group Inc., cvt., senior note, 0.35%, 06/15/20	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(16,430)
USD	2,141,783	Performance of Two Harbors Investment Corp., cvt., senior note, 6.25%, 01/15/22	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	29,528
USD	1,477,900	Performance of Veeco Instruments Inc., cvt., senior note, 2.70%, 01/15/23	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	1,077
USD	3,448,773	Performance of Vishay Intertechnology Inc., cvt., senior bond, 2.25%, 05/15/41	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	40,266
USD	2,284,853	Performance of Vishay Intertechnology Inc., cvt., senior bond, 2.25%, 11/15/40	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	21,689
USD	2,152,853	Performance of Workday Inc., cvt., senior note, 1.50%, 07/15/20	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(24,949)
USD	2,605,895	Performance of World Wrestling Entertainment Inc., cvt., senior note, 144A, 3.375%, 12/15/23	1-month USD LIBOR +0.90%	Deutsche Bank	15-Jun-19	(64,387)
USD	1,766,476	US Overnight Bank Funding Rate -0.35%	Performance of 51job Inc., ADR	Deutsche Bank	15-Jun-19	(31,643)
USD	113,765	US Overnight Bank Funding Rate -0.35%	Performance of Aegean Marine Petroleum Network Inc.	Deutsche Bank	15-Jun-19	(6,614)
USD	16,165	US Overnight Bank Funding Rate -0.35%	Performance of Ak Steel Holding Corp., 7.25%, cvt. pfd.	Deutsche Bank	15-Jun-19	27,488
USD	520,566	US Overnight Bank Funding Rate -0.35%	Performance of Alibaba Group Holding Ltd., ADR	Deutsche Bank	15-Jun-19	3,381
USD	5,463,038	US Overnight Bank Funding Rate -0.35%	Performance of Alibaba Inc.	Deutsche Bank	15-Jun-19	33,643
USD	801,095	US Overnight Bank Funding Rate -0.35%	Performance of AMAG Pharmaceuticals Inc.	Deutsche Bank	15-Jun-19	72,552
USD	1,645,205	US Overnight Bank Funding Rate -0.35%	Performance of Apollo Commercial Finance Inc.	Deutsche Bank	15-Jun-19	(8,917)
USD	98,340	US Overnight Bank Funding Rate -0.35%	Performance of Arbor Realty Trust Inc.	Deutsche Bank	15-Jun-19	797
USD	125,901	US Overnight Bank Funding Rate -0.35%	Performance of Ares Capital Corp.	Deutsche Bank	15-Jun-19	641
USD	157,682	US Overnight Bank Funding Rate -0.35%	Performance of Blackstone Mortgage Trust Inc., Class A	Deutsche Bank	15-Jun-19	(147)
USD	378,568	US Overnight Bank Funding Rate -0.35%	Performance of Cleveland-Cliffs Inc.	Deutsche Bank	15-Jun-19	(29,178)
USD	2,713,120	US Overnight Bank Funding Rate -0.35%	Performance of Ctrip.com International Ltd., ADR	Deutsche Bank	15-Jun-19	(5,537)
USD	310,047	US Overnight Bank Funding Rate -0.35%	Performance of DHT Holdings Inc.	Deutsche Bank	15-Jun-19	(864)
USD	1,840,285	US Overnight Bank Funding Rate -0.35%	Performance of DISH Network Corp., A	Deutsche Bank	15-Jun-19	31,603
USD	496,855	US Overnight Bank Funding Rate -0.35%	Performance of Envestnet Inc.	Deutsche Bank	15-Jun-19	7,974
USD	453,204	US Overnight Bank Funding Rate -0.35%	Performance of Euronet Worldwide Inc.	Deutsche Bank	15-Jun-19	41,034
USD	16,963	US Overnight Bank Funding Rate -0.35%	Performance of Fluidigm Corp.	Deutsche Bank	15-Jun-19	432

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	1,863,721	US Overnight Bank Funding Rate -0.35%	Performance of Golar LNG Ltd.	Deutsche Bank	15-Jun-19	(136,294)
USD	304,720	US Overnight Bank Funding Rate -0.35%	Performance of Hannon Armstrong Sustainable Infrastructure Capital Inc.	Deutsche Bank	15-Jun-19	(5,573)
USD	603,507	US Overnight Bank Funding Rate -0.35%	Performance of HubSpot Inc.	Deutsche Bank	15-Jun-19	16,726
USD	415,752	US Overnight Bank Funding Rate -0.35%	Performance of IAC/InterActiveCorp	Deutsche Bank	15-Jun-19	(2,856)
USD	360,435	US Overnight Bank Funding Rate -0.35%	Performance of II-VI Inc.	Deutsche Bank	15-Jun-19	(15,354)
USD	433,646	US Overnight Bank Funding Rate -0.35%	Performance of Innoviva Inc.	Deutsche Bank	15-Jun-19	(22,818)
USD	2,175,501	US Overnight Bank Funding Rate -0.35%	Performance of Insulet Corp.	Deutsche Bank	15-Jun-19	(17,341)
USD	1,583,082	US Overnight Bank Funding Rate -0.35%	Performance of InterDigital Inc.	Deutsche Bank	15-Jun-19	(24,947)
USD	822,499	US Overnight Bank Funding Rate -0.35%	Performance of Invacare Corp.	Deutsche Bank	15-Jun-19	26,847
USD	351,640	US Overnight Bank Funding Rate -0.35%	Performance of Iridium Communications Inc.	Deutsche Bank	15-Jun-19	(17,135)
USD	241,289	US Overnight Bank Funding Rate -0.35%	Performance of istar Inc.	Deutsche Bank	15-Jun-19	4,484
USD	1,714,586	US Overnight Bank Funding Rate -0.35%	Performance of j2 Global Inc.	Deutsche Bank	15-Jun-19	31,307
USD	565,530	US Overnight Bank Funding Rate -0.35%	Performance of Jazz Pharmaceuticals PLC	Deutsche Bank	15-Jun-19	3,696
USD	182,169	US Overnight Bank Funding Rate -0.35%	Performance of Kaman Corp., A	Deutsche Bank	15-Jun-19	(1,455)
USD	224,181	US Overnight Bank Funding Rate -0.35%	Performance of Knowles Corp.	Deutsche Bank	15-Jun-19	306
USD	733,329	US Overnight Bank Funding Rate -0.35%	Performance of LendingTree Inc.	Deutsche Bank	15-Jun-19	8,401
USD	73,581	US Overnight Bank Funding Rate -0.35%	Performance of Liberty Braves Group, A	Deutsche Bank	15-Jun-19	4,305
USD	244,746	US Overnight Bank Funding Rate -0.35%	Performance of Liberty Media Corp.-Liberty Formula One, A	Deutsche Bank	15-Jun-19	7,031
USD	978,582	US Overnight Bank Funding Rate -0.35%	Performance of Liberty Media Group	Deutsche Bank	15-Jun-19	33,517
USD	1,195,273	US Overnight Bank Funding Rate -0.35%	Performance of Liberty Siriusxm Group	Deutsche Bank	15-Jun-19	3,918
USD	2,784,472	US Overnight Bank Funding Rate -0.35%	Performance of Ligand Pharmaceuticals Inc., B	Deutsche Bank	15-Jun-19	(21,555)
USD	1,060,589	US Overnight Bank Funding Rate -0.35%	Performance of Live Nation Entertainment Inc.	Deutsche Bank	15-Jun-19	1,495
USD	854,281	US Overnight Bank Funding Rate -0.35%	Performance of Microchip Technology Inc.	Deutsche Bank	15-Jun-19	(10,985)
USD	4,241,094	US Overnight Bank Funding Rate -0.35%	Performance of Molina Healthcare Inc.	Deutsche Bank	15-Jun-19	(22,677)
USD	198,099	US Overnight Bank Funding Rate -0.35%	Performance of National Health Investors Inc.	Deutsche Bank	15-Jun-19	11,589
USD	991,157	US Overnight Bank Funding Rate -0.35%	Performance of Nice Ltd., ADR	Deutsche Bank	15-Jun-19	(32,783)
USD	491,661	US Overnight Bank Funding Rate -0.35%	Performance of Nuance Communications Inc.	Deutsche Bank	15-Jun-19	15,637
USD	2,753,715	US Overnight Bank Funding Rate -0.35%	Performance of Palo Alto Networks Inc.	Deutsche Bank	15-Jun-19	44,078
USD	586,226	US Overnight Bank Funding Rate -0.35%	Performance of Pattern Energy Group Inc.	Deutsche Bank	15-Jun-19	(9,789)
USD	441,053	US Overnight Bank Funding Rate -0.35%	Performance of Proofpoint Inc., cvt., 0.75%, 06/15/20	Deutsche Bank	15-Jun-19	6,501
USD	416,160	US Overnight Bank Funding Rate -0.35%	Performance of Quidel Corp.	Deutsche Bank	15-Jun-19	(32,160)
USD	239,536	US Overnight Bank Funding Rate -0.35%	Performance of Quotient Technology Inc.	Deutsche Bank	15-Jun-19	7,135
USD	435,249	US Overnight Bank Funding Rate -0.35%	Performance of Radius Health Inc.	Deutsche Bank	15-Jun-19	(24,523)
USD	3,507,040	US Overnight Bank Funding Rate -0.35%	Performance of Red Hat Inc.	Deutsche Bank	15-Jun-19	253,465
USD	351,634	US Overnight Bank Funding Rate -0.35%	Performance of Redwood Trust Inc.	Deutsche Bank	15-Jun-19	6,169

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	1,379,657	US Overnight Bank Funding Rate -0.35%	Performance of ServiceNow Inc.	Deutsche Bank	15-Jun-19	(9,417)
USD	201,693	US Overnight Bank Funding Rate -0.35%	Performance of Starwood Property Trust Inc.	Deutsche Bank	15-Jun-19	(283)
USD	469,464	US Overnight Bank Funding Rate -0.35%	Performance of Sucampo Pharmaceuticals Inc., A	Deutsche Bank	15-Jun-19	(16,705)
USD	136,099	US Overnight Bank Funding Rate -0.35%	Performance of Teva Pharmaceutical Industries Ltd., ADR	Deutsche Bank	15-Jun-19	(2,189)
USD	1,478,137	US Overnight Bank Funding Rate -0.35%	Performance of The Medicines Co.	Deutsche Bank	15-Jun-19	(2,163)
USD	869,963	US Overnight Bank Funding Rate -0.35%	Performance of The New York Times Co., A	Deutsche Bank	15-Jun-19	7,054
USD	1,346,749	US Overnight Bank Funding Rate -0.35%	Performance of The Priceline Group Inc.	Deutsche Bank	15-Jun-19	17,252
USD	138,591	US Overnight Bank Funding Rate -0.35%	Performance of The Priceline Group Inc., cvt., senior note, 0.90%, 09/15/21	Deutsche Bank	15-Jun-19	(1,483)
USD	937,031	US Overnight Bank Funding Rate -0.35%	Performance of Two Harbors Investment Corp.	Deutsche Bank	15-Jun-19	15,313
USD	215,147	US Overnight Bank Funding Rate -0.35%	Performance of Veeco Instruments Inc.	Deutsche Bank	15-Jun-19	14,679
USD	4,973,900	US Overnight Bank Funding Rate -0.35%	Performance of Vishay Intertechnology Inc.	Deutsche Bank	15-Jun-19	59,927
USD	212,093	US Overnight Bank Funding Rate -0.35%	Performance of Weibo Corp., ADR	Deutsche Bank	15-Jun-19	(1,517)
USD	1,939,170	US Overnight Bank Funding Rate -0.35%	Performance of World Wrestling Entertainment Inc.	Deutsche Bank	15-Jun-19	116,509
USD	2,623,003	US Overnight Bank Funding Rate -0.57%	Performance of Ship Finance International Ltd.	Deutsche Bank	15-Jun-19	(106,594)
USD	1,213,020	US Overnight Bank Funding Rate -0.91%	Performance of Tesla Inc.	Deutsche Bank	15-Jun-19	125,062
USD	97,925	US Overnight Bank Funding Rate -17.00%	Performance of Frontier Communications Corp.	Deutsche Bank	15-Jun-19	19,122
USD	469,066	Performance of Accenture PLC, A	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	8,768
USD	76,353	Performance of Adobe Systems Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	458
USD	78,981	Performance of Advanced Micro Devices Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	704
USD	605,461	Performance of Alliance Data Systems Corp.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	52,691
USD	178,312	Performance of Alphabet Inc., A	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	125
USD	241,240	Performance of Alphabet Inc., C	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	1,356
USD	268,482	Performance of Amazon.com Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(213)
USD	166,293	Performance of Apple Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(3,725)
USD	124,212	Performance of Atlassian Corp. PLC	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(7,079)
USD	505,569	Performance of Automatic Data Processing Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(4,126)
USD	190,349	Performance of Avago Technologies Ltd.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(2,050)
USD	105,158	Performance of Benefitfocus Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(1,113)
USD	43,650	Performance of Blackbaud Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(686)
USD	452,803	Performance of Blackhawk Network Holdings Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	5,124
USD	80,530	Performance of China Unicom (Hong Kong) Ltd., ADR	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(380)
USD	326,035	Performance of Cognizant Technology Solutions Corp., A	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(3,065)
USD	123,205	Performance of CoStar Group Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	2,771
USD	255,247	Performance of eBay Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	1,558
USD	95,772	Performance of EPAM Systems Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	2,756
USD	350,975	Performance of Equifax Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(2,325)



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	619,421	Performance of ExlService Holdings Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(8,683)
USD	144,096	Performance of Expedia Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	1,889
USD	300,265	Performance of Facebook Inc., A	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(4,778)
USD	596,012	Performance of FleetCor Technologies Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	12,937
USD	131,890	Performance of Flex Ltd.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(753)
USD	1,417,936	Performance of Genpact Ltd.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(22,291)
USD	631,286	Performance of Global Payments Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(433)
USD	43,928	Performance of Globant SA	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	6,414
USD	79,141	Performance of GoDaddy Inc., A	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	2,326
USD	153,181	Performance of Hubspot Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	9,584
USD	536,147	Performance of Huron Consulting Group Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	7,955
USD	79,144	Performance of Integrated Device Technology Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(874)
USD	292,962	Performance of Intuit Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	5,115
EUR	35,536	Performance of Irish Continental Group PLC	1-month EUR LIBOR +0.50%	Deutsche Bank	10-May-20	(588)
USD	623,900	Performance of Itron Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(12,879)
USD	489,733	Performance of Mastercard Inc., A	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	1,669
USD	87,252	Performance of Microchip Technology Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	407
USD	61,381	Performance of Micron Technology Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(3,391)
USD	43,680	Performance of Microsemi Corp.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	387
USD	322,628	Performance of Microsoft Corp.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	1,124
USD	88,035	Performance of NetApp Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(7,125)
USD	188,888	Performance of Nintendo Co. Ltd., ADR	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(30,611)
USD	44,129	Performance of NVIDIA Corp.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(324)
USD	94,660	Performance of Oclaro Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(6,225)
USD	246,922	Performance of PayPal Holdings Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	1,453
USD	414,075	Performance of QUALCOMM Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(9,459)
USD	327,904	Performance of Quantenna Communications Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	6,399
USD	1,095,013	Performance of Samsung Electronics Co. Ltd.	1-month USD LIBOR +0.55%	Deutsche Bank	10-May-20	5,943
USD	117,054	Performance of ServiceNow Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	9,012
USD	86,734	Performance of The Priceline Group Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	978
USD	329,737	Performance of Total System Services Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	12,196
USD	432,791	Performance of TriNet Group Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	7,515
USD	71,033	Performance of Trupanion Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(1,182)
USD	301,117	Performance of VeriSign Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	91
USD	1,084,894	Performance of Visa Inc., A	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	18,953
USD	278,169	Performance of WageWorks Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	2,064
USD	476,134	Performance of WEX Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	55,511
USD	131,121	Performance of Yandex NV, A	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(2,255)
USD	52,547	Performance of Zebra Technologies Corp., A	1-month USD LIBOR +0.30%	Deutsche Bank	10-May-20	(1,995)
USD	470,159	1-month USD LIBOR +0.10%	Performance of DB Hybrid Basket 01 Index	Deutsche Bank	12-May-20	(17,131)
USD	245,711	1-month USD LIBOR +0.10%	Performance of S&P SmallCap 600 Total Return Index	Deutsche Bank	12-May-20	(3,359)
USD	663,345	1-month USD LIBOR +0.15%	Performance of NASDAQ 100 Total Return Index	Deutsche Bank	12-May-20	46
USD	103,722	1-month USD LIBOR -0.10%	Performance of Dow Jones Transportation Average Total Return Index	Deutsche Bank	12-May-20	(2,624)
USD	4,188,066	1-month USD LIBOR -0.10%	Performance of Dow Jones US Technology Total Return Index	Deutsche Bank	12-May-20	16,927



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	104,331	1-month USD LIBOR -0.25%	Performance of Russell Midcap Growth Index Total Return Index	Deutsche Bank	12-May-20	(819)
USD	465,898	1-month USD LIBOR -0.30%	Performance of S&P Smallcap 600 Growth Index	Deutsche Bank	12-May-20	(6,554)
USD	164,816	1-month USD LIBOR -0.35%	Performance of Consumer Discretionary Select Sector Total Return Index	Deutsche Bank	12-May-20	(2,612)
USD	175,276	1-month USD LIBOR -0.35%	Performance of NASDAQ Internet Total Return Index	Deutsche Bank	12-May-20	(2,881)
USD	623,626	1-month USD LIBOR -0.35%	Performance of Philadelphia Stock Exchange Semiconductor Index	Deutsche Bank	12-May-20	(3,717)
USD	139,374	1-month USD LIBOR -0.35%	Performance of S&P MidCap 400 Total Return Index	Deutsche Bank	12-May-20	(1,060)
USD	112,478	1-month USD LIBOR -0.35%	Performance of S&P North American Technology Software Index	Deutsche Bank	12-May-20	827
USD	101,118	1-month USD LIBOR -0.35%	Performance of S&P Transportation Select Industry Index (TR)	Deutsche Bank	12-May-20	(2,775)
USD	220,936	1-month USD LIBOR -0.40%	Performance of S&P North USA Technology Total Return Index	Deutsche Bank	12-May-20	1,308
USD	366,685	1-month USD LIBOR -1.00%	Performance of Russell 2000 Total Return Growth Index	Deutsche Bank	12-May-20	(6,170)
USD	190,001	1-month USD LIBOR +0.10%	Performance of S&P SmallCap 600 Total Return Index	Deutsche Bank	13-May-20	(2,583)
USD	79,683	1-month USD LIBOR +0.10%	Performance of Standard & Poors United States Index	Deutsche Bank	13-May-20	(460)
USD	145,198	1-month USD LIBOR +0.15%	Performance of NASDAQ 100 Total Return Index	Deutsche Bank	13-May-20	17
USD	14,953	1-month USD LIBOR -0.10%	Performance of Dow Jones Transportation Average Total Return Index	Deutsche Bank	13-May-20	(374)
USD	78,084	1-month USD LIBOR -0.25%	Performance of Russell Midcap Growth Index Total Return Index	Deutsche Bank	13-May-20	(632)
USD	382,479	1-month USD LIBOR -0.35%	Performance of Consumer Discretionary Select Sector Total Return Index	Deutsche Bank	13-May-20	(6,027)
USD	158,749	1-month USD LIBOR -0.35%	Performance of NASDAQ Internet Total Return Index	Deutsche Bank	13-May-20	(2,844)
USD	530,395	1-month USD LIBOR -0.35%	Performance of Philadelphia Stock Exchange Semiconductor Index	Deutsche Bank	13-May-20	(3,534)
USD	128,989	1-month USD LIBOR -0.35%	Performance of S&P MidCap 400 Total Return Index	Deutsche Bank	13-May-20	(978)
USD	262,045	1-month USD LIBOR -0.35%	Performance of S&P North American Technology Software Index	Deutsche Bank	13-May-20	2,102
USD	96,736	1-month USD LIBOR -0.40%	Performance of S&P North USA Technology Total Return Index	Deutsche Bank	13-May-20	574
USD	341,776	1-month USD LIBOR -1.00%	Performance of Russell 2000 Total Return Growth Index	Deutsche Bank	13-May-20	(5,859)
USD	1,183,034	1-month USD LIBOR +0.10%	Performance of DB Hybrid Basket 01 Index	Deutsche Bank	14-May-20	(56,809)
USD	193,337	1-month USD LIBOR +0.10%	Performance of S&P SmallCap 600 Total Return Index	Deutsche Bank	14-May-20	(3,550)
USD	151,511	1-month USD LIBOR +0.15%	Performance of NASDAQ 100 Total Return Index	Deutsche Bank	14-May-20	18
USD	934,193	1-month USD LIBOR -0.10%	Performance of Dow Jones Transportation Average Total Return Index	Deutsche Bank	14-May-20	(28,470)
USD	55,481	1-month USD LIBOR -0.25%	Performance of Russell Midcap Growth Index Total Return Index	Deutsche Bank	14-May-20	(454)
USD	1,262,641	1-month USD LIBOR -0.30%	Performance of S&P Smallcap 600 Growth Index	Deutsche Bank	14-May-20	(19,354)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	331,278	1-month USD LIBOR -0.35%	Performance of Consumer Discretionary Select Sector Total Return Index	Deutsche Bank	14-May-20	(5,214)
USD	185,876	1-month USD LIBOR -0.35%	Performance of S&P MidCap 400 Total Return Index	Deutsche Bank	14-May-20	(1,447)
USD	25,239	1-month USD LIBOR -0.40%	Performance of S&P North USA Technology Total Return Index	Deutsche Bank	14-May-20	148
USD	4	Performance of PayPal Holdings Inc.	1-month USD LIBOR +0.30%	Deutsche Bank	14-May-20	1,080
USD	10,070,450	1-month USD LIBOR +0.20%	Performance of Health Care Select Sector SPDR ETF	Goldman Sachs	17-Nov-27	(15,741)
USD	10,396,019	1-month USD LIBOR -0.10%	Performance of NASDAQ Biotechnology Total Return Index	Goldman Sachs	17-Nov-27	(70,582)
USD	28,485,000	3-month USD LIBOR	Performance of iBoxx USD Liquid High Yield Index	JPMorgan Chase Bank	23-Mar-18	(196,856)
GBP	1,448,268	Performance of Ferguson PLC	1-month GBP LIBOR +0.40%	JPMorgan Chase Bank	23-Jan-19	1,231
USD	5,835,753	Performance of Citigroup Inc.	1-month USD LIBOR +0.35%	JPMorgan Chase Bank	24-Jan-19	(31,238)
USD	4,216,549	Performance of Costco Wholesale Corp.	1-month USD LIBOR +0.35%	JPMorgan Chase Bank	24-Jan-19	(144,588)
USD	2,693,814	Performance of Dominos Pizza Inc.	1-month USD LIBOR +0.35%	JPMorgan Chase Bank	24-Jan-19	54,876
USD	2,796,595	Performance of FedEx Corp.	1-month USD LIBOR +0.35%	JPMorgan Chase Bank	24-Jan-19	106,244
USD	7,630,168	Performance of Microsoft Corp.	1-month USD LIBOR +0.35%	JPMorgan Chase Bank	24-Jan-19	(114,523)
USD	84,016,149	1-month USD LIBOR	Performance of S&P 500 Index	JPMorgan Chase Bank	30-Jan-19	35,963
USD	45,781	1-month USD LIBOR -0.17%	Performance of Standard & Poors United States Index	JPMorgan Chase Bank	05-May-20	(1,145)
USD	109,642	1-month USD LIBOR -0.25%	Performance of S&P SmallCap 600 Total Return Index	JPMorgan Chase Bank	05-May-20	(1,205)
USD	160,514	1-month USD LIBOR -0.35%	Performance of S&P North USA Technology Total Return Index	JPMorgan Chase Bank	05-May-20	(2,122)
USD	88,066	Performance of Accenture PLC, A	1-month USD LIBOR +0.40%	JPMorgan Chase Bank	05-May-20	3,920
USD	35,463	Performance of Amazon.com Inc.	1-month USD LIBOR +0.40%	JPMorgan Chase Bank	05-May-20	1,120
USD	56,988	Performance of Automatic Data Processing Inc.	1-month USD LIBOR +0.40%	JPMorgan Chase Bank	05-May-20	1,096
USD	546,194	Performance of Avago Technologies Ltd.	1-month USD LIBOR +0.20%	JPMorgan Chase Bank	05-May-20	(6,436)
USD	461,583	Performance of China Unicom (Hong Kong) Ltd., ADR	1-month USD LIBOR +1.25%	JPMorgan Chase Bank	05-May-20	(22,069)
USD	88,668	Performance of Equifax Inc.	1-month USD LIBOR +0.40%	JPMorgan Chase Bank	05-May-20	3,062
USD	52,103	Performance of ExlService Holdings Inc.	1-month USD LIBOR +0.40%	JPMorgan Chase Bank	05-May-20	(34)
USD	113,252	Performance of Expedia Inc.	1-month USD LIBOR +0.40%	JPMorgan Chase Bank	05-May-20	(1,185)
USD	919,606	Performance of Flex Ltd.	1-month USD LIBOR +0.20%	JPMorgan Chase Bank	05-May-20	(5,603)
USD	80,799	Performance of Genpact Ltd.	1-month USD LIBOR +0.40%	JPMorgan Chase Bank	05-May-20	(1,448)
USD	121,117	Performance of Huron Consulting Group Inc.	1-month USD LIBOR +0.40%	JPMorgan Chase Bank	05-May-20	785
USD	1,104,444	Performance of Micron Technology Inc.	1-month USD LIBOR +0.40%	JPMorgan Chase Bank	05-May-20	(4,167)
USD	3,752	Performance of Microsoft Corp.	1-month USD LIBOR +0.40%	JPMorgan Chase Bank	05-May-20	317
USD	193,222	Performance of PayPal Holdings Inc.	1-month USD LIBOR +0.40%	JPMorgan Chase Bank	05-May-20	11,253
HKD	2,966,400	Performance of Sunny Optical Technology Group Co. Ltd.	1-month HKD HIBOR +1.25%	JPMorgan Chase Bank	05-May-20	(76,141)
USD	676,059	Performance of TransUnion	1-month USD LIBOR +0.40%	JPMorgan Chase Bank	05-May-20	(138)
USD	1,767,985	1-month USD LIBOR	Performance of MSCI Korea 25-50 Net USD Index	JPMorgan Chase Bank	07-May-20	(23,692)
USD	1,546,586	1-month USD LIBOR -0.33%	Performance of Philadelphia Stock Exchange Semiconductor Index	JPMorgan Chase Bank	07-May-20	(28,812)
USD	130,254	1-month USD LIBOR -0.25%	Performance of S&P SmallCap 600 Total Return Index	JPMorgan Chase Bank	08-May-20	(1,429)
USD	745,725	1-month USD LIBOR -0.30%	Performance of MSCI World Consumer Discretionary Index	JPMorgan Chase Bank	08-May-20	(14,738)
USD	205,936	1-month USD LIBOR -0.30%	Performance of S&P Transportation Select Industry Index (TR)	JPMorgan Chase Bank	08-May-20	(9,636)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	729,620	1-month USD LIBOR -0.33%	Performance of Philadelphia Stock Exchange Semiconductor Index	JPMorgan Chase Bank	08-May-20	(8,041)
USD	142,668	1-month USD LIBOR -0.40%	Performance of Dow Jones Transportation Average Total Return Index	JPMorgan Chase Bank	08-May-20	(6,022)
USD	707,222	1-month USD LIBOR -0.40%	Performance of NASDAQ 100 Total Return Index	JPMorgan Chase Bank	08-May-20	(15,841)
USD	172,564	1-month USD LIBOR -0.40%	Performance of S&P MidCap 400 Total Return Index	JPMorgan Chase Bank	08-May-20	(2,275)
USD	324,203	1-month USD LIBOR -0.80%	Performance of Russell 2000 Total Return Growth Index	JPMorgan Chase Bank	08-May-20	(8,650)
USD	84,939	1-month USD LIBOR -0.80%	Performance of Russell Midcap Growth Index Total Return Index	JPMorgan Chase Bank	08-May-20	(1,906)
USD	126,081	Performance of Becton Dickinson and Co.	USD-FED EFF +0.40%	Morgan Stanley	06-Jan-18	8,615
USD	7,610,304	Performance of Time Warner Inc.	USD-FED EFF +0.40%	Morgan Stanley	06-Jan-18	(361,801)
GBP	266,723	GBP-SONIA -0.35%	Performance of Croda International PLC	Morgan Stanley	10-Jan-18	(37,726)
GBP	133,947	GBP-SONIA -0.35%	Performance of Johnson Matthey PLC	Morgan Stanley	10-Jan-18	(1,108)
GBP	2,303,142	GBP-SONIA -0.35%	Performance of Tesco PLC	Morgan Stanley	10-Jan-18	(391,452)
GBP	782,069	GBP-SONIA -1.38%	Performance of GVC Holdings PLC	Morgan Stanley	10-Jan-18	(1,309)
GBP	1,270,880	Performance of GKN PLC	GBP-SONIA +0.65%	Morgan Stanley	10-Jan-18	(12,003)
GBP	1,090,740	Performance of Ladbrokes Coral Group PLC	GBP-SONIA +0.65%	Morgan Stanley	10-Jan-18	211,431
GBP	4,242,223	Performance of Sky PLC	GBP-SONIA +0.65%	Morgan Stanley	10-Jan-18	474,473
GBP	1,320,325	Performance of Unilever NV	GBP-SONIA +0.65%	Morgan Stanley	10-Jan-18	(27,543)
GBP	1,874,870	Performance of Vodafone Group PLC	GBP-SONIA +0.65%	Morgan Stanley	10-Jan-18	183,357
USD	2,945,000	3-month USD LIBOR	Performance of iBoxx USD Liquid High Yield Index	Morgan Stanley	23-Mar-18	(22,685)
EUR	2,571,937	EUR-EONIA -0.35%	Performance of Adidas AG	Morgan Stanley	16-Apr-18	141,865
EUR	2,489,338	EUR-EONIA -0.35%	Performance of LVMH Moet Hennessy Louis Vuitton SE	Morgan Stanley	16-Apr-18	9,737
EUR	2,428,747	EUR-EONIA -0.35%	Performance of Unilever NV, IDR	Morgan Stanley	16-Apr-18	103,072
GBP	147,878	GBP-SONIA -0.30%	Performance of JD Sports Fashion PLC	Morgan Stanley	16-Apr-18	(4,311)
EUR	44,199	Performance of Anima Holding SpA, Reg S	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	0
GBP	1,379,892	Performance of Barclays PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	38,812
EUR	3,657,561	Performance of BNP Paribas SA	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	(153,287)
EUR	5,692,041	Performance of Danone SA	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	(85,318)
GBP	1,043,178	Performance of Hikma Pharmaceuticals PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	128,947
EUR	5,116,197	Performance of Iliad SA	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	(132,514)
GBP	3,648,221	Performance of ITV PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	(2,461)
EUR	702,587	Performance of Remy Cointreau SA	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	(6,569)
GBP	1,627,359	Performance of RSA Insurance Group PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	115,761
EUR	2,212,681	Performance of Ryanair Holdings PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	14,908
GBP	2,410,028	Performance of Smith & Nephew PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	(42,513)
GBP	1,935,763	Performance of Smiths Group PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	20,206
EUR	3,384,204	Performance of Societe Generale SA	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	(84,032)
GBP	486,650	Performance of Sports Direct International PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	16-Apr-18	(24,400)
CHF	6,196,986	Performance of LafargeHolcim Ltd., B	1-month GBP LIBOR +0.50%	Morgan Stanley	25-Jul-18	264,200
CHF	6,777,912	Performance of Nestle SA	1-month GBP LIBOR +0.50%	Morgan Stanley	25-Jul-18	(95,809)
USD	3,610,202	USD-FED EFF -0.35%	Performance of AT&T Inc.	Morgan Stanley	11-Aug-18	(149,132)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	126,295	USD-FED EFF -0.35%	Performance of Becton Dickinson and Co.	Morgan Stanley	11-Aug-18	(8,630)
USD	300,402	USD-FED EFF -0.35%	Performance of Discovery Communications Inc., C	Morgan Stanley	11-Aug-18	(36,410)
USD	1,586,628	USD-FED EFF -0.35%	Performance of Lennar Corp., A	Morgan Stanley	11-Aug-18	(124,149)
USD	24,548	USD-FED EFF -0.35%	Performance of Lennar Corp., B	Morgan Stanley	11-Aug-18	(1,476)
USD	330,661	USD-FED EFF -0.35%	Performance of United Technologies Corp.	Morgan Stanley	11-Aug-18	(37,819)
USD	4,313,138	USD-FED EFF -1.17%	Performance of VMware Inc., A	Morgan Stanley	11-Aug-18	(521,476)
USD	3,019,044	Performance of Alphabet Inc., A	USD-FED EFF +0.50%	Morgan Stanley	20-Sep-18	498,668
USD	4,486,775	Performance of Caterpillar Inc.	USD-FED EFF +0.50%	Morgan Stanley	20-Sep-18	1,444,802
USD	3,094,168	Performance of Delta Air Lines Inc.	USD-FED EFF +0.50%	Morgan Stanley	20-Sep-18	290,521
USD	3,022,713	Performance of Knight-Swift transportation Holdings Inc.	USD-FED EFF +0.50%	Morgan Stanley	20-Sep-18	726,011
USD	3,259,915	Performance of Las Vegas Sands Corp.	USD-FED EFF +0.50%	Morgan Stanley	20-Sep-18	365,217
USD	1,999,774	Performance of Monster Beverage Corp.	USD-FED EFF +0.50%	Morgan Stanley	20-Sep-18	381,650
USD	10,058,067	Performance of NVR Inc.	USD-FED EFF +0.50%	Morgan Stanley	20-Sep-18	4,235,297
USD	5,371,336	Performance of Rio Tinto PLC, ADR	USD-FED EFF +0.50%	Morgan Stanley	20-Sep-18	1,056,942
USD	6,303,458	Performance of Take-Two Interactive Software Inc.	USD-FED EFF +0.50%	Morgan Stanley	20-Sep-18	2,203,789
USD	543,288	USD-FED EFF -0.35%	Performance of AMC Networks Inc., A	Morgan Stanley	20-Sep-18	11,749
USD	312,640	USD-FED EFF -0.35%	Performance of Boston Beer Inc., A	Morgan Stanley	20-Sep-18	(31,657)
USD	298,650	USD-FED EFF -0.35%	Performance of Canadian National Railway Co.	Morgan Stanley	20-Sep-18	(7,709)
USD	764,044	USD-FED EFF -0.35%	Performance of Domtar Corp.	Morgan Stanley	20-Sep-18	(151,292)
USD	513,504	USD-FED EFF -0.35%	Performance of Eastman Chemical Co.	Morgan Stanley	20-Sep-18	(51,441)
USD	717,411	USD-FED EFF -0.35%	Performance of Eaton Corp. PLC	Morgan Stanley	20-Sep-18	(63,833)
USD	1,009,772	USD-FED EFF -0.35%	Performance of Flowserve Corp.	Morgan Stanley	20-Sep-18	62,041
USD	418,065	USD-FED EFF -0.35%	Performance of Ford Motor Co.	Morgan Stanley	20-Sep-18	(9,595)
USD	739,214	USD-FED EFF -0.35%	Performance of Host Hotels & Resorts Inc.	Morgan Stanley	20-Sep-18	(28,152)
USD	319,482	USD-FED EFF -0.35%	Performance of Kaiser Aluminum Corp.	Morgan Stanley	20-Sep-18	(23,867)
USD	653,037	USD-FED EFF -0.35%	Performance of Kirby Corp.	Morgan Stanley	20-Sep-18	(2,629)
USD	744,602	USD-FED EFF -0.35%	Performance of Louisiana-Pacific Corp.	Morgan Stanley	20-Sep-18	16,241
USD	824,311	USD-FED EFF -0.35%	Performance of LyondellBasell Industries NV, A	Morgan Stanley	20-Sep-18	(79,881)
USD	982,733	USD-FED EFF -0.35%	Performance of Meritage Homes Corp.	Morgan Stanley	20-Sep-18	(213,428)
USD	887,663	USD-FED EFF -0.35%	Performance of Methanex Corp.	Morgan Stanley	20-Sep-18	(154,951)
USD	271,178	USD-FED EFF -0.35%	Performance of Newell Brands Inc.	Morgan Stanley	20-Sep-18	134,011
USD	861,109	USD-FED EFF -0.35%	Performance of Penske Automotive Group Inc.	Morgan Stanley	20-Sep-18	(79,181)
USD	760,860	USD-FED EFF -0.35%	Performance of PulteGroup Inc.	Morgan Stanley	20-Sep-18	(241,577)
USD	836,467	USD-FED EFF -0.35%	Performance of Ralph Lauren Corp.	Morgan Stanley	20-Sep-18	(211,987)
USD	1,708,103	USD-FED EFF -0.35%	Performance of Regal Beloit Corp.	Morgan Stanley	20-Sep-18	27,525
USD	290,890	USD-FED EFF -0.35%	Performance of Ritchie Bros. Auctioneers Inc.	Morgan Stanley	20-Sep-18	(176)
USD	670,391	USD-FED EFF -0.35%	Performance of Ryman Hospitality Properties Inc.	Morgan Stanley	20-Sep-18	(65,730)
USD	293,026	USD-FED EFF -0.35%	Performance of Schneider National Inc.	Morgan Stanley	20-Sep-18	(65,048)
USD	415,282	USD-FED EFF -0.35%	Performance of SUPERVALU Inc.	Morgan Stanley	20-Sep-18	20,828
USD	706,777	USD-FED EFF -0.35%	Performance of The Timken Co.	Morgan Stanley	20-Sep-18	(62,654)
USD	594,916	USD-FED EFF -0.35%	Performance of United Parcel Service Inc., B	Morgan Stanley	20-Sep-18	(33,777)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	1,075,537	USD-FED EFF -0.35%	Performance of Valmont Industries Inc.	Morgan Stanley	20-Sep-18	(49,064)
USD	2,204,658	USD-FED EFF -0.35%	Performance of Wyndham Worldwide Corp.	Morgan Stanley	20-Sep-18	(271,327)
USD	371,314	USD-FED EFF -0.67%	Performance of Monro Inc.	Morgan Stanley	20-Sep-18	(82,986)
USD	706,512	USD-FED EFF -0.67%	Performance of The Cheesecake Factory Inc.	Morgan Stanley	20-Sep-18	(81)
USD	185,411	USD-FED EFF -6.62%	Performance of Under Armour Inc., A	Morgan Stanley	20-Sep-18	52,516
EUR	238,065	EUR-EONIA -0.40%	Performance of BASF SE	Morgan Stanley	27-Sep-18	(4,916)
EUR	243,714	EUR-EONIA -0.40%	Performance of Evonik Industries AG	Morgan Stanley	27-Sep-18	(7,763)
EUR	1,408,351	EUR-EONIA -0.40%	Performance of LVMH Moet Hennessy Louis Vuitton SE	Morgan Stanley	27-Sep-18	(91,197)
EUR	3,363,010	Performance of McKesson Europe AG	EUR-EONIA +0.65%	Morgan Stanley	27-Sep-18	33,797
EUR	1,383,984	Performance of thyssenkrupp AG	EUR-EONIA +0.65%	Morgan Stanley	27-Sep-18	7,306
EUR	2,702,843	Performance of Vivendi SA	EUR-EONIA +0.65%	Morgan Stanley	27-Sep-18	211,312
USD	7,555,465	Performance of Altaba Inc.	USD-FED EFF +0.56%	Morgan Stanley	24-Dec-18	2,940,719
USD	1,790,777	Performance of CalAtlantic Group Inc.	USD-FED EFF +0.40%	Morgan Stanley	24-Dec-18	145,431
USD	428,680	Performance of FirstEnergy Corp.	USD-FED EFF +0.40%	Morgan Stanley	24-Dec-18	(59,882)
USD	5,226,181	USD-FED EFF -0.35%	Performance of Alibaba Group Holding Ltd., ADR	Morgan Stanley	24-Dec-18	(1,508,929)
SGD	8,732,553	Performance of Global Logistic Properties Ltd.	1-month SGD LIBOR +0.65%	Morgan Stanley	15-Jan-19	195,935
HKD	7,204,168	Performance of Orient Overseas International Ltd.	1-month HKD LIBOR +0.65%	Morgan Stanley	16-Jan-19	(500)
GBP	821,075	Performance of Antofagasta PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	18-Jan-19	187,260
GBP	249,553	Performance of easyJet PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	18-Jan-19	42,468
GBP	816,914	Performance of International Consolidated Airlines Group SA	1-month GBP LIBOR +0.50%	Morgan Stanley	18-Jan-19	191,680
GBP	991,452	Performance of Rio Tinto PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	18-Jan-19	160,683
GBP	1,406,051	Performance of Smurfit Kappa Group PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	18-Jan-19	197,935
AUD	852,630	Performance of Tabcorp Holdings Ltd.	AUD-RBACR +0.55%	Morgan Stanley	05-Feb-19	92,994
EUR	1,358,727	EUR-EONIA -1.73%	Performance of iShares STOXX Europe 600 UCITS ETF	Morgan Stanley	13-Feb-19	(104,937)
EUR	1,579,003	Performance of Accor SA	1-month EUR LIBOR +0.50%	Morgan Stanley	13-Feb-19	174,784
EUR	916,338	Performance of Air France-KLM	1-month EUR LIBOR +0.50%	Morgan Stanley	13-Feb-19	62,642
EUR	524,655	Performance of Kering	1-month EUR LIBOR +0.50%	Morgan Stanley	13-Feb-19	182,615
EUR	1,392,565	Performance of Plastic Omnium SA	1-month EUR LIBOR +0.50%	Morgan Stanley	13-Feb-19	275,851
SEK	2,103,317	1-week SEK LIBOR -0.50%	Performance of SKF AB, B	Morgan Stanley	27-Feb-19	(11,251)
SEK	2,222,854	1-week SEK LIBOR -0.50%	Performance of Volvo AB, B	Morgan Stanley	27-Feb-19	(19,215)
SEK	3,633,248	1-week SEK LIBOR -3.63%	Performance of SAS AB	Morgan Stanley	27-Feb-19	40,056
GBP	1,335,461	GBP-SONIA -0.40%	Performance of Unilever NV, IDR	Morgan Stanley	09-Apr-19	47,576
EUR	1,082,226	Performance of Abertis Infraestructuras SA	EUR-EONIA +0.65%	Morgan Stanley	09-Apr-19	13,457
EUR	2,179,866	Performance of Akzo Nobel NV	EUR-EONIA +0.65%	Morgan Stanley	09-Apr-19	(137,973)
GBP	2,923,625	Performance of Booker Group PLC	GBP-SONIA +0.65%	Morgan Stanley	09-Apr-19	469,220
EUR	1,517,268	Performance of Christian Dior SA	EUR-EONIA +0.65%	Morgan Stanley	09-Apr-19	156,041
EUR	975,694	Performance of EDP Renovaveis SA	EUR-EONIA +0.65%	Morgan Stanley	09-Apr-19	15,261
GBP	2,180,630	Performance of Worldpay Group PLC	GBP-SONIA +0.65%	Morgan Stanley	09-Apr-19	126,451
NOK	2,161,808	1-week NOK LIBOR -10.10%	Performance of Norwegian Air Shuttle ASA	Morgan Stanley	25-Apr-19	64,545
USD	256,135	USD-FED EFF -0.35%	Performance of Celanese Corp., A	Morgan Stanley	25-Apr-19	(8,099)
USD	255,501	USD-FED EFF -0.35%	Performance of Eastman Chemical Co.	Morgan Stanley	25-Apr-19	(14,653)
USD	3,580,465	Performance of Dell Technologies Inc., V	USD-FED EFF +0.40%	Morgan Stanley	09-May-19	239,134



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	1,678,298	Performance of Rockwell Collins Inc.	USD-FED EFF +0.40%	Morgan Stanley	09-May-19	60,296
USD	1,211,542	Performance of Scripps Networks Interactive Inc., A	USD-FED EFF +0.40%	Morgan Stanley	09-May-19	54,404
JPY	97,604,911	MUTSC -0.40%	Performance of Japan Tobacco Inc.	Morgan Stanley	04-Aug-19	2,522
USD	3,163,995	USD-FED EFF +0.15%	Performance of NASDAQ 100 Total Return Index	Morgan Stanley	11-Aug-19	(44,435)
USD	3,226,700	USD-FED EFF +0.20%	Performance of S&P 500 Total Return Index	Morgan Stanley	11-Aug-19	(103,946)
USD	3,381,321	USD-FED EFF -0.01%	Performance of Consumer Discretionary Select Sector Index NTR	Morgan Stanley	11-Aug-19	(234,325)
USD	3,359,037	USD-FED EFF -0.15%	Performance of Consumer Discretionary Select Sector Index NTR	Morgan Stanley	11-Aug-19	(255,281)
USD	2,994,057	USD-FED EFF -0.15%	Performance of S&P 500 Index	Morgan Stanley	11-Aug-19	108,533
GBP	1,873,846	GBP-SONIA +0.60%	Performance of Vantiv Inc., A	Morgan Stanley	20-Aug-19	(52,973)
CHF	3,755,268	Performance of Clariant AG	CHF-SARON +0.65%	Morgan Stanley	24-Sep-19	355,801
JPY	43,968,851	Performance of Toshiba Corp.	1-month GBP LIBOR +0.55%	Morgan Stanley	26-Sep-19	(3,190)
HKD	4,438,024	Performance of Air China Ltd., H	HKD-HONIX +0.95%	Morgan Stanley	07-Dec-19	136,446
HKD	5,379,906	Performance of Tencent Holdings Ltd.	HKD-HONIX +0.95%	Morgan Stanley	07-Dec-19	87,205
USD	302,225	Performance of Accenture PLC, A	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	742
USD	143,361	Performance of Adobe Systems Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(4,050)
USD	301,809	Performance of Advanced Micro Devices Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(438)
USD	174,594	Performance of Ak Steel Holding Corp., 7.25%, cvt. pfd.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(3,454)
USD	1,113,350	Performance of Alliance Data Systems Corp.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	65,431
USD	156,122	Performance of Alphabet Inc., C	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(2,810)
USD	99,149	Performance of Amazon.com Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(931)
USD	31,449	Performance of Apple Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(907)
USD	741,502	Performance of Applied Materials Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(19,886)
USD	128,573	Performance of Atento SA	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	3,194
USD	124,001	Performance of Atlassian Corp. PLC	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(6,645)
USD	645,582	Performance of Axcelis Technologies Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(20,486)
USD	223,499	Performance of Blackbaud Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(7,638)
USD	206,822	Performance of Blackhawk Network Holdings Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	7,098
USD	565,020	Performance of Cavium Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	27
USD	568,193	Performance of Cognizant Technology Solutions Corp., A	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(9,334)
USD	652,229	Performance of CoStar Group Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	4,364
USD	191,022	Performance of Cray Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(9,784)
USD	505,454	Performance of eBay Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(9,558)
EUR	266,066	Performance of Edenred	1-month EUR LIBOR +0.50%	Morgan Stanley	15-May-20	6,290
USD	927,603	Performance of Equifax Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(12,708)
USD	185,606	Performance of ExlService Holdings Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(4,831)
GBP	448,262	Performance of Experian PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	15-May-20	18,423
USD	339,164	Performance of Facebook Inc., A	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(8,504)
USD	1,510,310	Performance of FleetCor Technologies Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	24,396
USD	662,712	Performance of Flex Ltd.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(150)
USD	670,971	Performance of Genpact Ltd.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(11,404)
USD	1,058,194	Performance of Global Payments Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(7,478)
USD	251,905	Performance of Globant SA	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	27,396

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	316,809	Performance of GoDaddy Inc., A	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	10,745
USD	359,799	Performance of Hubspot Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(11,359)
USD	373,342	Performance of Infinera Corp.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(21,413)
USD	1,020,043	Performance of Integrated Device Technology Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(28,188)
USD	262,331	Performance of Intuit Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(3,324)
EUR	564,227	Performance of Irish Continental Group PLC	1-month EUR LIBOR +0.50%	Morgan Stanley	15-May-20	4,209
USD	803,067	Performance of iRobot Corp.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	26,252
USD	62,015	Performance of Itron Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(2,661)
GBP	135,293	Performance of Just Eat PLC	1-month GBP LIBOR +0.50%	Morgan Stanley	15-May-20	2,857
USD	1,060,688	Performance of KLA-Tencor Corp.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(6,364)
USD	2,057,067	Performance of Marvell Technology Group Ltd.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(10,184)
USD	678,868	Performance of Microchip Technology Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	9,402
USD	54,102	Performance of Micron Technology Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(1,675)
USD	896,308	Performance of Microsemi Corp.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(1,626)
USD	1,173,843	Performance of NetApp Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(52,308)
USD	390,100	Performance of NETGEAR Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	26,379
USD	258,502	Performance of Nutanix Inc., A	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(6,764)
USD	212,925	Performance of NVIDIA Corp.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	3,173
USD	636,164	Performance of ORBCOMM Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	10,987
USD	373,648	Performance of PayPal Holdings Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(20,105)
USD	846,766	Performance of QUALCOMM Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(11,862)
USD	450,386	Performance of Quantenna Communications Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	18,212
USD	144,898	Performance of ServiceNow Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	1,179
USD	1,148,670	Performance of Teradyne Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(3,242)
USD	877,303	Performance of The Priceline Group Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(14,853)
USD	133,281	Performance of Trupanion Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(17,083)
USD	220,946	Performance of VeriSign Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(1,515)
USD	527,529	Performance of Visa Inc., A	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	804
USD	141,823	Performance of WageWorks Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	3,488
USD	1,585,745	Performance of WEX Inc.	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	160,372
USD	172,915	Performance of Yandex NV, A	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	5,041
USD	667,997	Performance of Zebra Technologies Corp., A	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	11,520
USD	46,926	Performance of Zillow Group Inc., A	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(260)
USD	17,228	Performance of Zillow Group Inc., C	1-month USD LIBOR +0.50%	Morgan Stanley	15-May-20	(333)
USD	5,647,440	1-month USD LIBOR -0.25%	Performance of NASDAQ 100 Total Return Index	Morgan Stanley	19-May-20	65,616
USD	548,565	1-month USD LIBOR -0.25%	Performance of NASDAQ Internet Total Return Index	Morgan Stanley	19-May-20	915
USD	2,899,482	1-month USD LIBOR -0.25%	Performance of Philadelphia Stock Exchange Semiconductor Index	Morgan Stanley	19-May-20	40,748
USD	97,202	1-month USD LIBOR -0.25%	Performance of Russell Midcap Growth Index Total Return Index	Morgan Stanley	19-May-20	(630)
USD	1,297,874	1-month USD LIBOR -0.25%	Performance of S&P North American Technology Software Index	Morgan Stanley	19-May-20	25,220
USD	25,163	1-month USD LIBOR -0.25%	Performance of Standard & Poors United States Index	Morgan Stanley	19-May-20	19
USD	274,975	1-month USD LIBOR -0.30%	Performance of S&P North USA Technology Total Return Index	Morgan Stanley	19-May-20	2,461
USD	173,104	1-month USD LIBOR -0.35%	Performance of Consumer Discretionary Select Sector Total Return Index	Morgan Stanley	19-May-20	(1,018)



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	144,408	1-month USD LIBOR -0.35%	Performance of Russell Midcap Growth Index Total Return Index	Morgan Stanley	19-May-20	(960)
USD	312,930	1-month USD LIBOR -0.35%	Performance of S&P MidCap 400 Total Return Index	Morgan Stanley	19-May-20	(2,390)
USD	1,063,990	1-month USD LIBOR -0.40%	Performance of S&P Smallcap 600 Growth Index	Morgan Stanley	19-May-20	(752)
USD	652,646	1-month USD LIBOR -0.40%	Performance of S&P SmallCap 600 Total Return Index	Morgan Stanley	19-May-20	(2,973)
USD	706,595	1-month USD LIBOR -0.50%	Performance of DB Hybrid Basket 01 Index	Morgan Stanley	19-May-20	(26,088)
USD	105,209	1-month USD LIBOR -0.50%	Performance of Dow Jones Transportation Average Total Return Index	Morgan Stanley	19-May-20	(2,380)
USD	311,245	1-month USD LIBOR -0.55%	Performance of S&P Transportation Select Industry Index (TR)	Morgan Stanley	19-May-20	(6,909)
USD	152,142	1-month USD LIBOR -0.75%	Performance of S&P North USA Technology Total Return Index	Morgan Stanley	19-May-20	1,272
USD	697,745	1-month USD LIBOR -1.00%	Performance of Russell 2000 Total Return Growth Index	Morgan Stanley	19-May-20	(4,883)
USD	3,080,097	1-month USD LIBOR -0.25%	Performance of NASDAQ 100 Total Return Index	Morgan Stanley	20-May-20	37,420
USD	1,460,373	1-month USD LIBOR -0.25%	Performance of NASDAQ Internet Total Return Index	Morgan Stanley	20-May-20	2,465
USD	2,021,154	1-month USD LIBOR -0.25%	Performance of S&P North American Technology Software Index	Morgan Stanley	20-May-20	43,137
USD	14,964	1-month USD LIBOR -0.25%	Performance of Standard & Poors United States Index	Morgan Stanley	20-May-20	9
USD	1,582,094	1-month USD LIBOR -0.30%	Performance of S&P North USA Technology Total Return Index	Morgan Stanley	20-May-20	14,175
USD	1,008,046	1-month USD LIBOR -0.35%	Performance of Consumer Discretionary Select Sector Total Return Index	Morgan Stanley	20-May-20	(6,029)
USD	801,605	1-month USD LIBOR -0.35%	Performance of Russell Midcap Growth Index Total Return Index	Morgan Stanley	20-May-20	(5,736)
USD	936,213	1-month USD LIBOR -0.35%	Performance of S&P MidCap 400 Total Return Index	Morgan Stanley	20-May-20	(8,604)
USD	3,194,622	1-month USD LIBOR -0.40%	Performance of S&P Smallcap 600 Growth Index	Morgan Stanley	20-May-20	(2,757)
USD	1,578,323	1-month USD LIBOR -0.40%	Performance of S&P SmallCap 600 Total Return Index	Morgan Stanley	20-May-20	(8,426)
USD	629,308	1-month USD LIBOR -0.50%	Performance of DB Hybrid Basket 01 Index	Morgan Stanley	20-May-20	(24,058)
USD	812,894	1-month USD LIBOR -0.55%	Performance of S&P Transportation Select Industry Index (TR)	Morgan Stanley	20-May-20	(19,965)
USD	2,419,392	1-month USD LIBOR -1.00%	Performance of Russell 2000 Total Return Growth Index	Morgan Stanley	20-May-20	(19,007)
						13,343,125

#### Franklin K2 Long Short Credit Fund

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	69,490	Performance of Enterprise Products Partners LP	1-month USD LIBOR +0.90%	Goldman Sachs	23-Nov-18	(175)
USD	1,620,000	3-month USD LIBOR	Performance of iBoxx USD Liquid High Yield Index	JPMorgan Chase Bank	23-Mar-18	(11,209)
USD	1,390,000	3-month USD LIBOR	Performance of iBoxx USD Liquid High Yield Index	Morgan Stanley	23-Mar-18	(10,707)
						(22,091)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 10 — Open positions on total return swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin Strategic Income Fund

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	44,100,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Citibank	20-Mar-18	62,047
USD	72,700,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Goldman Sachs	20-Sep-18	(150,838)
						(88,791)

#### Franklin U.S. Low Duration Fund

Trading currency	Notional amount	Fund receives	Fund pays	Counterparty	Maturity date	Unrealised profit/(loss) USD
USD	4,000,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Citibank	20-Mar-18	5,628
USD	1,500,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Citibank	20-Jun-18	(1,327)
USD	10,000,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Citibank	20-Sep-18	(32,380)
USD	50,400,000	Performance of Markit iBoxx USD Liquid Leveraged Loans Index Series 1 Version 1	3-month USD BBA LIBOR	Goldman Sachs	20-Sep-18	(36,899)
						(64,978)

### Note 11 — Open positions on volatility swap contracts

As at December 31, 2017 the Company had no volatility swap contracts.

### Note 12 — Open positions on credit default swap contracts

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin Brazil Opportunities Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
5,000,000	Government of Brazil, senior bond, 4.25%, 01/07/25, Dec. 2022	1.00	Barclays Bank	Buy	USD	134,508	(36,834)

#### Franklin Diversified Balanced Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value EUR	Unrealised profit/(loss) EUR
3,890,000	CDX.NA.IG.27, Dec. 2021	1.00	Barclays Bank	Buy	USD	(72,720)	(38,536)
2,400,000	ITRX.EUR.26, Dec. 2021	1.00	Barclays Bank	Buy	EUR	(63,892)	(35,774)
						(136,612)	(74,310)

#### Franklin Diversified Conservative Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value EUR	Unrealised profit/(loss) EUR
7,650,000	CDX.NA.IG.27, Dec. 2021	1.00	Barclays Bank	Buy	USD	(143,011)	(75,783)
4,520,000	ITRX.EUR.26, Dec. 2021	1.00	Barclays Bank	Buy	EUR	(120,331)	(67,374)
						(263,342)	(143,157)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 12 — Open positions on credit default swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin Diversified Dynamic Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value EUR	Unrealised profit/(loss) EUR
2,250,000	CDX.NA.IG.27, Dec. 2021	1.00	Barclays Bank	Buy	USD	(42,062)	(22,289)
2,430,000	ITRX.EUR.26, Dec. 2021	1.00	Barclays Bank	Buy	EUR	(64,691)	(36,221)
						(106,753)	(58,510)

#### Franklin Flexible Alpha Bond Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
1,300,000	American Airlines Group Inc., senior note, 144A, 5.50%, 10/01/19, Dec. 2019	5.00	Barclays Bank	Buy	USD	(107,540)	5,126
730,000	Best Buy Co. Inc., senior note, 5.50%, 03/15/21, Jun. 2022	5.00	Barclays Bank	Buy	USD	(127,696)	(4,590)
1,850,000	Bombardier Inc., senior bond, Reg S, 7.45%, 05/01/34, Jun. 2022	5.00	Barclays Bank	Buy	USD	(121,094)	22,140
2,850,000	Boyd Gaming Corp., senior sub. bond, 7.125%, 02/01/16, Jun. 2022	5.00	Barclays Bank	Buy	USD	(502,838)	(95)
1,250,000	DISH DBS Corp., senior note, 6.75%, 06/01/21, Dec. 2020	5.00	Barclays Bank	Buy	USD	(93,538)	19,527
1,090,000	Kohl's Corp., senior bond, 4.00%, 11/01/21, Jun. 2022	1.00	Barclays Bank	Buy	USD	17,414	(46,032)
1,000,000	Macy's Retail Holdings Inc., senior note, 3.45%, 01/15/21, Jun. 2022	1.00	Barclays Bank	Buy	USD	53,972	(20,082)
2,500,000	Safeway Inc., senior bond, 7.25%, 02/01/31, Sep. 2019	5.00	Barclays Bank	Buy	USD	(135,420)	132,481
2,400,000	Sanmina-SCI Corp., senior sub. note, 8.125%, 03/01/16, Jun. 2019	5.00	Barclays Bank	Buy	USD	(172,315)	131,390
1,000,000	Universal Health Services Inc., senior secured note, first lien, 144A, 3.75%, 08/01/19, Sep. 2019	5.00	Barclays Bank	Buy	USD	(82,447)	32,798
600,000	Ally Financial Inc., senior note, 7.50%, 09/15/20, Dec. 2022	5.00	Citibank	Buy	USD	(107,129)	5,729
430,000	American Airlines Group Inc., senior note, 144A, 5.50%, 10/01/19, Dec. 2019	5.00	Citibank	Buy	USD	(35,571)	1,225
1,350,000	Best Buy Co. Inc., senior note, 5.50%, 03/15/21, Jun. 2022	5.00	Citibank	Buy	USD	(236,151)	(8,679)
1,040,000	Limited Brands Inc., senior note, 8.50%, 06/15/19, Jun. 2022	1.00	Citibank	Buy	USD	16,080	(53,395)
2,345,000	Target Corp., senior note, 3.875%, 07/15/20, Jun. 2022	1.00	Citibank	Buy	USD	(54,965)	(17,157)
2,500,000	Tenet Healthcare Corp., senior note, 6.875%, 11/15/31, Mar. 2020	5.00	Citibank	Buy	USD	(115,631)	(3,036)
1,040,000	The Gap Inc., senior note, 5.95%, 04/12/21, Jun. 2022	1.00	Citibank	Buy	USD	(3,484)	(68,829)
600,000	Olin Corp., senior bond, 5.50%, 08/15/22, Jun. 2021	1.00	Goldman Sachs	Buy	USD	(10,362)	(57,770)
5,000,000	PHH Corp., senior note, 7.375%, 09/01/19, Sep. 2019	5.00	Goldman Sachs	Buy	USD	(404,310)	(433,932)
1,000,000	Sanmina-SCI Corp., senior sub. note, 8.125%, 03/01/16, Jun. 2019	5.00	Goldman Sachs	Buy	USD	(71,798)	53,018
925,000	Tenet Healthcare Corp., senior note, 6.875%, 11/15/31, Mar. 2019	5.00	Goldman Sachs	Buy	USD	(40,363)	6,749
900,000	Ally Financial Inc., senior note, 7.50%, 09/15/20, Dec. 2022	5.00	JPMorgan Chase Bank	Buy	USD	(160,694)	9,601
525,000	Avon Products Inc., senior note, 6.50%, 03/01/19, Mar. 2019	5.00	JPMorgan Chase Bank	Buy	USD	(5,686)	30,790
350,000	Best Buy Co. Inc., senior note, 5.50%, 03/15/21, Jun. 2022	5.00	JPMorgan Chase Bank	Buy	USD	(61,224)	1,546

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 12 — Open positions on credit default swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin Flexible Alpha Bond Fund (continued)

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
1,000,000	Boyd Gaming Corp., senior sub-bond, 7.125%, 02/01/16, Jun. 2022	5.00	JPMorgan Chase Bank	Buy	USD	(176,434)	(4,061)
2,080,000	CDX.NA.HY.29, Dec. 2022	5.00	JPMorgan Chase Bank	Buy	USD	(168,707)	(14,890)
20,000,000	ITRX.EUR.28, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	EUR	(646,872)	(88,881)
950,000	KB Home, senior note, 7.00%, 12/15/21, Mar. 2020	5.00	JPMorgan Chase Bank	Buy	USD	(96,005)	5,218
1,275,000	Nabors Industries Inc., senior note, 9.25%, 01/15/19, Jun. 2020	1.00	JPMorgan Chase Bank	Buy	USD	30,272	(2,429)
325,000	Olin Corp., senior bond, 5.50%, 08/15/22, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	(4,723)	(12,933)
2,000,000	Tenet Healthcare Corp., senior note, 6.875%, 11/15/31, Mar. 2019	5.00	JPMorgan Chase Bank	Buy	USD	(87,272)	46,024
940,000	The AES Corp., senior note, FRN, 4.20178%, 06/01/19, Jun. 2021	5.00	JPMorgan Chase Bank	Buy	USD	(131,405)	(26,931)
1,050,000	The AES Corp., senior note, FRN, 4.20178%, 06/01/19, Jun. 2022	5.00	JPMorgan Chase Bank	Buy	USD	(162,197)	(16,136)
4,250,000	Energy Transfer Equity LP, senior secured bond, first lien, 5.875%, 01/15/24, Dec. 2020	5.00	Morgan Stanley	Buy	USD	(523,826)	30,584
1,250,000	DISH DBS Corp., senior note, 6.75%, 06/01/21, Dec. 2022	5.00	Barclays Bank	Sell	USD	44,050	(21,907)
3,850,000	Government of China, senior bond, 7.50%, 10/28/27, Dec. 2022	1.00	Barclays Bank	Sell	USD	89,876	9,573
900,000	Morgan Stanley, senior note, 3.75%, 02/25/23, Dec. 2022	1.00	Barclays Bank	Sell	USD	20,145	541
900,000	The Goldman Sachs Group Inc., 5.95%, 01/18/18, Dec. 2022	1.00	Barclays Bank	Sell	USD	19,438	1,877
4,800,000	1Y (Dec-18) HY Bespoke 6-10% Mezz Axe CDX Index, Dec. 2018	0.63	Citibank	Sell	USD	3,981	3,981
260,000	Citibank Bespoke 58 IG/42 HY Equity Tranche 0-3% Index, Jun. 2019	1.00	Citibank	Sell	USD	(29,159)	41,041
10,400,000	Citibank Bespoke Boulder Portfolio CDX Index, Dec. 2019	1.24	Citibank	Sell	USD	118,528	118,528
1,000,000	Citibank Bespoke Dec-18 Hong Kong 3-5% Tranche Index, Dec. 2018	1.00	Citibank	Sell	USD	1,170	42,570
550,000	Citibank Bespoke Verona Dec 19 Index, Dec. 2019	1.00	Citibank	Sell	USD	(110,025)	24,725
2,800,000	Citibank Bespoke Verona Dec 19 Index, Dec. 2019	0.40	Citibank	Sell	USD	2,802	2,802
3,000,000	Government of Colombia, senior bond, 10.375%, 01/28/33, Dec. 2022	1.00	Citibank	Sell	USD	(5,743)	27,550
1,740,000	Government of Indonesia, Reg S, 5.875%, 03/13/20, Dec. 2022	1.00	Citibank	Sell	USD	12,336	14,765
1,210,000	Government of Malaysia, 0.01%, 12/31/99, Dec. 2022	1.00	Citibank	Sell	USD	23,664	10,311
4,040,000	Government of Mexico, senior note, 4.15%, 03/28/27, Dec. 2022	1.00	Citibank	Sell	USD	(11,344)	10,593
7,500,000	Lisbon 3-7% Bespoke Mezzanine Tranche Index, Jun. 2019	0.79	Citibank	Sell	USD	(69,242)	(69,241)
2,920,000	MCDX.NA.29, Dec. 2022	1.00	Citibank	Sell	USD	89,735	15,648
1,010,000	Simon Property Group LP, senior bond, 4.375%, 03/01/21, Jun. 2022	1.00	Citibank	Sell	USD	18,105	15,217
1,000,000	Enterprise Products Operating LLC, senior note, 5.20%, 09/01/20, Mar. 2023	1.00	Goldman Sachs	Sell	USD	17,114	32,552
1,200,000	Anadarko Petroleum Corp., senior bond, 6.95%, 06/15/19, Jun. 2024	1.00	JPMorgan Chase Bank	Sell	USD	(30,627)	42,342
600,000	Capital One Financial Corp., senior note, 4.75%, 07/15/21, Dec. 2022	1.00	JPMorgan Chase Bank	Sell	USD	9,634	(1,095)
22,900,000	CDX.NA.IG.29, Dec. 2022	1.00	JPMorgan Chase Bank	Sell	USD	541,731	43,942

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 12 — Open positions on credit default swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin Flexible Alpha Bond Fund (continued)

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
3,000,000	Government of Indonesia, Reg S, 5.875%, 03/13/20, Dec. 2022	1.00	JPMorgan Chase Bank	Sell	USD	21,269	23,392
700,000	Government of Mexico, senior note, 4.15%, 03/28/27, Dec. 2022	1.00	JPMorgan Chase Bank	Sell	USD	(1,966)	37
1,275,000	Nabors Industries Inc., senior note, 9.25%, 01/15/19, Jun. 2022	1.00	JPMorgan Chase Bank	Sell	USD	(141,656)	17,266
3,400,000	Simon Property Group LP, senior bond, 4.375%, 03/01/21, Jun. 2022	1.00	JPMorgan Chase Bank	Sell	USD	60,950	27,929
600,000	The Goldman Sachs Group Inc., 5.95%, 01/18/18, Dec. 2022	1.00	JPMorgan Chase Bank	Sell	USD	12,959	1,425
						(3,822,234)	90,452

#### Franklin Global Multi-Asset Income Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value EUR	Unrealised profit/(loss) EUR
10,825,000	CDX.NA.IG.27, Dec. 2021	1.00	Barclays Bank	Buy	USD	(202,365)	(107,236)
6,160,000	ITRX.EUR.26, Dec. 2021	1.00	Barclays Bank	Buy	EUR	(163,990)	(91,820)
						(366,355)	(199,056)

#### Franklin K2 Alternative Strategies Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
1,255,000	CDX.EM.28, Version 2, Dec. 2022	1.00	Bank of America	Buy	USD	13,992	(55,193)
603,318	Government of Turkey, senior bond, 11.875%, 01/15/30, Dec. 2022	1.00	Bank of America	Buy	USD	17,573	(11,125)
250,000	Enel SpA, Reg S, senior bond, 4.75%, 06/12/18, Dec. 2022	1.00	Barclays Bank	Buy	EUR	(6,620)	(1,438)
521,000	Government of South Africa, 5.50%, 03/09/20, Jun. 2022	1.00	Barclays Bank	Buy	USD	8,685	(8,155)
99,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Jun. 2022	1.00	Barclays Bank	Buy	USD	1,987	(1,106)
736,000	CDX.NA.IG.29, Version 1, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	USD	(28,445)	(2,619)
400,000	Enel SpA, Reg S, senior bond, 4.75%, 06/12/18, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	EUR	(10,592)	(2,101)
1,647,000	Government of Mexico, senior bond, 5.95%, 03/19/19, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	(12,460)	(12,460)
566,000	Government of Mexico, senior note, 4.15%, 03/28/27, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	USD	1,412	(2,291)
2,407,000	Government of South Africa, 5.50%, 03/09/20, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	17,755	17,755
1,930,000	Government of South Africa, 5.50%, 03/09/20, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	USD	49,621	49,621
1,559,000	Government of South Africa, 5.50%, 03/09/20, Jun. 2022	1.00	JPMorgan Chase Bank	Buy	USD	25,988	25,988
1,592,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Dec. 2020	1.00	JPMorgan Chase Bank	Buy	USD	(1,892)	(1,892)
391,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	4,207	(19,009)
801,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Jun. 2022	1.00	JPMorgan Chase Bank	Buy	USD	16,078	16,078
1,774,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Sep. 2020	1.00	JPMorgan Chase Bank	Buy	USD	(4,444)	(142,096)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 12 — Open positions on credit default swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
1,773,907	Korea Treasury Bond, senior note, 7.125%, 04/16/19, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	(37,664)	14,932
368,822	Korea Treasury Bond, senior note, 7.125%, 04/16/19, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	USD	(8,232)	(149)
270,000	Teva Pharmaceutical Finance Co. BV, senior note, 3.65%, 11/10/21, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	USD	20,162	(10,437)
1,450,000	Government of Mexico, senior note, 4.15%, 03/28/27, Dec. 2022	1.00	Morgan Stanley	Buy	USD	3,617	3,031
666,682	Government of Turkey, senior bond, 11.875%, 01/15/30, Dec. 2022	1.00	Morgan Stanley	Buy	USD	19,419	(5,433)
328,855	iTraxx Asia ex-Japan IG Series 28, Version 1, Dec. 2022	1.00	Morgan Stanley	Buy	USD	(8,000)	(2,214)
3,450,000	CDX.NA.HY.29, Version 1, Dec. 2022	5.00	JPMorgan Chase Bank	Sell	USD	290,525	1,830
394,000	Government of Russia, senior bond, Reg S, 7.50%, 03/31/30, Dec. 2021	1.00	JPMorgan Chase Bank	Sell	USD	1,607	15,812
476,000	Government of Russia, senior bond, Reg S, 7.50%, 03/31/30, Jun. 2021	1.00	JPMorgan Chase Bank	Sell	USD	3,640	37,715
426,000	Government of Russia, senior bond, Reg S, 7.50%, 03/31/30, Jun. 2022	1.00	JPMorgan Chase Bank	Sell	USD	(850)	11,024
2,397,460	Government of Russia, senior bond, Reg S, 7.50%, 03/31/30, Sep. 2020	1.00	JPMorgan Chase Bank	Sell	USD	27,309	27,309
11,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Dec. 2022	1.00	JPMorgan Chase Bank	Sell	USD	(320)	162
						404,058	(56,461)

#### Franklin K2 Global Macro Opportunities Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
188,000	Government of Mexico, senior bond, 5.95%, 03/19/19, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	(1,422)	(6,328)
1,000	Government of Mexico, senior note, 4.15%, 03/28/27, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	USD	2	(4)
270,000	Government of South Africa, 5.50%, 03/09/20, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	1,992	1,992
64,000	Government of South Africa, 5.50%, 03/09/20, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	USD	1,645	1,645
163,000	Government of South Africa, 5.50%, 03/09/20, Jun. 2022	1.00	JPMorgan Chase Bank	Buy	USD	2,717	2,717
444,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	4,778	4,778
31,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Jun. 2022	1.00	JPMorgan Chase Bank	Buy	USD	622	(611)
203,124	Korea Treasury Bond, senior note, 7.125%, 04/16/19, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	(4,313)	(4,311)
29,282	Korea Treasury Bond, senior note, 7.125%, 04/16/19, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	USD	(654)	(12)
385,000	Government of Russia, senior bond, Reg S, 7.50%, 03/31/30, Dec. 2021	1.00	JPMorgan Chase Bank	Sell	USD	1,571	15,450
103,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Dec. 2022	1.00	JPMorgan Chase Bank	Sell	USD	(3,000)	1,520
						3,938	16,836



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 12 — Open positions on credit default swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Long Short Credit Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
198,000	Lloyds Bank PLC, 0.00%, 02/20/49, Dec. 2022	1.00	Bank of America	Buy	EUR	(3,962)	(1,252)
57,000	Government of South Africa, 5.50%, 03/09/20, Jun. 2022	1.00	Barclays Bank	Buy	USD	950	(892)
74,000	Hertz Corp., senior note, 7.50%, 10/15/18, Jun. 2022	5.00	Barclays Bank	Buy	USD	4,419	(5,992)
142,000	K Hovnanian Enterprises Inc., senior note, 144A, 7.00%, 01/15/19, Dec. 2022	5.00	Barclays Bank	Buy	USD	55,454	20,329
360,000	Ford Motor Co., senior note, 4.346%, 12/08/26, Dec. 2022	5.00	Goldman Sachs	Buy	USD	(70,321)	3,016
186,000	Ford Motor Credit Co. LLC, senior note, 5.00%, 05/15/18, Dec. 2022	5.00	Goldman Sachs	Buy	USD	(36,275)	1,617
152,000	Hertz Corp., senior note, 5.875%, 10/15/20, Jun. 2022	5.00	Goldman Sachs	Buy	USD	9,078	(1,626)
678,000	K Hovnanian Enterprises Inc., senior note, 144A, 7.00%, 01/15/19, Dec. 2022	5.00	Goldman Sachs	Buy	USD	264,774	70,895
127,997	MBIA Inc., senior bond, 6.625%, 10/01/28, Dec. 2020	5.00	Goldman Sachs	Buy	USD	23,583	11,431
74,000	RR Donnelley & Sons Co., senior note, 7.875%, 03/15/21, Dec. 2022	5.00	Goldman Sachs	Buy	USD	4,859	217
126,990	Windstream Corp., senior bond, 7.50%, 06/01/22, Dec. 2022	5.00	Goldman Sachs	Buy	USD	46,782	1,930
280,000	American Axle & Manufacturing Inc., senior bond, 6.625%, 10/15/22, Dec. 2022	5.00	JPMorgan Chase Bank	Buy	USD	(31,893)	3,747
595,000	Caterpillar Financial Services Corp., senior note, 2.25%, 12/01/19, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	(17,125)	(8,404)
2,350,000	CDX.NA.HY.27, Version 3, Dec. 2021	5.00	JPMorgan Chase Bank	Buy	USD	(199,511)	(199,511)
2,400,000	CDX.NA.HY.28, Version 2, Jun. 2022	5.00	JPMorgan Chase Bank	Buy	USD	(210,473)	(133,265)
225,000	Dynegy Inc., senior note, 6.75%, 11/01/19, Dec. 2021	5.00	JPMorgan Chase Bank	Buy	USD	(26,429)	(31,483)
396,000	Glencore Finance Europe Ltd., senior bond, Reg S, 6.50%, 02/27/19, Dec. 2022	5.00	JPMorgan Chase Bank	Buy	EUR	(85,570)	4,872
211,000	Government of Mexico, senior bond, 5.95%, 03/19/19, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	(1,596)	(7,102)
114,000	Government of Mexico, senior note, 4.15%, 03/28/27, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	USD	284	(461)
300,000	Government of South Africa, 5.50%, 03/09/20, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	2,213	(16,201)
143,000	Government of South Africa, 5.50%, 03/09/20, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	USD	3,677	3,677
370,000	Government of South Africa, 5.50%, 03/09/20, Jun. 2022	1.00	JPMorgan Chase Bank	Buy	USD	6,168	6,168
585,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	6,295	6,295
181,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Jun. 2022	1.00	JPMorgan Chase Bank	Buy	USD	3,633	3,633
13,000	Hertz Corp., senior note, 7.50%, 10/15/18, Jun. 2022	5.00	JPMorgan Chase Bank	Buy	USD	776	(1,448)
4,283,000	ITOCHU Corp., senior note, 1.91%, 09/13/19, Jun. 2022	1.00	JPMorgan Chase Bank	Buy	JPY	(1,202)	142
3,783,000	JFE Holdings Inc., senior note, 1.32%, 06/08/21, Jun. 2022	1.00	JPMorgan Chase Bank	Buy	JPY	(941)	263
125,000	John Deere Capital Corp., senior note, 2.80%, 03/04/21, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	(3,579)	(1,210)



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 12 — Open positions on credit default swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin K2 Long Short Credit Fund (continued)

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
30,000	K Hovnanian Enterprises Inc., senior note, 144A, 7.00%, 01/15/19, Dec. 2019	5.00	JPMorgan Chase Bank	Buy	USD	11,711	1,719
168,000	K Hovnanian Enterprises Inc., senior note, 144A, 7.00%, 01/15/19, Jun. 2018	5.00	JPMorgan Chase Bank	Buy	USD	64,379	13,185
275,006	Korea Treasury Bond, senior note, 7.125%, 04/16/19, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	(5,839)	1,637
50,324	Korea Treasury Bond, senior note, 7.125%, 04/16/19, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	USD	(1,123)	(20)
198,000	Lloyds Bank PLC, 0.00%, 02/20/49, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	EUR	(3,962)	(1,038)
240,000	Macy's Retail Holdings Inc., senior note, 3.45%, 01/15/21, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	USD	17,121	266
6,257,000	Marubeni Corp., senior note, 1.50%, 06/14/21, Jun. 2022	1.00	JPMorgan Chase Bank	Buy	JPY	(1,518)	165
13,223,000	Mitsui OSK Lines Ltd., senior note, 1.139%, 07/12/22, Jun. 2022	1.00	JPMorgan Chase Bank	Buy	JPY	(833)	400
125,500	Pitney Bowes Inc., senior bond, 6.25%, 03/15/19, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	11,033	5,189
175,000	Rallye SA, senior note, Reg S, 7.625%, 11/04/16, Dec. 2019	5.00	JPMorgan Chase Bank	Buy	EUR	(5,697)	(11,158)
80,000	RR Donnelley & Sons Co., senior note, 7.875%, 03/15/21, Dec. 2022	5.00	JPMorgan Chase Bank	Buy	USD	5,254	3,726
3,330,000	Sharp Corp., senior note, 1.604%, 09/13/19, Dec. 2018	1.00	JPMorgan Chase Bank	Buy	JPY	(104)	(631)
100,000	United Rentals North America Inc., senior bond, 6.125%, 06/15/23, Dec. 2021	5.00	JPMorgan Chase Bank	Buy	USD	(16,740)	(1,460)
230,000	Transocean Inc., senior bond, 7.375%, 04/15/18, Dec. 2021	1.00	Morgan Stanley	Buy	USD	17,057	(20,913)
462,000	Windstream Corp., senior bond, 7.50%, 06/01/22, Dec. 2018	5.00	Barclays Bank	Sell	USD	(56,073)	(18,613)
7,000	K Hovnanian Enterprises Inc., senior note, 144A, 7.00%, 01/15/19, Dec. 2018	5.00	Goldman Sachs	Sell	USD	(2,704)	(1,119)
113,000	K Hovnanian Enterprises Inc., senior note, 144A, 7.00%, 01/15/19, Jun. 2019	5.00	Goldman Sachs	Sell	USD	(43,888)	(17,741)
220,000	Windstream Corp., senior bond, 7.50%, 06/01/22, Dec. 2018	5.00	Goldman Sachs	Sell	USD	(26,702)	(6,091)
500,000	Government of Russia, senior bond, Reg S, 7.50%, 03/31/30, Dec. 2021	1.00	JPMorgan Chase Bank	Sell	USD	2,040	27,445
119,000	Government of Russia, senior bond, Reg S, 7.50%, 03/31/30, Jun. 2022	1.00	JPMorgan Chase Bank	Sell	USD	(238)	3,080
125,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Dec. 2022	1.00	JPMorgan Chase Bank	Sell	USD	(3,641)	1,845
379,000	K Hovnanian Enterprises Inc., senior note, 144A, 7.00%, 01/15/19, Mar. 2018	5.00	JPMorgan Chase Bank	Sell	USD	(21,552)	38,693
17,992	Windstream Corp., senior bond, 7.50%, 06/01/22, Dec. 2018	5.00	JPMorgan Chase Bank	Sell	USD	(2,184)	(1,124)
						<u>(320,135)</u>	<u>(253,173)</u>

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 12 — Open positions on credit default swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin Strategic Income Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
440,000	Best Buy Co. Inc., senior note, 5.50%, 03/15/21, Jun. 2022	5.00	Barclays Bank	Buy	USD	(76,968)	(2,766)
1,300,000	Ally Financial Inc., senior note, 7.50%, 09/15/20, Dec. 2022	5.00	Citibank	Buy	USD	(232,113)	12,412
4,010,000	Best Buy Co. Inc., senior note, 5.50%, 03/15/21, Jun. 2022	5.00	Citibank	Buy	USD	(701,456)	6,720
2,200,000	Kohl's Corp., senior bond, 4.00%, 11/01/21, Jun. 2022	1.00	Citibank	Buy	USD	35,147	(87,709)
1,875,000	Limited Brands Inc., senior note, 8.50%, 06/15/19, Jun. 2022	1.00	Citibank	Buy	USD	28,990	(96,265)
1,800,000	Macy's Retail Holdings Inc., senior note, 3.45%, 01/15/21, Jun. 2022	1.00	Citibank	Buy	USD	97,149	(36,356)
4,450,000	Target Corp., senior note, 3.875%, 07/15/20, Jun. 2022	1.00	Citibank	Buy	USD	(104,305)	(32,557)
1,875,000	The Gap Inc., senior note, 5.95%, 04/12/21, Jun. 2022	1.00	Citibank	Buy	USD	(6,283)	(124,101)
500,000	CSC Holdings LLC, senior bond, 7.625%, 07/15/18, Sep. 2018	5.00	Goldman Sachs	Buy	USD	(17,048)	12,189
500,000	CSC Holdings LLC, senior bond, 7.625%, 07/15/18, Mar. 2019	5.00	Goldman Sachs	Buy	USD	(27,849)	(355)
300,000	Olin Corp., senior bond, 5.50%, 08/15/22, Jun. 2021	1.00	Goldman Sachs	Buy	USD	(5,182)	(28,387)
400,000	Springleaf Finance Corp., senior note, J, 6.90%, 12/15/17, Jun. 2020	5.00	Goldman Sachs	Buy	USD	(35,182)	(13,670)
2,300,000	Ally Financial Inc., senior note, 7.50%, 09/15/20, Dec. 2022	5.00	JPMorgan Chase Bank	Buy	USD	(410,662)	24,551
100,000	Olin Corp., senior bond, 5.50%, 08/15/22, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	(1,453)	(3,979)
400,000	The AES Corp., senior note, FRN, 4.20178%, 06/01/19, Jun. 2021	5.00	JPMorgan Chase Bank	Buy	USD	(55,917)	(11,545)
5,300,000	Citibank Bespoke 1 Year Mezzanine Tranche, Jun. 2018	0.50	Citibank	Sell	USD	12,583	12,583
830,000	Citibank Bespoke 58 IG/42 HY Equity Tranche 0-3% Index, Jun. 2019	1.00	Citibank	Sell	USD	(93,085)	131,015
1,870,000	Citibank Bespoke Verona Dec 19 Index, Dec. 2019	1.00	Citibank	Sell	USD	(374,084)	84,066
5,500,000	Citibank Bespoke Verona Dec 19 Index, Dec. 2019	0.40	Citibank	Sell	USD	5,504	5,504
8,050,000	Government of Argentina, senior bond, Reg S, 7.625%, 04/22/46, Dec. 2022	5.00	Citibank	Sell	USD	936,220	218,240
300,000	Government of Mexico, senior bond, 5.95%, 03/19/19, Jun. 2020	1.00	Citibank	Sell	USD	3,243	7,000
3,350,000	MCDX.NA.29, Dec. 2022	1.00	Citibank	Sell	USD	102,950	17,952
2,700,000	Government of Mexico, senior note, 4.15%, 03/28/27, Dec. 2022	1.00	Credit Suisse International	Sell	USD	7,759	22,395
930,000	LCDX.NA.20, Jun. 2018	2.50	Credit Suisse International	Sell	USD	6,577	(17,836)
64,600,000	LCDX.NA.21, Dec. 2018	2.50	Credit Suisse International	Sell	USD	806,730	(2,171,519)
4,650,000	LCDX.NA.20, Jun. 2018	2.50	Goldman Sachs	Sell	USD	32,883	(38,137)
750,000	CDX.NA.IG.24, Jun. 2025	1.00	JPMorgan Chase Bank	Sell	USD	6,060	7,861
6,050,000	Government of Colombia, senior bond, 10.375%, 01/28/33, Dec. 2022	1.00	JPMorgan Chase Bank	Sell	USD	25,721	117,510
						<u>(34,071)</u>	<u>(1,985,184)</u>

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 12 — Open positions on credit default swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin U.S. Low Duration Fund

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
420,000	Best Buy Co. Inc., senior note, 5.50%, 03/15/21, Jun. 2022	5.00	Barclays Bank	Buy	USD	(73,469)	(2,641)
1,150,000	Kohl's Corp., senior bond, 4.00%, 11/01/21, Jun. 2022	1.00	Barclays Bank	Buy	USD	18,372	(48,566)
1,025,000	Macy's Retail Holdings Inc., senior note, 3.45%, 01/15/21, Jun. 2022	1.00	Barclays Bank	Buy	USD	55,321	(20,584)
700,000	Ally Financial Inc., senior note, 7.50%, 09/15/20, Dec. 2022	5.00	Citibank	Buy	USD	(124,984)	6,683
1,280,000	Best Buy Co. Inc., senior note, 5.50%, 03/15/21, Jun. 2022	5.00	Citibank	Buy	USD	(223,906)	(10,915)
420,000	Government of Turkey, senior bond, 11.875%, 01/15/30, Dec. 2022	1.00	Citibank	Buy	USD	12,049	(4,189)
1,075,000	Limited Brands Inc., senior note, 8.50%, 06/15/19, Jun. 2022	1.00	Citibank	Buy	USD	16,621	(55,192)
2,400,000	Target Corp., senior note, 3.875%, 07/15/20, Jun. 2022	1.00	Citibank	Buy	USD	(56,254)	(17,559)
3,050,000	Tenet Healthcare Corp., senior note, 6.875%, 11/15/31, Mar. 2019	5.00	Citibank	Buy	USD	(133,089)	24,649
1,075,000	The Gap Inc., senior note, 5.95%, 04/12/21, Jun. 2022	1.00	Citibank	Buy	USD	(3,602)	(71,152)
5,000,000	CSC Holdings LLC, senior bond, 7.625%, 07/15/18, Mar. 2019	5.00	Goldman Sachs	Buy	USD	(278,487)	(54,110)
1,600,000	Olin Corp., senior bond, 5.50%, 08/15/22, Jun. 2021	1.00	Goldman Sachs	Buy	USD	(27,632)	(154,054)
1,300,000	Ally Financial Inc., senior note, 7.50%, 09/15/20, Dec. 2022	5.00	JPMorgan Chase Bank	Buy	USD	(232,113)	13,917
700,000	Best Buy Co. Inc., senior note, 5.50%, 03/15/21, Jun. 2022	5.00	JPMorgan Chase Bank	Buy	USD	(122,449)	3,093
22,800,000	ITRX.EUR.28, Dec. 2022	1.00	JPMorgan Chase Bank	Buy	EUR	(737,434)	(125,935)
3,025,000	Nabors Industries Inc., senior note, 9.25%, 01/15/19, Jun. 2020	1.00	JPMorgan Chase Bank	Buy	USD	71,823	(6,776)
1,200,000	Olin Corp., senior bond, 5.50%, 08/15/22, Dec. 2021	1.00	JPMorgan Chase Bank	Buy	USD	(17,439)	(47,753)
2,650,000	The AES Corp., senior note, FRN, 4.20178%, 06/01/19, Jun. 2021	5.00	JPMorgan Chase Bank	Buy	USD	(370,455)	(76,333)
4,225,000	The AES Corp., senior note, FRN, 4.20178%, 06/01/19, Jun. 2022	5.00	JPMorgan Chase Bank	Buy	USD	(652,651)	(65,932)
5,400,000	1Y (Dec-18) HY Bespoke 6-10% Mezz Axe CDX Index, Dec. 2018	0.63	Citibank	Sell	USD	4,479	4,479
2,716,000	CDX.EM.28, Dec. 2022	1.00	Citibank	Sell	USD	(23,722)	73,239
3,600,000	Citibank Bespoke 1 Year Mezzanine Tranche, Jun. 2018	0.50	Citibank	Sell	USD	8,547	8,547
580,000	Citibank Bespoke 58 IG/42 HY Equity Tranche 0-3% Index, Jun. 2019	1.00	Citibank	Sell	USD	(65,048)	91,552
2,300,000	Citibank Bespoke Dec-18 Hong Kong 3-5% Tranche Index, Dec. 2018	1.00	Citibank	Sell	USD	2,692	97,912
1,000,000	Citibank Bespoke Verona Dec 19 Index, Dec. 2019	1.00	Citibank	Sell	USD	(200,045)	44,955
1,800,000	Citibank Bespoke Verona Dec 19 Index, Dec. 2019	0.40	Citibank	Sell	USD	1,801	1,801
1,200,000	Government of Colombia, senior bond, 10.375%, 01/28/33, Dec. 2022	1.00	Citibank	Sell	USD	(2,297)	11,020
1,600,000	Government of Mexico, senior bond, 5.95%, 03/19/19, Jun. 2020	1.00	Citibank	Sell	USD	17,298	37,331
1,200,000	Government of Mexico, senior note, 4.15%, 03/28/27, Dec. 2022	1.00	Citibank	Sell	USD	(3,370)	2,890
1,800,000	Lisbon 3-7% Bespoke Mezzanine Tranche Index, Jun.2019	0.79	Citibank	Sell	USD	(16,618)	(16,618)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 12 — Open positions on credit default swap contracts (continued)

As at December 31, 2017 the Company had entered into the following outstanding contracts:

#### Franklin U.S. Low Duration Fund (continued)

Nominal	Description	Interest paid/received %	Counterparty	Buy/Sell Protection	Trading currency	Market value USD	Unrealised profit/(loss) USD
2,100,000	Simon Property Group LP, senior bond, 4.375%, 03/01/21, Jun. 2022	1.00	Citibank	Sell	USD	37,646	31,598
3,100,000	American Tower Corp., senior note, 4.50%, 01/15/18, Mar. 2021	1.00	Goldman Sachs	Sell	USD	(861)	52,649
4,929,000	LCDX.NA.20, Jun. 2018	2.50	Goldman Sachs	Sell	USD	34,856	(40,425)
25,300,000	CDX.NA.IG.29, Dec. 2022	1.00	JPMorgan Chase Bank	Sell	USD	598,507	69,124
1,200,000	Government of Indonesia, Reg S, 5.875%, 03/13/20, Dec. 2022	1.00	JPMorgan Chase Bank	Sell	USD	8,508	9,357
3,025,000	Nabors Industries Inc., senior note, 9.25%, 01/15/19, Jun. 2022	1.00	JPMorgan Chase Bank	Sell	USD	(336,087)	45,974
2,450,000	Simon Property Group LP, senior bond, 4.375%, 03/01/21, Jun. 2022	1.00	JPMorgan Chase Bank	Sell	USD	43,920	20,126
300,000	Enterprise Products Operating LLC, senior note, 5.20%, 09/01/20, Dec. 2019	1.00	Morgan Stanley	Sell	USD	4,651	6,135
						(2,764,921)	(161,703)

### Note 13 — Open positions on option contracts

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Brazil Opportunities Fund

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment USD	Market value USD	Unrealised profit/(loss) USD
Currency Option Purchase	BRL/USD, Call Option, Strike Price 3400, Jan. 2018	CM Capital Markets CCTVM	BRL	176	9,032,589	3	(22,584)

#### Franklin Diversified Balanced Fund

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment EUR	Market value EUR	Unrealised profit/(loss) EUR
Index Option Purchase	EURO STOXX 50 Index, Call Option, Strike Price 3925, Mar. 2018	JPMorgan Chase Bank	EUR	329	11,528,028	2,303	(15,193)
Purchase	EURO STOXX 50 Index, Call Option, Strike Price 4000, Mar. 2018	JPMorgan Chase Bank	EUR	319	11,177,632	957	(12,498)
Purchase	S&P 500 Index, Put Option, Strike Price 2530, Feb. 2018	JPMorgan Chase Bank	USD	248	55,263,814	203,601	(658,385)
Sale	Dow Jones EURO STOXX Banks Index, Call Option, Strike Price 145, Mar. 2018	JPMorgan Chase Bank	EUR	(251)	1,637,524	(8,157)	5,020
Sale	Dow Jones EURO STOXX Banks Index, Call Option, Strike Price 150, Mar. 2018	JPMorgan Chase Bank	EUR	(247)	1,611,428	(3,705)	6,871
Sale	S&P 500 Index, Put Option, Strike Price 2350, Feb. 2018	JPMorgan Chase Bank	USD	(248)	55,263,814	(58,910)	279,184
						136,089	(395,001)

#### Franklin Diversified Conservative Fund

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment EUR	Market value EUR	Unrealised profit/(loss) EUR
Index Option Purchase	EURO STOXX 50 Index, Call Option, Strike Price 3925, Mar. 2018	JPMorgan Chase Bank	EUR	322	11,282,751	2,254	(14,870)
Purchase	EURO STOXX 50 Index, Call Option, Strike Price 4000, Mar. 2018	JPMorgan Chase Bank	EUR	313	10,967,395	939	(12,263)
Purchase	S&P 500 Index, Put Option, Strike Price 2530, Feb. 2018	JPMorgan Chase Bank	USD	138	30,751,639	113,294	(368,915)
Sale	Dow Jones EURO STOXX Banks Index, Call Option, Strike Price 145, Mar. 2018	JPMorgan Chase Bank	EUR	(246)	1,604,904	(7,995)	4,920
Sale	Dow Jones EURO STOXX Banks Index, Call Option, Strike Price 150, Mar. 2018	JPMorgan Chase Bank	EUR	(242)	1,578,808	(3,630)	6,732

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 13 — Open positions on option contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Diversified Conservative Fund (continued)

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment EUR	Market value EUR	Unrealised profit/(loss) EUR
Sale	S&P 500 Index, Put Option, Strike Price 2350, Feb. 2018	JPMorgan Chase Bank	USD	(138)	30,751,639	(32,780)	157,873
						72,082	(226,523)

#### Franklin Diversified Dynamic Fund

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment EUR	Market value EUR	Unrealised profit/(loss) EUR
Index Option Purchase	EURO STOXX 50 Index, Call Option, Strike Price 3925, Mar. 2018	JPMorgan Chase Bank	EUR	181	6,342,168	1,267	(8,359)
Purchase	EURO STOXX 50 Index, Call Option, Strike Price 4000, Mar. 2018	JPMorgan Chase Bank	EUR	176	6,166,970	528	(6,896)
Purchase	S&P 500 Index, Put Option, Strike Price 2530, Feb. 2018	JPMorgan Chase Bank	USD	143	31,865,828	117,399	(382,281)
Sale	Dow Jones EURO STOXX Banks Index, Call Option, Strike Price 145, Mar. 2018	JPMorgan Chase Bank	EUR	(139)	906,836	(4,518)	2,780
Sale	Dow Jones EURO STOXX Banks Index, Call Option, Strike Price 150, Mar. 2018	JPMorgan Chase Bank	EUR	(136)	887,264	(2,040)	3,784
Sale	S&P 500 Index, Put Option, Strike Price 2350, Feb. 2018	JPMorgan Chase Bank	USD	(143)	31,865,828	(33,968)	163,593
						78,668	(227,379)

#### Franklin Flexible Alpha Bond Fund

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment USD	Market value USD	Unrealised profit/(loss) USD
Swaption Purchase	CDX.NA.HY.29, Strike Price 60, Apr. 2018	Barclays Bank	USD	10,000,000	10,000,000	12,360	(10,640)
Purchase	CDX.NA.HY.29, Strike Price 106.50, Apr. 2018	Barclays Bank	USD	6,000,000	6,000,000	47,016	(40,584)
Purchase	CDX.NA.IG.29, Strike Price 60, Mar. 2018	Barclays Bank	USD	15,000,000	15,000,000	14,400	(28,500)
Purchase	Receiving floating 3-month USD LIBOR / Paying fixed rate 2.57%, Mar. 2018	Citibank	USD	23,800,000	23,800,000	108,052	(72,828)
Sale	CDX.NA.HY.29, Strike Price 75, Apr. 2018	Barclays Bank	USD	(10,000,000)	10,000,000	(6,570)	4,430
Sale	CDX.NA.HY.29, Strike Price 103.50, Apr. 2018	Barclays Bank	USD	(6,000,000)	6,000,000	(21,774)	19,626
Sale	CDX.NA.IG.29, Strike Price 75, Mar. 2018	Barclays Bank	USD	(15,000,000)	15,000,000	(8,280)	13,770
						145,204	(114,726)

#### Franklin Global Multi-Asset Income Fund

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment EUR	Market value EUR	Unrealised profit/(loss) EUR
Index Option Purchase	EURO STOXX 50 Index, Call Option, Strike Price 3925, Mar. 2018	JPMorgan Chase Bank	EUR	547	19,166,661	3,829	(25,260)
Purchase	EURO STOXX 50 Index, Call Option, Strike Price 4000, Mar. 2018	JPMorgan Chase Bank	EUR	532	18,641,067	1,596	(20,844)
Purchase	S&P 500 Index, Put Option, Strike Price 2530, Feb. 2018	JPMorgan Chase Bank	USD	420	93,591,944	344,807	(1,119,340)
Sale	Dow Jones EURO STOXX Banks Index, Call Option, Strike Price 145, Mar. 2018	JPMorgan Chase Bank	EUR	(418)	2,727,032	(13,585)	8,360
Sale	Dow Jones EURO STOXX Banks Index, Call Option, Strike Price 150, Mar. 2018	JPMorgan Chase Bank	EUR	(412)	2,687,888	(6,180)	11,462
Sale	Grupo Aeroportuario del Pacifico SAB de CV, ADR, Call Option, Strike Price 108.426, Jan. 2018	JPMorgan Chase Bank	USD	(2,739)	234,589	(85)	1,754
Sale	Guangdong Investment Ltd., Call Option, Strike Price 11.13, Jan. 2018	JPMorgan Chase Bank	HKD	(201,400)	224,736	(428)	438

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 13 — Open positions on option contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin Global Multi-Asset Income Fund (continued)

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment EUR	Market value EUR	Unrealised profit/(loss) EUR
Sale	S&P 500 Index, Put Option, Strike Price 2350, Feb. 2018	JPMorgan Chase Bank	USD	(420)	93,591,944	(99,767)	477,086
						<u>230,187</u>	<u>(666,344)</u>

#### Franklin Income Fund

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment USD	Market value USD	Unrealised profit/(loss) USD
Equity Option Sale	Schlumberger Ltd., Put Option, Strike Price 62.50, Jan. 2018	Citibank	USD	(2,000)	13,478,000	(26,000)	153,913
Sale	The Coca-Cola Co., Call Option, Strike Price 47, Feb. 2018	Citibank	USD	(3,150)	14,452,200	(119,700)	29,791
Sale	Apple Inc., Call Option, Strike Price 190, Jan. 2018	Deutsche Bank International	USD	(550)	9,307,650	(3,850)	39,576
Sale	Cummins Inc., Call Option, Strike Price 185, Feb. 2018	Merrill Lynch International	USD	(750)	13,248,000	(168,750)	(44,284)
Sale	Mylan NV, Call Option, Strike Price 45, Feb. 2018	Merrill Lynch International	USD	(2,398)	10,145,938	(158,268)	28,672
Sale	Target Corp., Call Option, Strike Price 70, Feb. 2018	Merrill Lynch International	USD	(1,500)	9,787,500	(145,500)	(22,565)
Sale	Analog Devices Inc., Put Option, Strike Price 85, Jan. 2018	Susquehanna Financial	USD	(1,100)	9,793,300	(42,900)	33,899
Sale	Anheuser-Busch InBev SA/NV, ADR, Call Option, Strike Price 125, Jan. 2018	Susquehanna Financial	USD	(1,250)	13,945,000	(3,750)	78,696
Sale	Anheuser-Busch InBev SA/NV, ADR, Put Option, Strike Price 115, Jan. 2018	Susquehanna Financial	USD	(800)	8,924,800	(284,000)	(141,637)
Sale	Eli Lilly & Co., Call Option, Strike Price 90, Feb. 2018	Susquehanna Financial	USD	(2,000)	16,892,000	(60,000)	87,914
Sale	General Dynamics Corp., Put Option, Strike Price 195, Jan. 2018	UBS	USD	(750)	15,258,750	(51,750)	141,729
Sale	Intel Corp., Call Option, Strike Price 47, Jan. 2018	Wells Fargo Securities LLC	USD	(2,000)	9,232,000	(102,000)	(24,985)
						<u>(1,166,468)</u>	<u>360,719</u>

#### Franklin K2 Alternative Strategies Fund

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment USD	Market value USD	Unrealised profit/(loss) USD
Currency Option Purchase	USD/PHP, Call Option, Strike Price 50.95, May 2018	Bank of America	USD	3,100,000	3,157,984	24,805	(53,108)
Equity Option Purchase	NXP Semiconductors NV, Call Option, Strike Price 105, Jan. 2018	Deutsche Bank	USD	43	503,487	53,320	21,183
Purchase	Straight Path Communications Inc., B, Call Option, Strike Price 150, Feb. 2018	Deutsche Bank	USD	22	399,938	70,070	1,803
Purchase	Adient PLC, Call Option, Strike Price 85, Jan. 2018	JPMorgan Chase Bank	USD	316	2,486,920	4,740	(118,444)
Purchase	American International Group Inc., Call Option, Strike Price 65, Jan. 2018	JPMorgan Chase Bank	USD	69	411,102	138	(20,383)
Purchase	American International Group Inc., Call Option, Strike Price 67.5, Jan. 2018	JPMorgan Chase Bank	USD	69	411,102	69	(15,226)
Purchase	AT&T Inc., Call Option, Strike Price 38, Jan. 2018	JPMorgan Chase Bank	USD	807	3,137,616	89,577	28,390
Purchase	Bunge Ltd., Call Option, Strike Price 75, Apr. 2018	JPMorgan Chase Bank	USD	77	516,516	14,245	(19,756)
Purchase	Charter Communications Inc., A, Call Option, Strike Price 440, Jan. 2018	JPMorgan Chase Bank	USD	130	4,367,480	8,126	(186,861)
Purchase	DISH Network Corp., A, Call Option, Strike Price 55, Mar. 2018	JPMorgan Chase Bank	USD	2,223	10,614,825	311,220	(442,886)
Purchase	DISH Network Corp., A, Put Option, Strike Price 40, Mar. 2018	JPMorgan Chase Bank	USD	616	2,941,400	40,040	(35,754)
Purchase	DowDuPont Inc., Call Option, Strike Price 80, Mar. 2018	JPMorgan Chase Bank	USD	192	1,367,424	5,280	(5,365)



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 13 — Open positions on option contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment USD	Market value USD	Unrealised profit/(loss) USD
Purchase	GGP Inc., Call Option, Strike Price 22, Jan. 2018	JPMorgan Chase Bank	USD	39	91,221	6,669	(2,317)
Purchase	Johnson Controls International PLC, Call Option, Strike Price 41, Apr. 2018	JPMorgan Chase Bank	USD	375	1,429,125	29,250	(77,355)
Purchase	NXP Semiconductors NV, Call Option, Strike Price 110, Jan. 2018	JPMorgan Chase Bank	USD	188	2,201,292	142,880	118,055
Purchase	QUALCOMM Inc., Call Option, Strike Price 70, Jan. 2018	JPMorgan Chase Bank	USD	275	1,760,550	3,575	(35,682)
Purchase	QUALCOMM Inc., Call Option, Strike Price 70, Jun. 2018	JPMorgan Chase Bank	USD	42	268,884	9,240	(5,201)
Purchase	Redwood Trust Inc., Put Option, Strike Price 15, Jan. 2018	JPMorgan Chase Bank	USD	76	112,632	1,900	301
Purchase	Telecom Italia SpA, Call Option, Strike Price 0.76, Jun. 2018	JPMorgan Chase Bank	EUR	829	716,634	36,902	(74,579)
Purchase	Texas Instruments Inc., Put Option, Strike Price 92.5, Jan. 2018	JPMorgan Chase Bank	USD	53	553,532	477	(4,990)
Purchase	Texas Instruments Inc., Put Option, Strike Price 95, Jan. 2018	JPMorgan Chase Bank	USD	53	553,532	636	(7,911)
Purchase	Thyssenkrupp AG, Call Option, Strike Price 24, Mar. 2018	JPMorgan Chase Bank	EUR	262	761,193	35,523	7,995
Purchase	Time Warner Inc., Call Option, Strike Price 95, Jul. 2018	JPMorgan Chase Bank	USD	356	3,256,332	160,200	2,855
Purchase	Trinity Industries Inc., Call Option, Strike Price 37, Jan. 2018	JPMorgan Chase Bank	USD	23	86,158	2,645	376
Purchase	Trinity Industries Inc., Call Option, Strike Price 38, Apr. 2018	JPMorgan Chase Bank	USD	461	1,726,906	96,810	23,010
Purchase	Veeco Instruments Inc., Call Option, Strike Price 17, Jan. 2018	JPMorgan Chase Bank	USD	28	41,580	560	(571)
Purchase	Vodafone Group PLC, Call Option, Strike Price 32, Jan. 2018	JPMorgan Chase Bank	USD	782	2,494,580	30,498	(8,911)
Purchase	AK Steel Holding Corp., Call Option, Strike Price 7, Jan. 2018	Morgan Stanley	USD	380	215,080	1,140	(7,102)
Purchase	Altaba Inc., Put Option, Strike Price 67.5, Jan. 2018	Morgan Stanley	USD	56	391,160	3,528	(5,665)
Purchase	Apollo Commercial Finance Inc., Put Option, Strike Price 17.5, Feb. 2018	Morgan Stanley	USD	65	119,925	325	(751)
Purchase	CenturyLink Inc., Put Option, Strike Price 17.5, Jan. 2018	Morgan Stanley	USD	193	321,924	20,651	4,962
Purchase	Comcast Corp., A, Call Option, Strike Price 36.25, Jan. 2018	Morgan Stanley	USD	120	480,600	47,400	19,205
Purchase	DISH Network Corp., A, Call Option, Strike Price 52.5, Jan. 2018	Morgan Stanley	USD	8	38,200	360	(1,658)
Purchase	Golar LNG Ltd., Put Option, Strike Price 17.5, Jan. 2018	Morgan Stanley	USD	13	38,753	104	(1,850)
Purchase	Hannon Armstrong Sustainable Infrastructure Capital Inc., Put Option, Strike Price 20, Jan. 2018	Morgan Stanley	USD	50	120,300	500	(27)
Purchase	Innoviva Inc., Put Option, Strike Price 10, Mar. 2018	Morgan Stanley	USD	71	100,749	355	(1,494)
Purchase	Istar Inc., Put Option, Strike Price 11, Jan. 2018	Morgan Stanley	USD	123	138,990	1,230	(1,907)
Purchase	Nuance Communications Inc., Call Option, Strike Price 15, Jan. 2018	Morgan Stanley	USD	75	122,625	11,625	7,096
Purchase	Telecom Italia SpA, Call Option, Strike Price 0.7, Jun. 2018	Morgan Stanley	EUR	1,775	1,534,410	135,451	(7,370)
Purchase	Thyssenkrupp AG, Call Option, Strike Price 25, Mar. 2018	Morgan Stanley	EUR	278	807,677	23,349	3,523
Purchase	Thyssenkrupp AG, Call Option, Strike Price 27, Mar. 2018	Morgan Stanley	EUR	266	772,814	7,979	(31,882)
Purchase	Vishay Intertechnology Inc., Put Option, Strike Price 20, Jan. 2018	Morgan Stanley	USD	55	114,125	1,238	(1,053)
Purchase	Vodafone Group PLC, Call Option, Strike Price 40, Jan. 2018	Morgan Stanley	USD	33	105,270	99	(4,785)
Sale	NXP Semiconductors NV, Call Option, Strike Price 115, Jan. 2018	Deutsche Bank	USD	(43)	503,487	(14,190)	(6,567)
Sale	Straight Path Communications Inc., B, Call Option, Strike Price 185, Feb. 2018	Deutsche Bank	USD	(22)	399,938	(1,485)	2,848
Sale	Bunge Ltd., Put Option, Strike Price 60, Apr. 2018	JPMorgan Chase Bank	USD	(77)	516,516	(10,395)	141
Sale	CenturyLink Inc., Call Option, Strike Price 21, Apr. 2018	JPMorgan Chase Bank	USD	(257)	428,676	(8,995)	2,238



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 13 — Open positions on option contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin K2 Alternative Strategies Fund (continued)

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment USD	Market value USD	Unrealised profit/(loss) USD
Sale	Charter Communications Inc., A, Call Option, Strike Price 500, Jan. 2018	JPMorgan Chase Bank	USD	(130)	4,367,480	(650)	39,027
Sale	DISH Network Corp., A, Call Option, Strike Price 65, Mar. 2018	JPMorgan Chase Bank	USD	(255)	1,217,625	(8,288)	6,098
Sale	DISH Network Corp., A, Put Option, Strike Price 45, Mar. 2018	JPMorgan Chase Bank	USD	(765)	3,652,875	(158,737)	(46,668)
Sale	Time Warner Inc., Call Option, Strike Price 105, Jul. 2018	JPMorgan Chase Bank	USD	(356)	3,256,332	(42,720)	(9,948)
Sale	Time Warner Inc., Put Option, Strike Price 82.5, Jul. 2018	JPMorgan Chase Bank	USD	(356)	3,256,332	(100,037)	23,995
Sale	AK Steel Holding Corp., Put Option, Strike Price 5.5, Jan. 2018	Morgan Stanley	USD	(190)	107,540	(3,610)	4,034
Sale	Apple Inc., Call Option, Strike Price 180, Jan. 2018	Morgan Stanley	USD	(10)	169,230	(240)	3,627
Sale	Comcast Corp., A, Call Option, Strike Price 41.25, Jan. 2018	Morgan Stanley	USD	(120)	480,600	(4,680)	361
Sale	DISH Network Corp., A, Put Option, Strike Price 47.5, Jan. 2018	Morgan Stanley	USD	(27)	128,925	(3,645)	2,755
						<u>1,052,252</u>	<u>(867,041)</u>
Index Option Purchase	S&P 500 Index, Put Option, Strike Price 2550, Jan. 2018	Deutsche Bank	USD	15	4,010,415	5,700	(1,662)
Purchase	Euro STOXX 50 Index, Put Option, Strike Price 3500, Jan. 2018	JPMorgan Chase Bank	EUR	146	6,137,915	63,590	(21,300)
Purchase	S&P 500 Index, Call Option, Strike Price 2800, Mar. 2018	JPMorgan Chase Bank	USD	380	101,597,180	114,000	45,569
Purchase	S&P 500 Index, Call Option, Strike Price 3000, Jun. 2018	JPMorgan Chase Bank	USD	182	48,659,702	29,120	(4,313)
Purchase	S&P 500 Index, Put Option, Strike Price 2575, Feb. 2018	JPMorgan Chase Bank	USD	44	11,763,884	56,760	5,018
Purchase	S&P 500 Index, Put Option, Strike Price 2600, Jan. 2018	JPMorgan Chase Bank	USD	88	23,527,768	58,080	6,714
Purchase	S&P 500 Index, Put Option, Strike Price 2600, Mar. 2018	JPMorgan Chase Bank	USD	44	11,763,884	107,140	(823)
Purchase	S&P 500 Index, Put Option, Strike Price 2600, Jan. 2018	Morgan Stanley	USD	547	146,246,467	596,230	88,886
Sale	S&P 500 Index, Call Option, Strike Price 2900, Mar. 2018	JPMorgan Chase Bank	USD	(76)	20,319,436	(5,320)	3,899
Sale	S&P 500 Index, Put Option, Strike Price 2425, Feb. 2018	JPMorgan Chase Bank	USD	(42)	11,229,162	(20,160)	30,085
Sale	S&P 500 Index, Put Option, Strike Price 2475, Mar. 2018	JPMorgan Chase Bank	USD	(44)	11,763,884	(53,680)	(1,043)
Sale	S&P 500 Index, Put Option, Strike Price 2525, Jan. 2018	JPMorgan Chase Bank	USD	(88)	23,527,768	(25,168)	906
Sale	Euro STOXX 50 Index, Put Option, Strike Price 3150, Jan. 2018	Morgan Stanley	EUR	(140)	5,885,672	(3,696)	56,131
						<u>922,596</u>	<u>208,067</u>
						<u>1,999,653</u>	<u>(712,082)</u>

#### Franklin K2 Long Short Credit Fund

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment USD	Market value USD	Unrealised profit/(loss) USD
Equity Option Purchase	American Axle & Manufacturing Holdings Inc., Put Option, Strike Price 15, Jan. 2019	JPMorgan Chase Bank	USD	32	54,496	5,200	(763)
Purchase	Express Scripts Holding Co., Put Option, Strike Price 50, May. 2018	JPMorgan Chase Bank	USD	58	432,912	2,146	(5,424)
Purchase	GameStop Corp., A, Put Option, Strike Price 10, Jan. 2019	JPMorgan Chase Bank	USD	92	165,140	5,566	(4,186)
Purchase	K+S AG, Put Option, Strike Price 16, Mar. 2018	JPMorgan Chase Bank	EUR	126	313,763	756	(3,393)
Purchase	SunPower Corp., Call Option, Strike Price 9, Jan. 2018	JPMorgan Chase Bank	USD	38	32,034	760	(566)
Purchase	Tesla Inc., Put Option, Strike Price 250, Jan. 2018	JPMorgan Chase Bank	USD	1	31,135	45	(1,235)

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 13 — Open positions on option contracts (continued)

As at December 31, 2017, the Company had entered into the following outstanding contracts:

#### Franklin K2 Long Short Credit Fund (continued)

Purchase/Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/(sold)	Commitment USD	Market value USD	Unrealised profit/(loss) USD
Purchase	Trinity Industries Inc., Call Option, Strike Price 40, Jul. 2018	JPMorgan Chase Bank	USD	18	67,428	3,960	(356)
						18,433	(15,923)
Index Option Purchase	S&P 500 Index, Put Option, Strike Price 2600, Jan. 2018	JPMorgan Chase Bank	USD	49	13,100,689	53,410	7,868
Swaption Purchase	Receiving fixed rate 2.05% / Paying floating rate 3-month USD BBA LIBOR, May 2028	Goldman Sachs	USD	1,091,476	1,091,476	2,475	(617)
						74,318	(8,672)

### Note 14 — Mortgage dollar rolls

As at December 31, 2017 the Company had entered into the following outstanding mortgage dollar rolls:

#### Franklin Flexible Alpha Bond Fund

Nominal	Description	Country code	Trading currency	Market value USD	Unrealised profit/(loss) USD
Long position 22,560,000	FNMA, 3.00%, 01/01/32	USA	USD	22,985,891	(13,089)
Short position (14,352,000)	FNMA, 3.50%, 01/01/47	USA	USD	(14,744,931)	2,248
				8,240,960	(10,841)

#### Franklin Strategic Income Fund

Nominal	Description	Country code	Trading currency	Market value USD	Unrealised profit/(loss) USD
Long position 14,790,000	FHLMC, 3.00%, 01/01/47	USA	USD	14,800,029	27,747
8,510,000	FHLMC, 3.50%, 01/01/47	USA	USD	8,743,839	(482)
3,460,000	FHLMC, 4.00%, 01/01/47	USA	USD	3,619,776	(2,471)
17,430,000	FNMA, 3.00%, 01/01/47	USA	USD	17,434,848	23,004
9,190,000	FNMA, 3.50%, 01/01/47	USA	USD	9,441,605	(1,439)
4,000,000	FNMA, 4.00%, 01/01/47	USA	USD	4,185,513	(4,088)
11,550,000	GNMA II, SF, 3.00%, 01/01/47	USA	USD	11,652,542	(686)
3,180,000	GNMA II, SF, 3.50%, 01/01/47	USA	USD	3,289,958	(2,368)
				73,168,110	39,217

#### Franklin U.S. Low Duration Fund

Nominal	Description	Country code	Trading currency	Market value USD	Unrealised profit/(loss) USD
Long position 29,567,843	FNMA, 3.00%, 01/01/32	USA	USD	29,567,843	(16,838)
Short position (17,412,000)	FNMA, 3.50%, 01/01/47	USA	USD	(17,888,708)	2,727
				11,679,135	(14,111)

### Note 15 — Securities lending

During the period, the Company participated in securities lending programmes through Goldman Sachs and J.P. Morgan as lending agents.

As at December 31, 2017, the market value of the securities on loan and the corresponding collateral received were as follows:

Fund	Fund currency	Lending Agent	Counterparty	Market value of securities on loan in Fund currency	Market value of sovereign bonds received as collateral in Fund currency
Franklin Biotechnology Discovery Fund	USD	Goldman Sachs	Barclays Bank Citibank	13,304,924 18,082,960	15,071,124 20,058,429

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 15 — Securities lending (continued)

	Fund currency	Lending Agent	Counterparty	Market value of securities on loan in Fund currency	Market value of sovereign bonds received as collateral in Fund currency
			Credit Suisse International	1,190,778	1,278,375
			Deutsche Bank	241,273,313	257,492,365
			Goldman Sachs	8,154,368	8,885,262
			Morgan Stanley	17,997,664	21,480,200
			UBS	30,673,672	37,496,357
				330,677,679	361,762,112
Franklin Technology Fund	USD	Goldman Sachs	Barclays Bank	6,128,148	6,500,872
			Citibank	23,975,769	26,283,089
			Deutsche Bank	18,099,341	19,199,932
			UBS	48,995,235	55,575,246
				97,198,493	107,559,139
Franklin U.S. Opportunities Fund	USD	Goldman Sachs	UBS	7,018,574	12,262,536

During the period, the securities lending programmes generated the following revenues and expenses:

	Fund currency	Lending Agent	Gross earnings in Fund currency	Direct and indirect operational costs and fees in Fund currency	Net earnings in Fund currency
Franklin Biotechnology Discovery Fund	USD	Goldman Sachs	1,900,935	152,075	1,748,860
Franklin Natural Resources Fund	USD	Goldman Sachs	45,243	3,619	41,624
Franklin Technology Fund	USD	Goldman Sachs	203,734	16,299	187,435
Franklin U.S. Equity Fund	USD	Goldman Sachs	9,858	789	9,069
Franklin U.S. Opportunities Fund	USD	Goldman Sachs	37,147	2,972	34,175
Franklin Mutual European Fund	EUR	JPMorgan Chase Bank	309,456	24,756	284,700
Franklin Mutual Global Discovery Fund	USD	JPMorgan Chase Bank	132,776	10,622	122,154
Templeton Asian Smaller Companies Fund	USD	JPMorgan Chase Bank	325,875	29,619	296,256
Templeton Emerging Markets Smaller Companies Fund	USD	JPMorgan Chase Bank	140,612	11,888	128,724
Templeton Euroland Fund	EUR	JPMorgan Chase Bank	93,210	7,457	85,753
Templeton European Fund	EUR	JPMorgan Chase Bank	45,612	3,649	41,963
Templeton Global Fund	USD	JPMorgan Chase Bank	53,647	4,292	49,355
Templeton Global Balanced Fund	USD	JPMorgan Chase Bank	18,484	1,479	17,005
Templeton Global Equity Income Fund	USD	JPMorgan Chase Bank	21,541	1,723	19,818
Templeton Global Income Fund	USD	JPMorgan Chase Bank	28,931	2,314	26,617
Templeton Global Smaller Companies Fund	USD	JPMorgan Chase Bank	93,623	7,490	86,133
Templeton Growth (Euro) Fund	EUR	JPMorgan Chase Bank	321,755	25,740	296,015

### Note 16 — Investment management fees

The Investment Managers, as noted on pages 4 to 6, receive from the Company a monthly fee equivalent to a certain percentage per annum (as detailed below) of each Fund's average daily net assets during the accounting period. When Funds invest in other Franklin Templeton funds, a management fee is not applied to the amounts invested. The following percentages apply in respect of the different Funds as at December 31, 2017.

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

	Class I	Class S	Class W	Other Classes except Class X and Class Y
Franklin Asia Credit Fund	0.55%			0.75%
Franklin Biotechnology Discovery Fund	0.70%		0.75%	1.00%
Franklin Brazil Opportunities Fund	0.70%			1.00%
Franklin Diversified Balanced Fund	0.55%		0.65%	0.85%
Franklin Diversified Conservative Fund	0.50%		0.60%	0.80%
Franklin Diversified Dynamic Fund	0.60%		0.70%	0.90%
Franklin Euro Government Bond Fund	0.35%			0.50%
Franklin Euro High Yield Fund	0.60%		0.70%	0.80%
Franklin Euro Short Duration Bond Fund	0.30%		0.35%	0.45%
Franklin Euro Short-Term Money Market Fund	0.20%			0.25%
Franklin European Fund	0.70%			1.00%
Franklin European Corporate Bond Fund	0.40%		0.50%	0.65%
Franklin European Dividend Fund	0.70%			1.00%
Franklin European Growth Fund	0.70%		0.75%	1.00%
Franklin European Income Fund	0.60%		0.75%	0.85%
Franklin European Small-Mid Cap Growth Fund	0.70%		0.75%	1.00%
Franklin European Total Return Fund	0.55%		0.55%	0.75%
Franklin Flexible Alpha Bond Fund	0.55%		0.65%	0.75%
Franklin GCC Bond Fund	0.55%		0.65%	0.75%
Franklin Global Aggregate Bond Fund	0.40%		0.50%	0.65%
Franklin Global Aggregate Investment Grade Bond Fund	0.40%			0.65%
Franklin Global Convertible Securities Fund	0.60%		0.65%	0.75%
Franklin Global Equity Strategies Fund				1.25%
Franklin Global Fundamental Strategies Fund	0.70%		0.75%	1.00%
Franklin Global Growth Fund	0.70%			1.00%

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 16 — Investment management fees (continued)

	Class I	Class S	Class W	Other Classes except Class X and Class Y
Franklin Global High Income Bond Fund	0.60%			0.80%
Franklin Global Listed Infrastructure Fund	0.70%		0.75%	1.00%
Franklin Global Multi-Asset Income Fund	0.60%		0.70%	0.85%
Franklin Global Real Estate Fund	0.70%		0.75%	1.00%
Franklin Global Small-Mid Cap Growth Fund	0.70%		0.75%	1.00%
Franklin Gold and Precious Metals Fund	0.70%			1.00%
Franklin High Yield Fund	0.60%		0.70%	0.80%
Franklin Income Fund	0.60%		0.70%	0.85%
Franklin India Fund	0.70%	up to 0.70%	0.75%	1.00%
Franklin Japan Fund	0.70%		0.75%	1.00%
Franklin K2 Alternative Strategies Fund	1.75%	up to 1.70%	1.85%	2.05%
Franklin K2 Global Macro Opportunities Fund	1.75%		1.85%	2.05%
Franklin K2 Long Short Credit Fund	1.75%		1.85%	2.05%
Franklin MENA Fund	1.05%		1.15%	1.50%
Franklin Natural Resources Fund	0.70%			1.00%
Franklin NextStep Balanced Growth Fund				0.85%
Franklin NextStep Conservative Fund			0.60%	0.80%
Franklin NextStep Dynamic Growth Fund				0.85%
Franklin NextStep Growth Fund			0.70%	1.00%
Franklin NextStep Moderate Fund			0.65%	0.95%
Franklin NextStep Stable Growth Fund				0.80%
Franklin Real Return Fund				0.75%
Franklin Strategic Income Fund	0.55%		0.60%	0.75%
Franklin Technology Fund	0.70%		0.75%	1.00%
Franklin U.S. Dollar Liquid Reserve Fund			0.25%	0.30%
Franklin U.S. Equity Fund	0.70%		0.75%	1.00%
Franklin U.S. Government Fund	0.40%		0.50%	0.65%
Franklin U.S. Low Duration Fund	0.40%		0.45%	0.65%
Franklin U.S. Opportunities Fund	0.70%		0.75%	1.00%
Franklin U.S. Small-Mid Cap Growth Fund	0.70%			1.00%
Franklin World Perspectives Fund	0.70%		0.75%	1.00%
Franklin Mutual Beacon Fund	0.70%		0.75%	1.00%
Franklin Mutual European Fund	0.70%		0.75%	1.00%
Franklin Mutual Global Discovery Fund	0.70%		0.75%	1.00%
Templeton Africa Fund	1.10%		1.25%	1.60%
Templeton ASEAN Fund				1.35%
Templeton Asian Bond Fund	0.55%	up to 0.55%	0.65%	0.75%
Templeton Asian Dividend Fund				1.35%
Templeton Asian Growth Fund	0.90%		1.00%	1.35%
Templeton Asian Smaller Companies Fund	0.90%		1.00%	1.35%
Templeton BRIC Fund	1.10%			1.60%
Templeton China Fund	1.10%		1.25%	1.60%
Templeton Eastern Europe Fund	1.10%		1.25%	1.60%
Templeton Emerging Markets Fund	1.10%		1.25%	1.60%
Templeton Emerging Markets Balanced Fund	0.90%			1.30%
Templeton Emerging Markets Bond Fund	0.70%	up to 0.70%	0.80%	1.00%
Templeton Emerging Markets Smaller Companies Fund	1.10%		1.25%	1.60%
Templeton Euroland Fund	0.70%		0.75%	1.00%
Templeton European Fund	0.70%		0.75%	1.00%
Templeton Frontier Markets Fund	1.10%		1.25%	1.60%
Templeton Global Fund	0.70%		0.75%	1.00%
Templeton Global (Euro) Fund	0.70%		0.75%	1.00%
Templeton Global Balanced Fund	0.60%		0.70%	0.80%
Templeton Global Bond Fund	0.55%	up to 0.55%	0.65%	0.75%
Templeton Global Bond (Euro) Fund	0.55%		0.65%	0.75%
Templeton Global Currency Fund	0.55%		0.65%	0.75%
Templeton Global Equity Income Fund				1.00%
Templeton Global High Yield Fund	0.60%			0.85%
Templeton Global Income Fund	0.60%	up to 0.60%	0.70%	0.85%
Templeton Global Smaller Companies Fund	0.70%			1.00%
Templeton Global Total Return Fund	0.55%	up to 0.55%	0.65%	0.75%
Templeton Growth (Euro) Fund	0.70%		0.75%	1.00%
Templeton Korea Fund	1.10%			1.60%
Templeton Latin America Fund	1.00%		1.10%	1.40%
Templeton Thailand Fund			1.25%	1.60%

### Note 17 — 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 related 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.

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 18 — Connected party transactions

Certain Directors of the Company are or may also be Officers and/or Directors of one or more of the various Investment Managers of the Funds, among others, Templeton Asset Management Limited and Franklin Templeton Institutional, LLC. 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 16 to the financial statements.

There are no connected brokers in Franklin Templeton Investments, and no transactions were entered into with connected brokers during the period ended December 31, 2017.

During the period ended December 31, 2017, the Company accrued administration and transfer agency fees and shares' maintenance and service charges in respect of Franklin Templeton International Services S.à r.l. as Management Company and Principal Distributor of the Funds.

### Note 19 — 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 (except the Franklin Euro Short-Term Money Market Fund and the Franklin U.S. Dollar Liquid Reserve Fund for which the rate is 0.01%). This tax is not applicable for the portion of the assets of a Fund invested in other undertakings for collective investment that have already been subject to such tax. Class I shares, Class X shares and Class Y shares may benefit from a reduced rate of 0.01% per annum if all shareholders of these share classes are institutional investors.

Investment income received or capital gains realised by the Company may be subject to tax in the countries of origin. All liabilities in respect of taxes payable on unrealised capital gains on investments are provided for as soon as there is a reasonable certainty that a liability will crystallise.

No stamp duty or other tax is payable in the Grand Duchy of Luxembourg on the issue of shares in the Company.

The Company is registered for Value Added Tax in the Grand Duchy of Luxembourg and subject to account for Value Added Tax in accordance with current laws.

### Note 20 — Share classes

**Class A shares:** are offered at the applicable net asset value, plus an initial charge of up to 5.75% of the total amount invested varying per asset class. In addition, a maintenance charge of up to 0.50% 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. A contingent deferred sales charge of up to 1%, retained by the Principal Distributor, applies to certain redemptions on qualified investments of USD 1 million or more within 18 months after repurchase.

**Class AS shares:** are offered in Singapore to CPF Investors as more fully described in the current prospectus of the Company. Class AS shares are offered at the applicable net asset value, plus an initial charge of up to 3% of the total amount invested. 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.

**Class AX shares:** are offered at the applicable net asset value, plus an initial charge of up to 5.75% of the total amount invested varying per asset class. In addition, a maintenance charge of up to 0.50% 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. A contingent deferred sales charge of up to 1% applies to certain redemptions on qualified investments of USD 1 million or more within 18 months after repurchase.

**Class B shares:** As from April 1, 2016, no additional Class B Shares are issued. Class B Shares purchased by an Investor prior to April 1, 2016 are subject to a contingent deferred sales charge up to 4% if such investor sells shares within 4 years of purchase. In addition, a maintenance charge of up to 0.75% per annum of the applicable average net asset value and a servicing charge of 1.06% per annum of the applicable average net asset value are applied. These charges are accrued daily and are deducted and paid monthly to the Principal Distributor and/or other parties. Starting from 2011, shares will be automatically converted into Class A shares of the same Fund 7 years after their purchase as more fully disclosed in the prospectus.

**Class C shares:** are not subject to an initial charge but are subject to a contingent deferred sales charge of 1.00% if an investor redeems shares within one year of purchase. In addition, a maintenance charge of 1.08% per annum of the applicable average net asset value is deducted. These charges are accrued daily and are deducted and paid monthly to the Principal Distributor and/or other party.

**Class F shares:** are not subject to an initial charge but are subject to a contingent deferred sales charge of up to 3% if an investor redeems shares within three years of purchase. In addition, a maintenance charge of up to 0.50% per annum of the applicable average net asset value and a servicing charge of 1.00% per annum of the applicable average net asset value are applied. These charges are accrued daily and are deducted and paid monthly to the Principal Distributor and/or other parties. Class F shares will be automatically converted into Class A shares of the same Fund free of charge on the monthly scheduled conversion date fixed by the Management Company upon or following the expiry of 36 months after the date of their purchase.

**Class G shares:** are not subject to an initial charge but are subject to a contingent deferred sales charge of up to 3% if an investor redeems shares within three years of purchase. In addition, a maintenance charge of 0.10% per annum of the applicable average net asset value and a servicing charge of 1.00% per annum of the applicable average net asset value are applied. These charges are accrued daily and are deducted and paid monthly to the Principal Distributor and/or other parties. Class G shares will be automatically converted into Class A shares of the same Fund free of charge on the monthly scheduled conversion date fixed by the Management Company upon or following the expiry of 36 months after the date of their purchase.

**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 not subject to an initial sales charge, nor a contingent deferred sales charge or any maintenance or servicing charges.

**Class N shares:** are subject to an initial charge of up to 3% of the total amount invested. In addition, a maintenance charge of up to 1.25% per annum of the applicable average net asset value is accrued daily and is deducted and paid monthly to the Principal Distributor. Class N shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company.

**Class S shares:** are not subject to an entry charge, contingent deferred sales charge nor any maintenance or servicing charge. Class S shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company.



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 20 — Share classes (continued)

**Class W shares:** are not subject to an entry charge, contingent deferred sales charge nor any maintenance or servicing charge. Class W shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company.

**Class X shares:** are not subject to an initial charge and no management fees will be payable by an investor on the acquisition of Class X shares (instead a fee is paid to the Investment Manager or affiliates under an agreement between the Investment Manager and the investor). Class X shares are offered to institutional investors in certain limited circumstances as more fully described in the current prospectus of the Company.

**Class Y shares:** are not subject to an initial charge and no management, registrar, transfer, corporate, domiciliary or administration fees will be payable by an investor on the acquisition of Class Y shares (instead a fee is paid to the Investment Manager or affiliates under an agreement between the Investment Manager and the investor). Class Y shares are offered to institutional investors in certain limited circumstances as more fully described in the current prospectus of the Company.

**Class Z shares:** are not subject to an initial charge, contingent deferred sales charge nor any maintenance or servicing charge. Class Z shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company.

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

**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.

**Hedged share classes:** In respect of hedged share classes, the Company offers the following alternatives:

- ▶ H1: in order to reduce exchange rate fluctuations and return fluctuations, the base currency exposure of the hedged share class is hedged into a specified alternative currency.
- ▶ H2: a hedging strategy is applied in order to reduce the risk of currency movements between the currency of the hedged share class and other material currencies of the securities held by the Fund.
- ▶ H4: where currency controls imposed by a country's monetary authority prevent free movement of currency ("Restricted Currency"), another hedging methodology is used. The share class is denominated in the base currency of the Fund but hedges the Fund's base currency into a specified Restricted Currency for investors in that Restricted Currency.

### Note 21 — Expenses reimbursement

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

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

### Note 22 — Statement of changes in the investment portfolio

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

### Note 23 — 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 period ended December 31, 2017 the Company incurred the following transaction costs:

Fund	Currency	Amount	Fund	Currency	Amount
Franklin Asia Credit Fund	USD	—*	Franklin Japan Fund	JPY	53,314,493
Franklin Biotechnology Discovery Fund	USD	561,395	Franklin K2 Alternative Strategies Fund	USD	735,135
Franklin Brazil Opportunities Fund	USD	8,578	Franklin K2 Global Macro Opportunities Fund	USD	6,445
Franklin Diversified Balanced Fund	EUR	95,618	Franklin K2 Long Short Credit Fund	USD	10,613
Franklin Diversified Conservative Fund	EUR	84,645	Franklin MENA Fund	USD	182,612
Franklin Diversified Dynamic Fund	EUR	43,533	Franklin Natural Resources Fund	USD	201,507
Franklin Euro Government Bond Fund	EUR	1,405	Franklin NextStep Balanced Growth Fund	USD	31,594
Franklin Euro High Yield Fund	EUR	3,856	Franklin NextStep Conservative Fund	USD	2,938
Franklin Euro Short Duration Bond Fund	EUR	2,060	Franklin NextStep Dynamic Growth Fund	USD	10,432
Franklin Euro Short-Term Money Market Fund	EUR	—*	Franklin NextStep Growth Fund	USD	3,325
Franklin European Fund	EUR	7,498	Franklin NextStep Moderate Fund	USD	8,304
Franklin European Corporate Bond Fund	EUR	900	Franklin NextStep Stable Growth Fund	USD	2,552
Franklin European Dividend Fund	EUR	72,984	Franklin Real Return Fund	USD	—*
Franklin European Growth Fund	EUR	393,118	Franklin Strategic Income Fund	USD	3,692
Franklin European Income Fund	EUR	5,381	Franklin Technology Fund	USD	322,392
Franklin European Small-Mid Cap Growth Fund	EUR	113,592	Franklin U.S. Dollar Liquid Reserve Fund	USD	—*
Franklin European Total Return Fund	EUR	9,340	Franklin U.S. Equity Fund	USD	85,882
Franklin Flexible Alpha Bond Fund	USD	28,066	Franklin U.S. Government Fund	USD	—*
Franklin GCC Bond Fund	USD	—*	Franklin U.S. Low Duration Fund	USD	12,463
Franklin Global Aggregate Bond Fund	USD	—*	Franklin U.S. Opportunities Fund	USD	360,093
Franklin Global Aggregate Investment Grade Bond Fund	USD	—*	Franklin U.S. Small-Mid Cap Growth Fund	USD	30,006
Franklin Global Convertible Securities Fund	USD	124	Franklin World Perspectives Fund	USD	125,309
Franklin Global Equity Strategies Fund	USD	31,919	Franklin Mutual Beacon Fund	USD	43,869
Franklin Global Fundamental Strategies Fund	USD	264,445	Franklin Mutual European Fund	EUR	333,478
Franklin Global Growth Fund	USD	24,977	Franklin Mutual Global Discovery Fund	USD	100,092
Franklin Global High Income Bond Fund	USD	450	Templeton Africa Fund	USD	112,461
Franklin Global Listed Infrastructure Fund	USD	41,428	Templeton ASEAN Fund	USD	9,014
Franklin Global Multi-Asset Income Fund	EUR	86,148	Templeton Asian Bond Fund	USD	—*
Franklin Global Real Estate Fund	USD	62,671	Templeton Asian Dividend Fund	USD	3,768
Franklin Global Small-Mid Cap Growth Fund	USD	79,313	Templeton Asian Growth Fund	USD	1,156,440
Franklin Gold and Precious Metals Fund	USD	99,791	Templeton Asian Smaller Companies Fund	USD	1,044,459
Franklin High Yield Fund	USD	12,409	Templeton BRIC Fund	USD	367,483
Franklin Income Fund	USD	265,393	Templeton China Fund	USD	163,755
Franklin India Fund	USD	2,550,440	Templeton Eastern Europe Fund	EUR	204,205
			Templeton Emerging Markets Fund	USD	347,145

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 23 — Transaction costs (continued)

Fund	Currency	Amount	Fund	Currency	Amount
Templeton Emerging Markets Balanced Fund	USD	32,742	Templeton Global Bond (Euro) Fund	EUR	—*
Templeton Emerging Markets Bond Fund	USD	—*	Templeton Global Currency Fund	USD	—*
Templeton Emerging Markets Smaller Companies Fund	USD	449,571	Templeton Global Equity Income Fund	USD	39,595
Templeton Euroland Fund	EUR	99,612	Templeton Global High Yield Fund	USD	362
Templeton European Fund	EUR	28,741	Templeton Global Income Fund	USD	304,022
Templeton Frontier Markets Fund	USD	598,700	Templeton Global Smaller Companies Fund	USD	37,602
Templeton Global Fund	USD	378,385	Templeton Global Total Return Fund	USD	—*
Templeton Global (Euro) Fund	EUR	76,921	Templeton Growth (Euro) Fund	EUR	1,984,326
Templeton Global Balanced Fund	USD	139,078	Templeton Korea Fund	USD	27,863
Templeton Global Bond Fund	USD	—*	Templeton Latin America Fund	USD	306,584
			Templeton Thailand Fund	USD	280,700

\*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 24 — 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.



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 25 — Dividends distributed

For the period ended December 31, 2017, the following amounts per share were paid out to distributing share class shareholders.

Accumulated dividends have not been paid out and are reflected as an increase in the “Issue of shares” account in the “Statement of Operations and Changes in Net Assets”.

	Annual Distribution Jul- 2017	Jul- 2017	Aug- 2017	Sep- 2017	Oct- 2017	Nov- 2017	Dec- 2017
<b>Franklin Asia Credit Fund</b>							
A (Mdis) AUD-H1		0.032	0.032	0.034	0.032	0.033	0.035
A (Mdis) SGD-H1		0.032	0.031	0.033	0.031	0.031	0.033
A (Mdis) USD		0.033	0.032	0.032	0.032	0.030	0.033
Y (Mdis) USD		0.034	0.033	0.035	0.033	0.032	0.034
<b>Franklin Brazil Opportunities Fund</b>							
A (Qdis) HKD		0.161			0.167		
A (Qdis) USD		0.160			0.166		
N (Qdis) USD		0.158			0.164		
<b>Franklin Diversified Balanced Fund</b>							
A (Qdis) EUR		0.086			0.243		
A (Ydis) EUR	0.709						
I (Qdis) EUR		0.087			0.247		
I (Ydis) EUR	0.022						
N (Ydis) EUR	0.503						
W (Ydis) EUR	0.530						
<b>Franklin Diversified Conservative Fund</b>							
A (Qdis) EUR		0.061			0.188		
A (Qdis) USD-H1*					0.023		
A (Ydis) EUR	0.491						
I (Qdis) EUR		0.061			0.191		
I (Ydis) EUR	0.513						
N (Ydis) EUR	0.354						
W (Ydis) EUR	0.373						
<b>Franklin Diversified Dynamic Fund</b>							
A (Ydis) EUR	0.548						
I (Ydis) EUR	-						
W (Ydis) EUR	0.669						
<b>Franklin Euro Government Bond Fund</b>							
A (Ydis) EUR	0.100						
I (Qdis) EUR		0.030			0.021		
<b>Franklin Euro High Yield Fund</b>							
A (Mdis) EUR		0.021	0.021	0.021	0.022	0.021	0.020
A (Mdis) USD		0.031	0.031	0.031	0.034	0.031	0.030
A (Mdis) USD-H1		0.036	0.035	0.035	0.036	0.033	0.033
A (Ydis) EUR	0.281						
B (Mdis) EUR		0.039	0.038	0.038	0.040	0.037	0.037
B (Mdis) USD		0.032	0.032	0.032	0.034	0.031	0.031
I (Ydis) EUR	0.429						
<b>Franklin Euro Short Duration Bond Fund</b>							
A (Ydis) EUR	0.074						
Y (Mdis) EUR		0.008	0.001	0.003	-	-	0.009
<b>Franklin European Fund<sup>Q2</sup></b>							
A (Ydis) EUR	0.017						
<b>Franklin European Corporate Bond Fund</b>							
A (Ydis) EUR	0.213						
I (Ydis) EUR	0.214						
N (Ydis) EUR	0.210						
Y (Mdis) EUR		0.014	0.015	0.015	0.013	0.015	0.014
<b>Franklin European Dividend Fund</b>							
A (Mdis) SGD-H1		0.042	0.040	0.040	0.042	0.042	0.041
A (Mdis) USD		0.035	0.035	0.035	0.036	0.036	0.036
A (Ydis) EUR	0.700						
Y (Mdis) EUR		0.037	0.035	0.035	0.037	0.037	0.036
<b>Franklin European Growth Fund</b>							
A (Ydis) GBP	0.205						
<b>Franklin European Income Fund</b>							
A (Mdis) EUR		0.024	0.024	0.024	0.024	0.024	0.024
A (Mdis) SGD-H1		0.025	0.025	0.025	0.025	0.025	0.025
A (Mdis) USD		0.022	0.023	0.023	0.023	0.022	0.023
I (Mdis) EUR		0.025	0.025	0.025	0.025	0.025	0.025
N (Mdis) EUR		0.024	0.024	0.024	0.024	0.024	0.024
N (Mdis) USD-H1		0.021	0.021	0.021	0.021	0.021	0.021
W (Mdis) EUR		0.024	0.024	0.024	0.024	0.024	0.024
Z (Mdis) EUR		0.024	0.024	0.024	0.024	0.024	0.024

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 25 — Dividends distributed (continued)

	Annual Distribution Jul- 2017	Jul- 2017	Aug- 2017	Sep- 2017	Oct- 2017	Nov- 2017	Dec- 2017
<b>Franklin European Small-Mid Cap Growth Fund</b>							
Y (Mdis) EUR		0.009	-	0.011	0.059	0.054	0.022
<b>Franklin European Total Return Fund</b>							
A (Mdis) EUR		0.015	0.009	0.010	0.003	0.013	0.015
A (Mdis) USD		0.018	0.010	0.012	0.003	0.016	0.017
N (Mdis) EUR		0.017	0.009	0.012	0.003	0.014	0.017
<b>Franklin Flexible Alpha Bond Fund</b>							
A (Qdis) EUR-H1		0.027			0.026		
I (Ydis) GBP-H1	0.132						
I (Ydis) USD	0.135						
N (Qdis) EUR-H1		-			-		
N (Qdis) USD		-			-		
Y (Mdis) USD		0.005	0.021	0.021	0.018	0.019	0.018
<b>Franklin GCC Bond Fund</b>							
A (Mdis) USD		0.039	0.039	0.038	0.038	0.039	0.039
B (Mdis) USD		0.038	0.038	0.037	0.037	0.037	0.038
W (Mdis) USD		0.036	0.035	0.036	0.035	0.036	0.036
<b>Franklin Global Aggregate Bond Fund</b>							
A (Mdis) EUR		0.013	0.012	0.009	0.009	0.010	0.010
A (Mdis) USD		0.011	0.010	0.008	0.008	0.007	0.009
Y (Mdis) USD		0.021	0.021	0.019	0.019	0.018	0.020
Z (Mdis) USD		0.013	0.012	0.010	0.010	0.009	0.011
<b>Franklin Global Convertible Securities Fund</b>							
A (Ydis) EUR	0.030						
A (Ydis) EUR-H1	0.024						
<b>Franklin Global Equity Strategies Fund</b>							
A (Ydis) EUR	0.008						
<b>Franklin Global Fundamental Strategies Fund</b>							
A (Ydis) EUR	0.150						
N (Ydis) EUR	0.087						
W (Ydis) EUR	0.072						
<b>Franklin Global High Income Bond Fund<sup>Q2</sup></b>							
A (Mdis) HKD		0.048	0.048	0.048	0.048		
A (Mdis) SGD-H1		0.048	0.048	0.048	0.048		
A (Mdis) USD		0.048	0.048	0.048	0.048		
N (Mdis) USD		0.043	0.043	0.043	0.043		
Y (Mdis) USD		0.058	0.058	0.058	0.058		
<b>Franklin Global Listed Infrastructure Fund</b>							
A (Qdis) USD		0.137			0.059		
A (Ydis) EUR	0.360						
W (Qdis) GBP		0.168			0.072		
Y (Mdis) USD		0.039	0.015	0.024	0.019	0.027	0.033
<b>Franklin Global Multi-Asset Income Fund</b>							
A (Mdis) EUR		0.044	0.043	0.043	0.043	0.043	0.043
A (Mdis) SGD-H1		0.042	0.042	0.042	0.042	0.042	0.042
A (Mdis) USD-H1		0.042	0.042	0.042	0.042	0.042	0.042
A (Qdis) EUR		0.139			0.137		
A (Ydis) EUR	0.581						
G (Qdis) EUR		0.101			0.121		
I (Mdis) USD-H1		0.043	0.043	0.043	0.043	0.043	0.043
I (Qdis) EUR		0.143			0.141		
I (Ydis) EUR	0.529						
N (Mdis) USD-H1		0.042	0.042	0.041	0.041	0.042	0.042
N (Qdis) EUR		0.123			0.122		
N (Ydis) EUR	0.515						
W (Mdis) USD-H1		0.046	0.046	0.045	0.045	0.041	0.046
W (Ydis) EUR	0.566						
Y (Mdis) AUD-H1*				0.003	0.046	0.047	0.047
Z (Mdis) USD-H1		0.043	0.042	0.042	0.042	0.043	0.043
<b>Franklin Global Real Estate Fund</b>							
A (Qdis) USD		0.073			0.053		
A (Ydis) EUR-H1	0.335						
B (Qdis) USD		0.069			0.050		
C (Qdis) USD		0.072			0.051		
W (Qdis) USD		0.081			0.057		
Y (Mdis) USD		0.036	0.009	0.016	0.029	0.007	0.022
<b>Franklin Gold and Precious Metals Fund</b>							
A (Ydis) EUR		-					

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 25 — Dividends distributed (continued)

	Annual Distribution Jul-2017	Jul- 2017	Aug- 2017	Sep- 2017	Oct- 2017	Nov- 2017	Dec- 2017
<b>Franklin High Yield Fund</b>							
A (Mdis) AUD-H1		0.045	0.044	0.045	0.045	0.049	0.050
A (Mdis) SGD-H1		0.040	0.037	0.038	0.038	0.040	0.041
A (Mdis) USD		0.031	0.030	0.030	0.030	0.031	0.033
B (Mdis) USD		0.030	0.030	0.029	0.029	0.030	0.032
F (Mdis) USD		0.051	0.049	0.048	0.049	0.050	0.052
I (Mdis) USD		0.050	0.048	0.048	0.047	0.049	0.052
N (Mdis) USD		0.043	0.042	0.041	0.041	0.045	0.044
W (Mdis) USD		0.051	0.049	0.048	0.050	0.050	0.052
Y (Mdis) USD		0.048	0.047	0.046	0.047	0.046	0.051
Z (Mdis) USD		0.047	0.045	0.044	0.045	0.046	0.048
<b>Franklin Income Fund</b>							
A (Mdis) AUD-H1		0.037	0.037	0.037	0.037	0.037	0.037
A (Mdis) EUR-H1		0.035	0.035	0.035	0.035	0.035	0.035
A (Mdis) SGD-H1		0.032	0.032	0.032	0.032	0.032	0.032
A (Mdis) USD		0.045	0.045	0.045	0.045	0.045	0.045
A (Mdis) ZAR-H1		0.086	0.388	0.389	0.391	0.394	0.395
B (Mdis) USD		0.042	0.042	0.042	0.042	0.042	0.042
C (Mdis) USD		0.057	0.057	0.057	0.057	0.057	0.057
F (Mdis) USD		0.039	0.039	0.039	0.039	0.039	0.039
I (Ydis) EUR-H1	0.409						
N (Mdis) EUR		0.038	0.037	0.037	0.037	0.037	0.036
N (Mdis) EUR-H1		0.035	0.035	0.034	0.034	0.034	0.034
N (Mdis) USD		0.035	0.035	0.035	0.035	0.035	0.035
W (Mdis) USD		0.039	0.039	0.039	0.040	0.040	0.040
Z (Mdis) USD		0.041	0.041	0.041	0.041	0.041	0.041
<b>Franklin India Fund</b>							
A (Ydis) EUR	-						
A (Ydis) GBP	-						
I (Ydis) EUR	-						
Y (Mdis) USD		0.022	0.025	0.010	0.007	0.007	0.005
<b>Franklin K2 Alternative Strategies Fund</b>							
A (Ydis) EUR	-						
A (Ydis) EUR-H1	-						
A (Ydis) USD	-						
N (Ydis) EUR-H1	-						
Y (Mdis) USD		0.019	0.018	0.020	0.019	0.018	0.020
<b>Franklin K2 Global Macro Opportunities Fund</b>							
A (Mdis) USD		-	-	-	-	-	-
A (Ydis) EUR	-						
A (Ydis) USD	-						
<b>Franklin K2 Long Short Credit Fund</b>							
A (Mdis) USD		0.002	0.010	0.013	0.004	0.011	0.015
A (Ydis) EUR	0.030						
A (Ydis) USD	0.032						
<b>Franklin MENA Fund</b>							
A (Ydis) USD	0.003						
W (Qdis) USD		0.047			0.017		
<b>Franklin Natural Resources Fund</b>							
A (Ydis) EUR-H1	-						
A (Ydis) USD	-						
<b>Franklin NextStep Balanced Growth Fund</b>							
A (Mdis) HKD		0.010	0.010	0.011	0.014	0.009	0.008
A (Mdis) SGD-H1		0.011	0.010	0.011	0.014	0.009	0.009
A (Mdis) USD		0.012	0.010	0.011	0.014	0.009	0.009
<b>Franklin NextStep Conservative Fund</b>							
A (Mdis) USD		0.013	0.013	0.012	0.020	0.011	0.014
W (Mdis) EUR-H1		0.012	0.011	0.011	0.019	0.010	0.014
W (Mdis) GBP-H1		0.013	0.013	0.012	0.019	0.012	0.014
W (Mdis) USD		0.013	0.012	0.011	0.020	0.010	0.014
<b>Franklin NextStep Dynamic Growth Fund</b>							
A (Mdis) HKD		-	-	-	-	-	-
A (Mdis) SGD-H1		0.010	0.007	0.010	0.011	0.006	0.006
A (Mdis) USD		0.010	0.008	0.009	0.011	0.006	0.006
<b>Franklin NextStep Growth Fund</b>							
A (Mdis) USD		0.012	0.008	0.007	0.010	0.005	0.006
W (Mdis) EUR-H1		0.011	0.007	0.007	0.009	0.005	0.005
W (Mdis) GBP-H1		0.012	0.008	0.007	0.009	0.006	0.006
W (Mdis) USD		0.011	0.008	0.006	0.010	0.005	0.005

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 25 — Dividends distributed (continued)

	Annual Distribution Jul- 2017	Jul- 2017	Aug- 2017	Sep- 2017	Oct- 2017	Nov- 2017	Dec- 2017
<b>Franklin NextStep Moderate Fund</b>							
A (Mdis) USD		0.012	0.009	0.010	0.013	0.007	0.009
W (Mdis) EUR-H1		0.011	0.008	0.008	0.013	0.007	0.008
W (Mdis) GBP-H1		0.012	0.009	0.010	0.013	0.007	0.009
W (Mdis) USD		0.012	0.009	0.008	0.013	0.007	0.009
<b>Franklin NextStep Stable Growth Fund</b>							
A (Mdis) HKD		0.015	0.014	0.016	0.021	0.014	0.016
A (Mdis) SGD-H1		0.014	0.014	0.015	0.021	0.014	0.016
A (Mdis) USD		0.014	0.015	0.015	0.022	0.013	0.016
<b>Franklin Real Return Fund<sup>52</sup></b>							
A (Ydis) EUR-H1	0.088						
<b>Franklin Strategic Income Fund</b>							
A (Mdis) AUD-H1		0.037	0.029	0.034	0.029	0.037	0.030
A (Mdis) EUR		0.035	0.025	0.030	0.026	0.032	0.025
A (Mdis) EUR-H1		0.034	0.025	0.030	0.026	0.032	0.026
A (Mdis) SGD-H1		0.036	0.027	0.032	0.028	0.034	0.027
A (Mdis) USD		0.040	0.031	0.035	0.031	0.037	0.030
B (Mdis) USD		0.038	0.030	0.034	0.030	0.035	0.029
C (Mdis) USD		0.039	0.031	0.034	0.031	0.036	0.030
I (Ydis) USD	0.422						
N (Mdis) EUR-H1		0.034	0.025	0.029	0.026	0.032	0.026
W (Mdis) USD		0.039	0.030	0.035	0.030	0.037	0.029
Y (Mdis) USD <sup>+</sup>							
<b>Franklin U.S. Dollar Liquid Reserve Fund</b>							
A (Mdis) USD		-	-	-	-	-	-
B (Mdis) USD		-	-	-	-	-	-
F (Mdis) USD		-	-	-	-	-	-
<b>Franklin U.S. Equity Fund</b>							
Y (Mdis) USD		0.004	0.007	0.011	0.011	0.005	0.012
<b>Franklin U.S. Government Fund</b>							
A (Mdis) HKD		0.016	0.014	0.015	0.014	0.014	0.015
A (Mdis) USD		0.015	0.013	0.014	0.013	0.013	0.014
B (Mdis) USD		0.005	0.003	0.004	0.003	0.003	0.004
I (Mdis) JPY-H1		1.943	1.741	1.840	1.738	1.734	1.830
I (Mdis) USD		0.020	0.018	0.019	0.018	0.018	0.019
N (Mdis) USD		0.010	0.008	0.009	0.008	0.008	0.009
W (Mdis) USD		0.019	0.017	0.018	0.017	0.017	0.018
Z (Mdis) USD		0.018	0.016	0.017	0.016	0.016	0.017
<b>Franklin U.S. Low Duration Fund</b>							
A (Mdis) USD		0.011	0.009	0.008	0.009	0.009	0.012
B (Mdis) USD		-	-	-	-	-	-
C (Mdis) USD		-	-	-	-	-	-
N (Mdis) USD		-	-	-	-	-	-
W (Qdis) USD		0.038	-	-	0.036	-	-
Y (Mdis) USD <sup>+</sup>							
<b>Franklin U.S. Opportunities Fund</b>							
A (Ydis) EUR	-						
A (Ydis) GBP	-						
X (Ydis) USD	0.055						
Y (Mdis) USD		0.005	0.001	0.009	0.004	0.002	0.008
<b>Franklin Mutual Beacon Fund</b>							
A (Ydis) USD	-						
<b>Franklin Mutual European Fund</b>							
A (Ydis) EUR	0.162						
A (Ydis) GBP	0.140						
B (Ydis) EUR	-						
I (Ydis) EUR	0.291						
W (Ydis) EUR	0.174						
Y (Mdis) EUR		0.048	0.023	0.025	0.005	0.002	0.021
<b>Franklin Mutual Global Discovery Fund</b>							
A (Ydis) EUR	0.110						
A (Ydis) GBP	0.100						
<b>Templeton Africa Fund</b>							
A (Ydis) EUR	0.100						
A (Ydis) EUR-H1	0.079						
<b>Templeton ASEAN Fund<sup>52</sup></b>							
A (Ydis) USD	0.073						

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 25 — Dividends distributed (continued)

	Annual Distribution Jul- 2017	Jul- 2017	Aug- 2017	Sep- 2017	Oct- 2017	Nov- 2017	Dec- 2017
<b>Templeton Asian Bond Fund</b>							
A (Mdis) AUD-H1		0.038	0.038	0.037	0.039	0.040	0.033
A (Mdis) EUR		0.047	0.044	0.042	0.044	0.044	0.037
A (Mdis) SGD		0.041	0.040	0.038	0.039	0.040	0.033
A (Mdis) SGD-H1		0.038	0.037	0.036	0.037	0.037	0.032
A (Mdis) USD		0.053	0.052	0.049	0.053	0.051	0.044
B (Mdis) USD		0.051	0.051	0.048	0.050	0.049	0.043
C (Mdis) USD		0.053	0.051	0.048	0.051	0.051	0.043
I (Mdis) EUR		0.049	0.047	0.044	0.046	0.047	0.039
I (Ydis) EUR-H1	0.480						
N (Mdis) USD		0.052	0.052	0.048	0.052	0.050	0.043
W (Mdis) USD		0.040	0.039	0.037	0.040	0.039	0.033
X (Ydis) USD	0.447						
Y (Mdis) USD		0.045	0.045	0.042	0.045	0.045	0.037
<b>Templeton Asian Dividend Fund<sup>2</sup></b>							
A (Mdis) USD		0.017	0.017	0.021	0.023		
Y (Mdis) USD		0.033	0.027	0.035	0.038		
<b>Templeton Asian Growth Fund</b>							
A (Ydis) EUR	0.072						
A (Ydis) GBP	0.062						
A (Ydis) USD	0.081						
I (Ydis) EUR-H2	0.080						
W (Ydis) EUR	0.128						
X (Ydis) USD	0.202						
Y (Mdis) USD		0.022	0.025	0.034	0.012	0.016	0.007
Z (Ydis) EUR-H1	0.077						
Z (Ydis) USD	0.071						
<b>Templeton Asian Smaller Companies Fund</b>							
A (Ydis) USD	0.008						
I (Ydis) USD	0.020						
W (Ydis) USD*							
X (Ydis) USD	0.227						
Y (Mdis) USD		0.027	0.056	0.039	0.011	0.001	0.002
<b>Templeton China Fund</b>							
A (Ydis) EUR	-						
A (Ydis) GBP	-						
I (Ydis) GBP	-						
W (Ydis) EUR	0.067						
<b>Templeton Eastern Europe Fund</b>							
A (Ydis) EUR	-						
B (Ydis) EUR	-						
<b>Templeton Emerging Markets Fund</b>							
A (Ydis) USD	-						
<b>Templeton Emerging Markets Balanced Fund</b>							
A (Qdis) USD		0.075			0.071		
A (Ydis) EUR	0.249						
A (Ydis) EUR-H1	0.177						
<b>Templeton Emerging Markets Bond Fund</b>							
A (Mdis) AUD-H1		0.059	0.061	0.064	0.059	0.064	0.065
A (Mdis) HKD		0.064	0.064	0.067	0.061	0.063	0.066
A (Mdis) SGD-H1		0.057	0.058	0.060	0.055	0.057	0.059
A (Mdis) USD		0.070	0.071	0.072	0.067	0.069	0.072
A (Mdis) ZAR-H1		0.189	0.775	0.775	0.740	0.813	0.786
A (Qdis) EUR		0.330			0.310		
A (Qdis) GBP		0.251			0.237		
A (Qdis) USD		0.372			0.363		
A (Ydis) EUR-H1	0.683						
B (Mdis) USD		0.069	0.069	0.070	0.065	0.067	0.069
B (Qdis) USD		0.329			0.319		
F (Mdis) USD		0.075	0.076	0.078	0.072	0.074	0.077
I (Qdis) GBP-H1		0.194			0.188		
I (Qdis) USD		0.296			0.289		
I (Ydis) EUR-H1	0.693						
N (Mdis) USD		0.064	0.064	0.066	0.061	0.063	0.066
N (Qdis) PLN-H1		0.212			0.215		
W (Qdis) EUR		0.234			0.220		
W (Qdis) GBP		0.228			0.215		
W (Qdis) GBP-H1		0.201			0.195		
W (Qdis) USD		0.182			0.178		
Y (Mdis) USD		0.077	0.077	0.078	0.074	0.075	0.079
Z (Mdis) USD		0.061	0.062	0.064	0.059	0.061	0.063

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 25 — Dividends distributed (continued)

	Annual Distribution Jul- 2017	Jul- 2017	Aug- 2017	Sep- 2017	Oct- 2017	Nov- 2017	Dec- 2017
<b>Templeton Emerging Markets Smaller Companies Fund</b>							
A (Ydis) GBP	-						
A (Ydis) USD	-						
Y (Mdis) USD		0.020	0.038	0.024	0.011	0.003	0.003
Y (Ydis) JPY*							
<b>Templeton Euroland Fund</b>							
A (Ydis) EUR	0.190						
B (Ydis) EUR	-						
<b>Templeton European Fund</b>							
A (Ydis) USD	0.209						
<b>Templeton Frontier Markets Fund</b>							
A (Ydis) GBP	0.181						
A (Ydis) USD	0.138						
I (Ydis) GBP	0.432						
Z (Ydis) EUR-H1	0.120						
<b>Templeton Global Fund</b>							
A (Ydis) USD	0.093						
W (Ydis) USD	0.107						
X (Ydis) USD	0.173						
<b>Templeton Global (Euro) Fund</b>							
A (Ydis) EUR	0.075						
<b>Templeton Global Balanced Fund</b>							
A (Qdis) USD		0.240			0.180		
C (Qdis) USD		0.139			0.104		
I (Ydis) USD	0.362						
X (Ydis) USD	0.278						
<b>Templeton Global Bond Fund</b>							
A (Mdis) AUD-H1		0.062	0.058	0.061	0.056	0.060	0.058
A (Mdis) CAD-H1		0.056	0.052	0.056	0.048	0.055	0.052
A (Mdis) EUR		0.096	0.087	0.089	0.079	0.085	0.083
A (Mdis) EUR-H1		0.067	0.063	0.065	0.060	0.063	0.061
A (Mdis) GBP		0.084	0.078	0.083	0.070	0.076	0.073
A (Mdis) GBP-H1		0.056	0.052	0.055	0.047	0.052	0.049
A (Mdis) HKD		0.060	0.056	0.057	0.052	0.053	0.053
A (Mdis) RMB-H1		0.619	0.584	0.591	0.534	0.569	0.562
A (Mdis) SGD		0.065	0.061	0.062	0.055	0.058	0.057
A (Mdis) SGD-H1		0.067	0.063	0.065	0.058	0.061	0.060
A (Mdis) USD		0.110	0.102	0.105	0.095	0.099	0.097
A (Ydis) CHF-H1	0.566						
A (Ydis) EUR	1.009						
A (Ydis) EUR-H1	0.552						
B (Mdis) USD		0.111	0.103	0.106	0.095	0.099	0.098
C (Mdis) USD		0.083	0.077	0.079	0.072	0.074	0.073
F (Mdis) USD		0.057	0.054	0.055	0.049	0.052	0.051
I (Mdis) EUR		0.081	0.073	0.075	0.068	0.072	0.070
I (Mdis) GBP		0.079	0.074	0.078	0.066	0.072	0.069
I (Mdis) GBP-H1		0.062	0.058	0.061	0.052	0.058	0.055
I (Mdis) JPY		7.439	6.989	7.084	6.415	6.836	6.743
I (Mdis) JPY-H1		5.590	5.161	5.284	4.870	5.085	4.929
I (Ydis) EUR	0.890						
I (Ydis) EUR-H1	0.564						
N (Mdis) EUR-H1		0.077	0.072	0.074	0.069	0.073	0.070
N (Mdis) USD		0.057	0.054	0.056	0.050	0.052	0.051
N (Ydis) EUR-H1	0.550						
S (Mdis) EUR		0.055	0.049	0.051	0.046	0.049	0.047
W (Mdis) EUR		0.063	0.057	0.058	0.052	0.056	0.055
W (Mdis) GBP		0.069	0.065	0.068	0.058	0.063	0.060
W (Mdis) GBP-H1		0.058	0.055	0.057	0.049	0.054	0.052
W (Mdis) USD		0.052	0.049	0.049	0.045	0.047	0.046
W (Ydis) EUR	0.659						
W (Ydis) EUR-H1	0.508						
Y (Mdis) USD		0.063	0.059	0.061	0.055	0.057	0.056
Z (Mdis) GBP-H1		0.058	0.054	0.058	0.051	0.053	0.052
Z (Mdis) USD		0.056	0.052	0.054	0.048	0.050	0.050
Z (Ydis) EUR-H1	0.557						
<b>Templeton Global Bond (Euro) Fund</b>							
A (Ydis) EUR	0.395						
N (Ydis) EUR	0.309						

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 25 — Dividends distributed (continued)

	Annual Distribution Jul-2017	Jul- 2017	Aug- 2017	Sep- 2017	Oct- 2017	Nov- 2017	Dec- 2017
<b>Templeton Global Equity Income Fund</b>							
A (Mdis) RMB-H1		0.342	0.342	0.375	0.375	0.375	0.354
A (Mdis) SGD		0.021	0.021	0.023	0.023	0.023	0.021
A (Mdis) USD		0.032	0.032	0.035	0.035	0.035	0.033
AS (Mdis) SGD		0.033	0.033	0.036	0.036	0.036	0.034
B (Qdis) USD		0.091			0.099		
N (Mdis) USD		0.030	0.030	0.032	0.032	0.032	0.030
Y (Mdis) USD		0.039	0.039	0.042	0.042	0.042	0.040
Z (Qdis) USD		0.106			0.117		
<b>Templeton Global High Yield Fund</b>							
A (Mdis) EUR		0.049	0.047	0.048	0.049	0.051	0.049
A (Mdis) USD		0.057	0.055	0.057	0.059	0.058	0.058
<b>Templeton Global Income Fund</b>							
A (Mdis) SGD-H1		0.035	0.028	0.043	0.031	0.026	0.029
A (Qdis) EUR-H1		0.123			0.100		
A (Qdis) HKD		0.163			0.127		
A (Qdis) USD		0.186			0.146		
B (Qdis) USD		0.180			0.141		
C (Qdis) USD		0.183			0.144		
N (Qdis) EUR-H1		0.122			0.099		
<b>Templeton Global Smaller Companies Fund</b>							
A (Ydis) USD	-						
<b>Templeton Global Total Return Fund</b>							
A (Mdis) AUD-H1		0.066	0.066	0.066	0.062	0.065	0.061
A (Mdis) EUR		0.087	0.082	0.081	0.074	0.078	0.073
A (Mdis) EUR-H1		0.062	0.059	0.059	0.055	0.058	0.054
A (Mdis) GBP		0.076	0.075	0.075	0.065	0.070	0.064
A (Mdis) GBP-H1		0.049	0.048	0.048	0.042	0.046	0.042
A (Mdis) HKD		0.066	0.064	0.063	0.058	0.059	0.057
A (Mdis) RMB-H1		0.662	0.646	0.629	0.587	0.614	0.580
A (Mdis) SGD		0.069	0.067	0.066	0.061	0.062	0.059
A (Mdis) SGD-H1		0.065	0.063	0.062	0.058	0.060	0.056
A (Mdis) USD		0.100	0.097	0.095	0.089	0.090	0.086
A (Ydis) CHF-H1	0.666						
A (Ydis) EUR	1.015						
A (Ydis) EUR-H1	0.667						
B (Mdis) USD		0.097	0.093	0.092	0.085	0.087	0.082
C (Mdis) USD		0.087	0.085	0.083	0.077	0.079	0.075
I (Mdis) EUR		0.086	0.082	0.080	0.074	0.077	0.073
I (Mdis) GBP		0.090	0.088	0.088	0.077	0.082	0.076
I (Mdis) GBP-H1		0.070	0.068	0.069	0.060	0.065	0.059
I (Mdis) JPY		8.025	7.807	7.618	7.110	7.415	7.022
I (Mdis) JPY-H1		5.765	5.493	5.427	5.150	5.261	4.897
I (Qdis) USD*							
I (Ydis) EUR	1.024						
I (Ydis) EUR-H1	0.677						
N (Mdis) EUR-H1		0.071	0.068	0.069	0.065	0.068	0.062
N (Mdis) USD		0.051	0.051	0.049	0.046	0.046	0.045
N (Ydis) EUR-H1	0.664						
S (Ydis) USD	0.633						
W (Mdis) EUR		0.067	0.062	0.061	0.057	0.059	0.056
W (Mdis) GBP		0.074	0.072	0.073	0.063	0.067	0.063
W (Mdis) GBP-H1		0.054	0.052	0.053	0.047	0.051	0.046
W (Mdis) USD		0.055	0.053	0.052	0.048	0.049	0.047
W (Ydis) EUR	0.758						
X (Ydis) USD	0.708						
Y (Mdis) USD		0.068	0.065	0.065	0.060	0.061	0.059
Z (Mdis) GBP-H1		0.062	0.061	0.061	0.054	0.058	0.054
Z (Mdis) USD		0.060	0.058	0.058	0.053	0.055	0.052
Z (Ydis) EUR-H1	0.667						
<b>Templeton Growth (Euro) Fund</b>							
A (Ydis) EUR	0.063						
A (Ydis) USD	0.072						
B (Ydis) EUR	-						
I (Ydis) EUR	0.197						
I (Ydis) USD	0.227						
W (Ydis) EUR	0.062						
<b>Templeton Latin America Fund</b>							
A (Ydis) EUR	0.352						
A (Ydis) GBP	0.297						
A (Ydis) USD	0.401						
I (Ydis) EUR-H2	0.127						
W (Ydis) USD	0.122						



## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 25 — Dividends distributed (continued)

\*These fund/ or share classes were launched during the period under review

ΩThese fund/ or share classes were closed during the period under review

### Note 26 — 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 absolute 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.

### Note 27 — Total Expense Ratio

The Total Expense Ratio (“TER”), expressed as a percentage, represents how the total expenses of the Funds relate to the average net assets of the Funds for the period ended December 31, 2017. 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 share classes launched during the period, the TER is annualised.

### Note 28 — Audited annual reports and unaudited semi-annual reports

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

### Note 29 — Global Credit Facility

Effective February 10, 2017, 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 totaling USD 2,000 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 period ended December 31, 2017, the company did not use the Global Credit Facility.

## NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31, 2017 (CONTINUED)

### Note 30 — Abbreviations

#### Countries

ARE	United Arab Emirates	EST	Estonia	KWT	Kuwait	ROU	Romania
ARG	Argentina	ETH	Ethiopia	LAO	Laos	RUS	Russia
AUS	Australia	FIN	Finland	LKA	Sri Lanka	SAU	Saudi Arabia
AUT	Austria	FRA	France	LTU	Lithuania	SEN	Senegal
BEL	Belgium	GBR	United Kingdom	LUX	Luxembourg	SGP	Singapore
BGD	Bangladesh	GEO	Georgia	MAC	Macao	SLV	El Salvador
BHR	Bahrain	GHA	Ghana	MAR	Morocco	SP	Supranational
BIH	Bosnia and Herzegovina	GRC	Greece	MEX	Mexico	SRB	Serbia
BMU	Bermuda	HKG	Hong Kong	MUS	Mauritius	SVK	Slovakia
BRA	Brazil	HUN	Hungary	MWI	Malawi	SWE	Sweden
BWA	Botswana	IDN	Indonesia	MYS	Malaysia	TGO	Togo
CAN	Canada	IMN	Isle of Man	NGA	Nigeria	THA	Thailand
CHE	Switzerland	IND	India	NLD	Netherlands	TUR	Turkey
CHL	Chile	IRL	Ireland	NOR	Norway	TWN	Taiwan
CHN	China	ISL	Iceland	NZL	New Zealand	TZA	Tanzania
CIV	Ivory Coast	ISR	Israel	OMN	Oman	UKR	Ukraine
COL	Colombia	ITA	Italy	PAK	Pakistan	URY	Uruguay
CYM	Cayman Islands	JEY	Jersey	PAN	Panama	USA	United States
CZE	Czech Republic	JPN	Japan	PER	Peru	VNM	Vietnam
DEU	Germany	KAZ	Kazakhstan	PHL	Philippines	ZAF	South Africa
DNK	Denmark	KEN	Kenya	POL	Poland	ZMB	Zambia
EGY	Egypt	KHM	Cambodia	PRT	Portugal	ZWE	Zimbabwe
ESP	Spain	KOR	South Korea	QAT	Qatar		

#### Currencies

AED	United Arab Emirates Dirham	DKK	Danish Krone	KWD	Kuwaiti Dinar	QAR	Qatari Rial
ARS	Argentine Peso	EGP	Egyptian Pound	LKR	Sri Lanka Rupee	RON	New Romanian Leu
AUD	Australian Dollar	EUR	Euro	MUR	Mauritius Rupee	RSD	Serbian Dinar
BDT	Bangladeshi Taka	GBP	British Pound Sterling	MXN	Mexican Peso	RUB	Russian Ruble
BRL	Brazilian Real	GHS	Ghanaian Cedi	MYR	Malaysian Ringgit	SEK	Swedish Krona
BWP	Botswanan Pula	HKD	Hong Kong Dollar	NGN	Nigerian Naira	SGD	Singapore Dollar
CAD	Canadian Dollar	HUF	Hungarian Forint	NOK	Norwegian Krone	THB	Thai Baht
CHF	Swiss Franc	IDR	Indonesian Rupiah	NZD	New Zealand Dollar	TRY	Turkish Lira
CLP	Chilean Peso	ILS	Israeli Shekel	OMR	Omani Rial	TWD	New Taiwan Dollar
CNY	Chinese Yuan Renminbi	INR	Indian Rupee	PEN	Peruvian Nuevo Sol	USD	US Dollar
COP	Colombian Peso	JPY	Japanese Yen	PHP	Philippine Peso	VND	Vietnamese Dong
CZK	Czech Koruna	KES	Kenyan Shilling	PKR	Pakistan Rupee	XOF	CFA Franc BCEAO
DEM	Deutsche Mark	KRW	South Korean Won	PLN	Polish Zloty	ZAR	South African Rand

### Note 31 — Subsequent events

On January 19, 2018, Franklin Global Growth Fund and Franklin Global Equity Strategies Fund will merge into Franklin World Perspectives Fund.

On January 31, 2018, Franklin Mutual Beacon Fund will be renamed Franklin Mutual U.S. Value Fund.

On February 20, 2018, Templeton Emerging Markets Local Currency Bond Fund will launch.

## ADDITIONAL INFORMATION

### Collateral

The following table reports the collateral held as at December 31, 2017 to reduce counterparty exposure on OTC derivatives.

Fund	Counterparty		Cash held as collateral		Sovereign Bonds held as collateral
Franklin Diversified Balanced Fund	Barclays Bank	EUR	262,000		-
	Citibank	EUR	320,000		-
	JPMorgan Chase Bank	USD	430,000		-
Franklin Diversified Conservative Fund	Barclays Bank	EUR	295,000		-
	Citibank	EUR	305,000		-
Franklin Euro High Yield Fund	Deutsche Bank	EUR	100,000		-
Franklin Global Convertible Securities Fund	Morgan Stanley	USD	20,000		-
Franklin Global Fundamental Strategies Fund	Barclays Bank		-	USD	324,507
	Credit Suisse International	USD	150,000		-
	Morgan Stanley	USD	40,000		-
Franklin Global Multi-Asset Income Fund	Barclays Bank	EUR	262,000		-
	Citibank	USD	360,000		-
	JPMorgan Chase Bank	USD	50,000		-
Franklin Gold and Precious Metals Fund	Morgan Stanley	USD	56,000		-
Franklin India Fund	Bank of America	USD	110,000		-
	Morgan Stanley	USD	10,000		-
Franklin K2 Alternative Strategies Fund	Bank of America	USD	1,280,000		-
	JPMorgan Chase Bank	USD	80,000		-
Franklin K2 Global Macro Opportunities Fund	Deutsche Bank	USD	60,000		-
	JPMorgan Chase Bank	USD	30,000		-
Franklin K2 Long Short Credit Fund	Bank of America	USD	20,000		-
Franklin MENA Fund	Morgan Stanley	USD	78,000		-
Franklin NextStep Balanced Growth Fund	Bank of America	USD	20,000		-
Franklin NextStep Moderate Fund	JPMorgan Chase Bank	USD	50,000		-
Franklin Strategic Income Fund	Bank of America		-	USD	113,787
	Credit Suisse International	USD	1,160,000		-
	Goldman Sachs	USD	430,000		-
	HSBC Bank		-	GBP	172,691
	JPMorgan Chase Bank	USD	320,000		-
	Morgan Stanley	USD	290,000		-
Franklin U.S. Low Duration Fund	Bank of America		-	USD	235,808
	Goldman Sachs	USD	160,000		-
	Morgan Stanley	USD	670,000		-
Franklin U.S. Opportunities Fund	Bank of America	USD	150,000		-
	Goldman Sachs	USD	140,000		-
	JPMorgan Chase Bank	USD	280,000		-
	Morgan Stanley	USD	300,000		-
Franklin World Perspectives Fund	Bank of America	USD	480,000		-
Franklin Mutual Beacon Fund	Morgan Stanley	USD	67,000		-
Franklin Mutual Global Discovery Fund	Bank of America		-	USD	161,281
Templeton Africa Fund	Morgan Stanley	USD	100,000		-
Templeton Asian Bond Fund	Bank of America	USD	120,000		-
	Barclays Bank	USD	260,000		-
	Citibank	USD	2,790,000		-
	Morgan Stanley	USD	640,000		-
	Standard Chartered	USD	340,000		-
Templeton Asian Growth Fund	Bank of America	USD	300,000		-
	Barclays Bank	USD	280,000		-
	BNP Paribas	EUR	234,761		-
	Citibank	USD	450,000		-
	Deutsche Bank	USD	260,000		-
	Goldman Sachs	USD	140,000		-
	JPMorgan Chase Bank	USD	320,000		-
	Morgan Stanley	USD	70,000		-
	The Bank of New York Mellon		-	USD	130,754
Templeton Emerging Markets Fund	JPMorgan Chase Bank	USD	20,000		-
Templeton Emerging Markets Balanced Fund	Bank of America	USD	10,000		-

## ADDITIONAL INFORMATION (CONTINUED)

### Collateral (continued)

The following table reports the collateral held as at December 31, 2017 to reduce counterparty exposure on OTC derivatives.

Fund	Counterparty		Cash held as collateral		Sovereign Bonds held as collateral
Templeton Emerging Markets Bond Fund	Barclays Bank	USD	2,120,000		-
	BNP Paribas	EUR	323,000		-
	BNP Paribas	USD	440,226		-
	HSBC Bank		-	GBP	1,766,919
	JPMorgan Chase Bank	USD	10,880,000		-
	Morgan Stanley	USD	4,030,000		-
	Standard Chartered	USD	2,670,000		-
Templeton Frontier Markets Fund	Bank of America	USD	170,000		-
	Deutsche Bank	USD	20,000		-
	Goldman Sachs	USD	100,000		-
	Morgan Stanley	USD	30,000		-
	The Bank of New York Mellon		-	USD	9,981
Templeton Global Balanced Fund	Deutsche Bank	USD	120,000		-
	Morgan Stanley	USD	10,000		-
Templeton Global Bond Fund	Bank of America	USD	9,670,000		-
	Barclays Bank	USD	11,650,000		-
	BNP Paribas	EUR	2,768,000		-
	Credit Suisse International	USD	1,900,000		-
	JPMorgan Chase Bank	USD	33,990,000		-
	Morgan Stanley	USD	10,120,000		-
	Standard Chartered	USD	9,190,000		-
	The Bank of New York Mellon		-	USD	804,221
Templeton Global Bond (Euro) Fund	Citibank	USD	5,250,000		-
	Deutsche Bank	USD	340,000		-
Templeton Global High Yield Fund	JPMorgan Chase Bank	USD	260,000		-
	Morgan Stanley	USD	56,000		-
Templeton Global Income Fund	Bank of America	USD	180,000		-
	Deutsche Bank	USD	160,000		-
	Morgan Stanley	USD	120,000		-
Templeton Global Total Return Fund	Barclays Bank	USD	13,390,000		-
	BNP Paribas	EUR	2,602,966		-
	BNP Paribas	USD	1,290,933		-
	Credit Suisse International	USD	3,090,000		-
	Morgan Stanley	USD	3,190,000		-
	Standard Chartered	USD	5,050,000		-
	The Bank of New York Mellon		-	USD	1,788,769
Templeton Latin America Fund	Bank of America	USD	180,000		-
	Citibank	USD	330,000		-

## ADDITIONAL INFORMATION (CONTINUED)

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

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) through its exposure on securities lending transactions and total return swap contracts during the year, in accordance with Article 13 of Regulation. Information on securities lending transactions and total return swaps are detailed below.

#### Global data

Fund	Fund currency	Securities lending			Total Securities Lending and TRS in % of net assets
		Market value of securities on loan	in % of lendable securities' market value	Gross Volume of TRS <sup>(1)</sup>	
Franklin Biotechnology Discovery Fund	USD	330,677,679	12.83		12.65
Franklin Diversified Balanced Fund	EUR			2,164,082	0.92
Franklin Diversified Conservative Fund	EUR			3,009,157	0.93
Franklin Diversified Dynamic Fund	EUR			903,799	0.98
Franklin Flexible Alpha Bond Fund	USD			218,466	0.03
Franklin Global Multi-Asset Income Fund	EUR			3,328,349	0.92
Franklin K2 Alternative Strategies Fund	USD			44,170,191	2.47
Franklin K2 Long Short Credit Fund	USD			22,091	0.02
Franklin Strategic Income Fund	USD			212,885	0.02
Franklin Technology Fund	USD	97,198,493	5.60		5.40
Franklin U.S. Low Duration Fund	USD			76,234	0.01
Franklin U.S. Opportunities Fund	USD	7,018,574	0.22		0.22

<sup>(1)</sup> absolute value of the unrealised gains/(losses)

#### Concentration data

##### Securities Lending, ten largest collateral issuers

Fund	Fund currency	Issuer	Collateral value in Fund currency
Franklin Biotechnology Discovery Fund	USD	Federal Republic of Germany	183,769,419
		Government of Belgium	36,319,942
		Government of Canada	28,309,579
		Government of France	8,263,197
		Kingdom of Netherland	73,802,850
		Kingdom of Norway	9,754,139
		United Kingdom Treasury	21,542,986
Franklin Technology Fund	USD	Federal Republic of Germany	7,807,146
		Government of Belgium	26,283,089
		Government of France	1,394
		Kingdom of Netherland	11,391,304
		United Kingdom Treasury	62,076,206
Franklin U.S. Opportunities Fund	USD	United Kingdom Treasury	12,262,536

When less than 10 issuers are disclosed, less than 10 issuers are available.

##### Total return swaps, ten largest collateral issuers

Fund	Fund currency	Issuer	Collateral value in Fund currency
Franklin Strategic Income Fund	USD	United Kingdom Treasury	233,211
		U.S. Treasury	113,787
Franklin U.S. Low Duration Fund	USD	U.S. Treasury	235,808

When less than 10 issuers are disclosed, less than 10 issuers are available.

The above table does not include the collateral received in Cash.

##### Securities Lending, ten largest counterparties

All securities lending counterparties are disclosed in Note 15.

## ADDITIONAL INFORMATION (CONTINUED)

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

Total return swaps, ten largest counterparties

Fund	Fund currency	Counterparty	Gross Volume of TRS <sup>(1)</sup> in Fund currency
Franklin Diversified Balanced Fund	EUR	Bank of America	47,694
		Barclays Bank	464,434
		Citibank	191,283
		JPMorgan Chase Bank	108,905
		Societe Generale	1,351,766
Franklin Diversified Conservative Fund	EUR	Bank of America	56,071
		Barclays Bank	681,683
		Citibank	280,760
		JPMorgan Chase Bank	159,296
		Societe Generale	1,831,347
Franklin Diversified Dynamic Fund	EUR	Bank of America	27,621
		Barclays Bank	192,115
		Citibank	79,125
		JPMorgan Chase Bank	45,990
		Societe Generale	558,948
Franklin Flexible Alpha Bond Fund	USD	Citibank	139,174
		Goldman Sachs	4,612
		Morgan Stanley	74,680
Franklin Global Multi-Asset Income Fund	EUR	Barclays Bank	774,304
		Citibank	318,908
		JPMorgan Chase Bank	180,525
		Societe Generale	2,054,612
Franklin K2 Alternative Strategies Fund	USD	BNP Paribas	619,847
		Deutsche Bank	13,994,123
		Goldman Sachs	86,323
		JPMorgan Chase Bank	949,807
		Morgan Stanley	28,520,091
Franklin K2 Long Short Credit Fund	USD	Goldman Sachs	175
		JPMorgan Chase Bank	11,209
		Morgan Stanley	10,707
Franklin Strategic Income Fund	USD	Citibank	62,047
		Goldman Sachs	150,838
Franklin U.S. Low Duration Fund	USD	Citibank	39,335
		Goldman Sachs	36,899

<sup>(1)</sup> absolute value of the unrealised gains/(losses)

When less than 10 counterparties are disclosed, less than 10 counterparties are available.

#### Aggregate transaction data

#### Securities lending, type and quality of collateral

Fund	Fund currency	Type of collateral	Maturity	Collateral currency	Collateral value in Fund currency
Franklin Biotechnology Discovery Fund	USD	Sovereign	above one year	CAD	28,309,579
				EUR	263,665,590
				GBP	21,542,986
				NOK	9,754,139
				three months to one year	7,795,979
Franklin Technology Fund	USD	Sovereign	above one year	EUR	30,693,839
				GBP	62,076,206
				three months to one year	11,390,811
Franklin U.S. Opportunities Fund	USD	Sovereign	above one year	GBP	12,262,536

Collaterals received by the Funds in respect of securities lending as at the reporting date are in the form of debt securities having investment grade credit rating.

## ADDITIONAL INFORMATION (CONTINUED)

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

Securities lending, maturity tenor and country of incorporation

Fund	Fund currency	Maturity	Country of incorporation of the Counterparty	Market value of securities on loan in Fund currency
Franklin Biotechnology Discovery Fund	USD	Open maturity	Germany	241,273,313
			Switzerland	31,864,450
			United Kingdom	13,304,924
			United States of America	44,234,992
Franklin Technology Fund	USD	Open maturity	Germany	18,099,341
			Switzerland	48,995,235
			United Kingdom	6,128,148
			United States of America	23,975,769
Franklin U.S. Opportunities Fund	USD	Open maturity	Switzerland	7,018,574

All Funds engaged in securities lending utilise bi-lateral settlement and clearing with their respective counterparty.

Total return swaps, type of collateral and maturity tenor

Fund	Fund currency	Type of collateral	Maturity	Collateral currency	Collateral value in Fund currency
Franklin Diversified Balanced Fund	EUR	Cash	open maturity	EUR	582,000
				USD	358,393
Franklin Diversified Conservative Fund	EUR	Cash	open maturity	EUR	600,000
Franklin Global Multi-Asset Income Fund	EUR	Cash	open maturity	EUR	262,000
				USD	341,724
Franklin K2 Alternative Strategies Fund	USD	Cash	open maturity	USD	1,360,000
Franklin K2 Long Short Credit Fund	USD	Cash	open maturity	USD	20,000
Franklin Strategic Income Fund	USD	Cash	open maturity	USD	2,200,000
				Sovereign	above one year
Franklin U.S. Low Duration Fund	USD	Cash	open maturity	USD	830,000
				Sovereign	above one year

Collateral amounts disclosed above include collateral received on OTC derivatives other than total return swaps. OTC derivative transactions entered into by each of the Funds under and ISDA master agreement are netted together for collateral purposes. Therefore, collateral disclosures provided above are in respect of all OTC derivative transactions and not just total return swaps.



## ADDITIONAL INFORMATION (CONTINUED)

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

Total return swaps, maturity tenor and country of incorporation

Fund	Fund currency	Maturity	Country of incorporation of the Counterparty	Gross Volume of TRS <sup>(1)</sup> in Fund currency
Franklin Diversified Balanced Fund	EUR	one to three months	France United States of America	207,405 10,139
		three months to one year	France United Kingdom United States of America	1,144,361 464,434 337,743
Franklin Diversified Conservative Fund	EUR	one to three months	France United States of America	166,182 14,147
		three months to one year	France United Kingdom United States of America	1,665,165 681,683 481,980
Franklin Diversified Dynamic Fund	EUR	one to three months	France United States of America	80,352 5,128
		three months to one year	France United Kingdom United States of America	478,596 192,115 147,608
Franklin Flexible Alpha Bond Fund	USD	one to three months	United States of America	72,642
		three months to one year	United States of America	145,824
Franklin Global Multi-Asset Income Fund	EUR	one to three months	France United States of America	163,199 15,915
		three months to one year	France United Kingdom United States of America	1,891,413 774,304 483,518
Franklin K2 Alternative Strategies Fund	USD	one day to one week	United States of America	370,416
		one to three months	France	46,056
			Germany	302,027
			United States of America	219,541
		one week to one month	France	23,770
Germany United States of America	382,649 1,340,402			
three months to one year	France	491,213		
	Germany	9,350,430		
	United States of America	20,868,897		
Franklin K2 Long Short Credit Fund	USD	one to three months	United States of America	21,916
		three months to one year	United States of America	175
Franklin Strategic Income Fund	USD	one to three months	United States of America	62,047
		three months to one year	United States of America	150,838
Franklin U.S. Low Duration Fund	USD	one to three months	United States of America	5,628
		three months to one year	United States of America	70,606

<sup>(1)</sup> absolute value of the unrealised gains/(losses)

All Funds engaged in total return swap contracts utilise bi-lateral settlement and clearing with their respective counterparty.

#### Data on reuse of collateral

Collaterals received in relation to Securities lending and Total Return Swaps cannot be sold, re-invested or pledged.

#### Safekeeping of collateral

All the collateral received in relation to Securities Lending is in custody at Goldman Sachs.

All the collateral received in relation to Total Return Swaps is in custody at JPMorgan Bank Luxembourg S.A.

#### Data on return

The total income earned from the securities lending programme is detailed in Note 15.

The return from total return swap contracts is accrued to the Funds.

## ADDITIONAL INFORMATION (CONTINUED)

### 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 Investment Funds is outlined below.

Total amount of fixed remuneration paid by FTIS during year ended September 30, 2017*	€ 10,960,912
Total amount of variable remuneration paid by FTIS during year ended September 30, 2017	€ 3,276,097
Number of FTIS staff as at September 30, 2017	145
Total amount of compensation paid by FTIS to Senior managers during year ended September 30, 2017*	€ 4,012,044
Total amount paid by FTIS to other members of staff who have a material impact on the profile of UCITS during year ended September 30, 2017*	-

\*The total amount of compensation paid by FTIS has been allocated to each UCITS based on their pro rata share of the average month end total net assets of FTIS for the period ended September 30, 2017.

## FRANKLIN TEMPLETON INVESTMENTS OFFICE DIRECTORY

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

**EUROPE****BELGIUM**

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Austria Freefone: 08 00 29 59 11  
www.franklintempleton.de  
www.franklintempleton.at

**ITALY**

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20122 Milan, Italy  
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www.franklintempleton.it

**LUXEMBOURG**

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**THE NETHERLANDS**

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED  
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Netherlands Freefone: 0800 256 8049  
www.franklintempleton.nl

**POLAND**

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FRANKLIN TEMPLETON INVESTMENT MANAGEMENT UK – BUCHAREST BRANCH  
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**SPAIN AND PORTUGAL**

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www.franklintempleton.com.pt

**SWEDEN**

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**SWITZERLAND**

FRANKLIN TEMPLETON SWITZERLAND LTD  
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**MIDDLE EAST AND AFRICA****SOUTH AFRICA**

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www.franklintempleton.co.za

**UNITED ARAB EMIRATES**

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**ASIA****HONG KONG**

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Singapore 038987  
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**TAIWAN**

FRANKLIN TEMPLETON SECURITIES INVESTMENT CONSULTING (SINOAM) INC.\*  
8th Floor, #87, Sec. 4  
Chung Hsiao East Road  
Taipei, Taiwan, R.O.C.  
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www.franklin.com.tw

\* Master agent appointed in Taiwan for FTIF to be offered and sold to the public in Taiwan.

## FRANKLIN TEMPLETON INVESTMENTS OFFICE DIRECTORY (CONTINUED)

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#### ARGENTINA

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*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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