

# Franklin Templeton Opportunities Funds

SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE





FRANKLIN TEMPLETON OPPORTUNITIES FUNDS  
société d'investissement à capital variable

AUDITED ANNUAL REPORT  
FOR THE YEAR ENDED MARCH 31, 2019

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This report shall not constitute an offer or a solicitation of an offer to buy shares of Franklin Templeton Opportunities Funds. Subscriptions are to be made on the basis of the current prospectus and its addendum as the case may be, where available the relevant Key Investor Information Documents ("KIIDs"), a copy of the latest available audited annual report and, if published thereafter, the latest unaudited semi-annual report.

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



## CONTENTS

General Information	4
Report of the Board of Directors	5
Report of the Investment Manager	6
Audit report	7
Fund Performance	10
Statement of Net Assets	11
Statement of Operations and Changes in Net Assets	12
Statistical Information	13
Notes to the Financial Statements	14
Schedule of Investments	
Franklin Multi Bond 2022 Fund	17
Additional Information - Unaudited	19
Franklin Templeton Office Directory	21

société d'investissement à capital variable

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

GENERAL INFORMATION (AS AT MARCH 31, 2019)

**BOARD OF DIRECTORS:**

**Chairman**

*William Jackson*

**Director**

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

5 Morrison Street

Edinburgh EH3 8BH, United Kingdom

**Directors**

**Michel Tulle**

General Manager and Conducting Officer

FRANKLIN TEMPLETON FRANCE S.A.

20, rue de la Paix

75002 Paris France

(as of September 14, 2018)

**Shobreh Levy**

**Director**

FRANKLIN TEMPLETON MANAGEMENT LUXEMBOURG S.A.

8A, rue Albert Borschette, L-1246 Luxembourg

Grand Duchy of Luxembourg

(date of resignation September 14, 2018)

**James F. Kinloch**

**Director**

FRANKLIN TEMPLETON LUXEMBOURG S.A.

8A, rue Albert Borschette, L-1246 Luxembourg

Grand Duchy of Luxembourg

**Reinhard Berben**

**Managing Director**

FRANKLIN TEMPLETON INVESTMENT SERVICES GmbH

Mainzer Landstrasse 16

60325 Frankfurt am Main, Germany

(as of November 13, 2018)

**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 MANAGER:**

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

Cannon Place, 78 Cannon Street

London EC4N 6HL, United Kingdom

**DEPOSITARY**

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, L-1340 Luxembourg

Grand Duchy of Luxembourg

## REPORT OF THE BOARD OF DIRECTORS

At March 31, 2019, Franklin Templeton Opportunities Funds (“FTOF”, or the “Company”) had assets under management of EUR 34.5 million, down from EUR 37.7 million a year earlier.

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

Thank you for investing with Franklin Templeton. Please be advised that the prospectus, the Key Investor Information Documents (KIIDs) of FTOF may not be available in your jurisdiction.

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

THE BOARD OF DIRECTORS  
Luxembourg, April 2019

## REPORT OF THE INVESTMENT MANAGER YEAR TO MARCH 31, 2019

### Market Performance

In the first half of the review period, the main driver of European bond markets was Italian political uncertainty, as the country's two main populist parties formed a coalition government. Benchmark Italian government bond yields rose sharply, while in contrast German Bund yields moved significantly lower, and the euro weakened significantly. However, setting aside concerns about Italy and signs of a slowdown in the eurozone economy, the European Central Bank ("ECB") said in June 2018 that it believed that the region's underlying pace of growth remained healthy and inflation was on course to return to its target. In a mark of their confidence, ECB policymakers also announced that the central bank's bond purchases would cease at the end of 2018. Elsewhere, the continued lack of progress in negotiations between the United Kingdom ("UK") and the European Union ("EU") on the terms of the UK's departure from the EU appeared to have little overall market impact.

European aggregate bond indices generally delivered positive returns the second half of the review period, but the overall gains masked contrasting performances between government and corporate debt markets. With investors increasingly concerned about the backdrop for the global economy, sentiment deteriorated towards the end of 2018, leading to significant falls in equity markets, declining appetite for corporate credit, and elevated demand for the perceived safety of government bonds. Wide-ranging protests against the French government—which appeared to crimp the French economy's growth and prompted President Emmanuel Macron to announce spending increases—added to existing investor concerns.

Over the first quarter of 2019, European government bonds benefited from falling growth expectations, which reduced risks from interest rate rises. Additionally, corporate bonds saw increased demand for assets perceived as riskier, helping to retrace the widening of spreads seen in the latter part of 2018. In response to weak economic indicators, in March the ECB significantly cut its 2019 gross domestic product ("GDP") growth forecast for the eurozone from 1.9% to 1.1%, and said it expected interest rates to remain at their present levels at least through to the end of 2019. Policymakers also introduced new measures to provide liquidity to banks in the zone to maintain support for lending.

With Brexit negotiations seemingly at a critical point, the potential political and economic ramifications have overshadowed sentiment among market participants. Europe's economic performance has undoubtedly suffered from the combination of uncertainty over Brexit and global trade. And the possibility of more disruption remains, which would be detrimental to both the UK and the rest of Europe. Yet despite these prolonged twin headwinds, the region's economic expansion has continued, driven by relatively healthy domestic consumption. Assuming the most damaging scenarios can be avoided, on balance we would look to these structural strengths of the eurozone economy to help it to maintain a trajectory of steady, albeit weak, growth.

THE INVESTMENT MANAGER  
April 2019





## **Audit report**

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

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### **Our opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Franklin Templeton Opportunities Funds (the “Fund”) as at 31 March 2019, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

#### *What we have audited*

The Fund’s financial statements comprise:

- the statement of net assets as at 31 March 2019;
- the schedule of investments as at 31 March 2019;
- the statement of operations and changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### **Basis for opinion**

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

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

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

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### **Other information**

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

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



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

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

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

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

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#### **Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements**

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;



- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 11 July 2019

Emmanuel Chataignier

## FUND PERFORMANCE

### PERCENTAGE CHANGE TO MARCH 31, 2019

	Reference Share Class	Launch Date %	1 Month %	3 Months %	6 Months %	1 Year %	Since Launch %
Franklin Multi Bond 2022 Fund	D2 (Ydis) EUR	2 Oct 17	0.7	3.8	1.5	0.6	1.4

The performance is calculated with all the income reinvested (total return).

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Data source: Performance – Franklin Templeton

## STATEMENT OF NET ASSETS AT MARCH 31, 2019

Franklin  
Multi Bond  
2022 Fund  
(EUR)

<b>ASSETS</b>	
Investment in securities at market value (note 2(b))	34,125,557
Cash	37,493
Interest receivable, net	523,469
<b>TOTAL ASSETS</b>	<u>34,686,519</u>
<b>LIABILITIES</b>	
Amounts payable on purchases of investments	100,000
Amounts payable on redemptions	3,307
Investment management fees payable (note 4)	7,330
Taxes and expenses payable	58,230
<b>TOTAL LIABILITIES</b>	<u>168,867</u>
<b>TOTAL NET ASSETS</b>	<u>34,517,652</u>
<b>ASSET SUMMARY</b>	
March 31, 2018	37,735,500

The accompanying notes form an integral part of these financial statements

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2019

	Franklin Multi Bond 2022 Fund (EUR)
<b>NET ASSETS AT THE BEGINNING OF THE YEAR</b>	<u>37,735,500</u>
<b>INCOME</b>	
Interest on bonds (net of withholding taxes) (note 2(c))	1,431,848
Market discount	6,314
<b>TOTAL INCOME</b>	<u>1,438,162</u>
<b>EXPENSES</b>	
Investment management fees (note 4)	88,848
Administration and transfer agency fees	35,539
Subscription tax (note 6)	17,969
Custodian fees	3,032
Audit fees	25,269
Printing and publishing expenses	4,639
Bank charges	516
Maintenance and service charges (note 3)	248,775
Market premium	493,419
Other charges (note 7)	64,392
<b>TOTAL EXPENSES</b>	<u>982,398</u>
Expenses reimbursement (note 8)	<u>(61,990)</u>
<b>NET EXPENSES</b>	<u>920,408</u>
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	517,754
Net realised profit/(loss) on sale of investments	<u>(256,786)</u>
<b>NET REALISED PROFIT/(LOSS) FOR THE YEAR</b>	260,968
Change in net unrealised appreciation/(depreciation) on:	
Investments	<u>(80,905)</u>
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	180,063
<b>MOVEMENT OF CAPITAL</b>	
Redemption of shares	(3,008,983)
Equalisation (note 2(e))	<u>(11,876)</u>
	(3,020,859)
Dividends paid/accumulated (note 10)	<u>(377,052)</u>
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	(3,397,911)
<b>NET ASSETS AT THE END OF THE YEAR</b>	<u>34,517,652</u>
Portfolio Turnover Ratio (note 13)	41.73%

The accompanying notes form an integral part of these financial statements

## STATISTICAL INFORMATION

	Total Expense Ratio March 31, 2019 (See Note 9)	Shares Outstanding March 31, 2019	Net Asset Value per Share	
			March 31, 2019	March 31, 2018
<b>Franklin Multi Bond 2022 Fund – EUR</b> D2 (Ydis) EUR	1.20%	343,874.030	100.38	100.78

## NOTES TO THE FINANCIAL STATEMENTS AT MARCH 31, 2019

### Note 1 — The Company

Franklin Templeton Opportunities Funds is a collective investment undertaking pursuant to Part I of the amended Luxembourg law of December 17, 2010 on undertakings for collective investment and qualifies as a société d'investissement à capital variable. The Company was incorporated in Luxembourg on February 15, 2017, for an undetermined period. At the date of this report, it offers shares in 1 sub-fund of the Company (the "Fund"). The Board of Directors of the Company may authorise the creation of additional funds in future with different investment objectives.

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

### 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 year under review, gains and losses on investment securities sold were computed on the average cost basis.

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

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

Money market instruments are valued at market value.

#### (c) Income

Dividends are credited to income on their ex-dividend date. Interest income is accrued on a daily basis.

#### (d) Formation expenses

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

#### (e) Equalisation

The Fund uses 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 net 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 net investment income per share is unaffected by issue or redemptions of shares.

#### (f) Foreign exchange transactions

Transactions expressed in currencies other than Fund's currency are translated into Fund's currency at the exchange rates applicable on the transaction dates.

Assets and liabilities designated in currencies other than Fund's currency are translated into 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 year.

The reference currency of the Company as reflected in the financial statements is Euro.

#### (g) 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 year.



## NOTES TO THE FINANCIAL STATEMENTS AT MARCH 31, 2019 (CONTINUED)

### Note 3 — Share classes

Class D2 (Ydis) shares: are offered at the applicable net asset value. A maintenance charge of 0.10% per annum of the applicable average net asset value and a servicing charge of 0.60% per annum of the applicable average net asset value are applied. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor. A contingent deferred sales charge of up to 3%, retained by the Principal Distributor, applies to redemptions within five years of purchase. Class D2 (Ydis) shares are annual distributing share classes.

### Note 4 — Investment management fees

Franklin Templeton International Services S.à r.l. (the "Management Company") receives from the Company a monthly fee equivalent to 0.25% of Fund's average daily net assets during the accounting year. The Investment Manager, Franklin Templeton Investment Management Limited, will be remunerated by the Management Company out of the investment management fee received from the Company.

### Note 5 — Connected party transactions

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

The investment management fees that are accrued by the Company in respect of the Management Company are detailed in note 4 to the financial statements.

There are no connected brokers in Franklin Templeton, and no transactions were entered into with connected brokers during the year ended March 31, 2019.

During the year ended March 31, 2019, the Company accrued administration and transfer agency fees and shares' maintenance and service charges in respect of Franklin Templeton International Services S.à r.l. as Management Company and Principal Distributor of the Company.

### Note 6 — 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 the Fund at the end of each relevant quarter. This tax is not applicable for the portion of the assets of the Fund invested in other undertakings for collective investment that have already been subject to such tax.

Investment income received or capital gains realised by the Company may be subject to tax in the countries of origin. All liabilities in respect of taxes payable on unrealised capital gains on investments are provided for as soon as there is a reasonable certainty that a liability will crystallise.

No stamp duty or other tax is payable in the Grand Duchy of Luxembourg on the issue of shares in the Company.

The Company is registered for Value Added Tax in the Grand Duchy of Luxembourg and subject to account for Value Added Tax in accordance with current law.

### Note 7 — Other charges analysis

The breakdown of the other charges is as follows:

	Franklin Multi Bond 2022 Fund (EUR)
Legal fees	14,838
Miscellaneous expenses	3,246
Paying agent	23,939
Registration and filing fees	22,369
	64,392

### Note 8 — Expenses reimbursement

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

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

### Note 9 — Total expense ratio

The Total Expense Ratio ("TER"), expressed as a percentage, represents how the total expenses of the Fund relate to the average net assets of the Fund for the year ended March 31, 2019. 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 year, the TER is annualised.

### Note 10 — Dividends distributed

EUR 1.007 per share was paid out to the Shareholders of the D2 (Ydis) EUR share class on April 9, 2018.

## NOTES TO THE FINANCIAL STATEMENTS AT MARCH 31, 2019 (CONTINUED)

### Note 11 — Transaction costs

Transaction costs are costs incurred to acquire and dispose of financial assets or liabilities. They include fees and commissions paid to agents, brokers and dealers. During the year ended March 31, 2019, the Fund only held debt securities for which transaction costs are not separately identifiable from the purchase price of the security and therefore cannot be disclosed separately.

### Note 12 — Soft commission

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

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

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

### Note 13 — Portfolio Turnover Ratio

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

### Note 14 — Statement of changes in the investment portfolio

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

### Note 15 — Audited annual reports and unaudited semi-annual reports

The audited annual reports and unaudited semi-annual reports are available on the following Franklin Templeton website, [www.franklintempleton.lu](http://www.franklintempleton.lu), or may be obtained, free of charge, on request at the registered office of the Company. They are only distributed to registered Shareholders in those countries where local regulation so requires.

### Note 16 — Abbreviations

#### Countries

AUT Austria	ESP Spain	ISL Iceland	MKD Macedonia
CHE Switzerland	EST Estonia	ISR Israel	NLD Netherlands
CHN China	FRA France	ITA Italy	SWE Sweden
CZE Czech Republic	GBR United Kingdom	KAZ Kazakhstan	TUN Tunisia
DEU Germany	IDN Indonesia	LUX Luxembourg	TUR Turkey
DNK Denmark	IRL Ireland	MEX Mexico	USA United States

#### Currency

EUR Euro

### Note 17 — Subsequent events

On April 5, 2019, Franklin Target Income 2024 Fund will launch.

On May 10, 2019, Franklin Green Target Income 2024 Fund will launch.

## — Franklin Multi Bond 2022 Fund —

## SCHEDULE OF INVESTMENTS AS OF MARCH 31, 2019

(Currency — EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	<b>BONDS</b>				
	<b>Corporate Bonds</b>				
900,000	HSBC Holdings PLC, junior sub. bond, Reg S, 5.25% to 09/16/22, FRN thereafter, Perpetual	GBR	EUR	953,109	2.76
800,000	AXA SA, sub. bond, Reg S, 5.125% to 07/04/23, FRN thereafter, 07/04/43	FRA	EUR	925,148	2.68
850,000	Danske Bank AS, junior sub. bond, Reg S, 5.875% to 04/06/22, FRN thereafter, Perpetual	DNK	EUR	868,789	2.52
850,000	Bayer AG, junior sub. bond, Reg S, 3.75% to 07/01/24, FRN thereafter, 07/01/74	DEU	EUR	855,308	2.48
700,000	Assicurazioni Generali SpA, sub. bond, Reg S, 7.75% to 12/11/22, FRN thereafter, 12/12/42	ITA	EUR	833,752	2.42
800,000	Enel SpA, junior sub. bond, Reg S, 2.50% to 11/24/23, FRN thereafter, 11/24/78	ITA	EUR	782,572	2.27
700,000	Aroundtown SA, senior note, Reg S, 2.125%, 03/13/23	DEU	EUR	735,707	2.13
700,000	NEW Areva Holding SA, senior note, Reg S, 3.125%, 03/20/23	FRA	EUR	731,909	2.12
700,000	Grand City Properties SA, junior sub. bond, 3.75% to 02/18/22, FRN thereafter, Perpetual	DEU	EUR	728,637	2.11
600,000	Erste Group Bank AG, junior sub. bond, Reg S, 8.875% to 10/15/21, FRN thereafter, Perpetual	AUT	EUR	685,323	1.98
700,000	Turkiye Vakiflar Bankasi TAO, secured note, Reg S, 2.375%, 05/04/21	TUR	EUR	678,580	1.97
600,000	Aquarius and Investments PLC for Zurich Insurance Co. Ltd., sub. bond, Reg S, 4.25% to 10/02/23, FRN thereafter, 10/02/43	CHE	EUR	676,848	1.96
660,000	Unione di Banche Italiane SpA, sub. bond, Reg S, 4.45% to 09/14/22, FRN thereafter, 09/15/27	ITA	EUR	660,881	1.91
600,000	Cooperatieve Rabobank UA, junior sub. bond, Reg S, 6.625% to 06/29/21, FRN thereafter, Perpetual	NLD	EUR	654,384	1.90
600,000	Banco Santander SA, junior sub. bond, Reg S, 6.75% to 04/25/22, FRN thereafter, Perpetual	ESP	EUR	637,797	1.85
600,000	Naturgy Finance BV, junior sub. bond, Reg S, 4.125% to 11/18/22, FRN thereafter, Perpetual	ESP	EUR	636,999	1.84
600,000	CaixaBank SA, sub. note, Reg S, 3.50% to 02/14/22, FRN thereafter, 02/15/27	ESP	EUR	627,894	1.82
600,000	Telefonica Europe BV, junior sub. bond, 3.75% to 03/15/22, FRN thereafter, Perpetual	ESP	EUR	624,171	1.81
600,000	CNAC HK Finbridge Co. Ltd., senior note, Reg S, 1.75%, 06/14/22	CHN	EUR	609,528	1.77
600,000	Centrica PLC, junior sub. bond, Reg S, 3.00% to 04/09/21, FRN thereafter, 04/10/76	GBR	EUR	607,017	1.76
600,000	Energopro AS, senior note, Reg S, 4.00%, 12/07/22	CZE	EUR	591,000	1.71
550,000	N&W Global Vending SpA, senior secured note, Reg S, 7.00%, 10/15/23	ITA	EUR	583,317	1.69
500,000	Barclays Bank PLC., sub. bond, Reg S, 6.625%, 03/30/22	GBR	EUR	577,737	1.67
550,000	Nykredit Realkredit AS, sub. bond, Reg S, 2.75% to 11/16/22, FRN thereafter, 11/17/27	DNK	EUR	575,806	1.67
500,000	Glencore Finance Europe Ltd., senior note, Reg S, 3.70%, 10/23/23	CHE	EUR	550,495	1.59
550,000	Nidda Healthcare Holding AG, secured note, Reg S, 3.50%, 09/30/24	DEU	EUR	546,975	1.58
500,000	MPT Operating Partnership LP/MPT Finance Corp., senior note, 4.00%, 08/19/22	USA	EUR	545,310	1.58
500,000	IE2 Holdco SAU, senior note, Reg S, 2.375%, 11/27/23	ESP	EUR	531,505	1.54
500,000	BPCE SA, sub. bond, Reg S, 2.75% to 11/29/22, FRN thereafter, 11/30/27	FRA	EUR	530,170	1.54
500,000	UniCredit SpA, sub. bond, Reg S, 4.375% to 01/02/22, FRN thereafter, 01/03/27	ITA	EUR	516,332	1.50
455,000	Sealed Air Corp., senior note, Reg S, 4.50%, 09/15/23	USA	EUR	509,623	1.48
500,000	Casino Guichard Perrachon SA, senior note, Reg S, 4.561%, 01/25/23	FRA	EUR	502,815	1.46
450,000	Avantor Inc., senior note, Reg S, 4.75%, 10/01/24	USA	EUR	469,924	1.36
450,000	Belden Inc., senior sub. note, Reg S, 2.875%, 09/15/25	USA	EUR	459,043	1.33
400,000	EDF SA, junior sub. bond, Reg S, 4.125% to 01/22/22, FRN thereafter, Perpetual	FRA	EUR	422,408	1.22
400,000	Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH, secured bond, Reg S, 4.00%, 01/15/25	DEU	EUR	418,074	1.21
400,000	Equinix Inc., senior note, 2.875%, 10/01/25	USA	EUR	412,800	1.20
400,000	Teleperformance, senior note, Reg S, 1.50%, 04/03/24	FRA	EUR	408,856	1.18
400,000	James Hardie International Finance Ltd., senior note, Reg S, 3.625%, 10/01/26	IRL	EUR	406,000	1.18
400,000	General Electric Co., senior note, 1.25%, 05/26/23	USA	EUR	404,878	1.17
400,000	LimaCorporate SpA, senior secured note, Reg S, FRN, 3.75%, 08/15/23 †	ITA	EUR	403,480	1.17
400,000	Summit Properties Ltd., senior note, Reg S, 2.00%, 01/31/25	DEU	EUR	361,332	1.05
300,000	EDF SA, junior sub. bond, 4.00% to 10/04/24, FRN thereafter, Perpetual	FRA	EUR	311,292	0.90
300,000	Allergan Funding SCS, senior note, 1.50%, 11/15/23	USA	EUR	308,205	0.89
300,000	Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., first lien, Reg S, 2.75%, 03/15/24	LUX	EUR	307,833	0.89
300,000	Grifols SA, senior note, Reg S, 3.20%, 05/01/25	ESP	EUR	305,589	0.88
300,000	LSF10 Wolverine Investments SCA, secured note, Reg S, 5.00%, 03/15/24	DNK	EUR	303,384	0.88
250,000	Cloverie PLC for Swiss Reinsurance Co. Ltd., sub. bond, Reg S, 6.625% to 08/31/22, FRN thereafter, 09/01/42	CHE	EUR	299,632	0.87
300,000	Islandsbanki HF, senior note, Reg S, 1.125% to 01/19/23, FRN thereafter, 01/19/24	ISL	EUR	295,741	0.86
300,000	Odyssey Europe Holdco S.à r.l., Reg S, 8.00%, 05/15/23	EST	EUR	294,299	0.85
250,000	WMG Acquisition Corp., senior note, Reg S, 3.625%, 10/15/26	USA	EUR	258,496	0.75
300,000	Paprec Holding SA, senior secured note, first lien, Reg S, 4.00%, 03/31/25	FRA	EUR	255,620	0.74
250,000	Teva Pharmaceutical Finance Netherlands II BV, senior note, Reg S, 1.25%, 03/31/23	ISR	EUR	233,459	0.68
250,000	Banque Centrale de Tunisie International Bond, senior note, Reg S, 5.625%, 02/17/24	TUN	EUR	231,485	0.67
200,000	Alice France SA/France, first lien, Reg S, 5.875%, 02/01/27	FRA	EUR	206,686	0.60
200,000	Castellum AB, senior note, Reg S, 2.125%, 11/20/23	SWE	EUR	206,595	0.60
200,000	Raiffeisen Bank International AG, junior sub. bond, Reg S, 6.125% to 12/15/66, FRN thereafter, Perpetual	AUT	EUR	202,879	0.59
200,000	CPI Property Group SA, senior note, Reg S, 1.45%, 04/14/22	CZE	EUR	202,219	0.59
200,000	Cemex SAB de CV, senior secured note, Reg S, 2.75%, 12/05/24	MEX	EUR	200,858	0.58
200,000	UniCredit SpA, junior sub. bond, Reg S, 6.625% to 06/03/23, FRN thereafter, Perpetual	ITA	EUR	194,971	0.56
200,000	Rekeep SpA, secured note, Reg S, 9.00%, 06/15/22	ITA	EUR	180,139	0.52
200,000	La Financiere Atalian SASU, senior note, Reg S, 4.00%, 05/15/24	FRA	EUR	163,128	0.47
150,000	INEOS Group Holdings SA, senior note, Reg S, 5.375%, 08/01/24	LUX	EUR	154,409	0.45
148,000	Glencore Finance Europe Ltd., senior note, Reg S, 1.875%, 09/13/23	CHE	EUR	153,887	0.45
150,000	CMA CGM SA, senior note, Reg S, 6.50%, 07/15/22	FRA	EUR	143,288	0.41
100,000	Axalta Coating Systems LLC, senior note, Reg S, 4.25%, 08/15/24	USA	EUR	104,225	0.30
100,000	Kraton Polymers LLC/Kraton Polymers Capital Corp., senior note, Reg S, 5.25%, 05/15/26	USA	EUR	101,814	0.29

The accompanying notes form an integral part of these financial statements

## — Franklin Multi Bond 2022 Fund —

## SCHEDULE OF INVESTMENTS AS OF MARCH 31, 2019 (CONTINUED)

(Currency — EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
<b>Corporate Bonds</b> (continued)					
100,000	Lincoln Financing S.à r.l., senior secured note, Reg S, 3.625%, 04/01/24	NLD	EUR	101,037	0.29
				<u>30,963,403</u>	<u>89.70</u>
<b>Government and Municipal Bonds</b>					
1,300,000	Italy Treasury Bond, 4.50%, 05/01/23	ITA	EUR	1,460,706	4.23
750,000	Government of Indonesia, senior note, Reg S, 2.625%, 06/14/23	IDN	EUR	801,563	2.32
600,000	North Macedonia Government International Bond, senior note, Reg S, 5.625%, 07/26/23	MKD	EUR	693,417	2.01
200,000	Government of Kazakhstan, senior note, Reg S, 1.55%, 11/09/23	KAZ	EUR	206,468	0.60
				<u>3,162,154</u>	<u>9.16</u>
	<b>TOTAL BONDS</b>			<u>34,125,557</u>	<u>98.86</u>
	<b>TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET</b>			<u>34,125,557</u>	<u>98.86</u>
	<b>TOTAL INVESTMENTS</b>			<u>34,125,557</u>	<u>98.86</u>

† Floating Rates are indicated as at March 31, 2019

## ADDITIONAL INFORMATION - UNAUDITED

### Calculation Method of the Risk Exposure

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

Franklin Multi Bond 2022 Fund

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

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

## ADDITIONAL INFORMATION - UNAUDITED (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 Opportunities Funds is outlined below.

Total amount of fixed remuneration paid by FTIS and its delegates during the year ended September 30, 2018 <sup>*, **, ***</sup>	€12,521
Total amount of variable remuneration paid by FTIS and its delegates during the year ended September 30, 2018 <sup>*, **, ***</sup>	€14,988
Number of staff of FTIS and in its delegates as at September 30, 2018	165.04
Total amount of compensation paid by FTIS and its delegates to Senior managers during the year ended September 30, 2018 <sup>*, **, ***</sup>	€ 1,525
Total amount paid by FTIS and its delegates to other members of staff who have a material impact on the profile of UCITS during year ended September 30, 2018 <sup>*, **, ***</sup>	€ -

*\*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 year ended September 30, 2018.*

*\*\* The total amount of compensation paid by the FTIS delegates has been allocated to each UCITS based on their pro rata share of the average month end total net assets of the FTIS delegates for the year ended September 30, 2018.*

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

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