



FRANKLIN TEMPLETON  
INVESTMENTS

**Audited  
Annual Report**  
March 31, 2018

# 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 PERIOD FROM FEBRUARY 15, 2017 (DATE OF  
INCORPORATION) TO MARCH 31, 2018

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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.



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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 212 724)

GENERAL INFORMATION (AS AT MARCH 31, 2018)

**BOARD OF DIRECTORS:**

**Chairman**

*William Jackson*

**Director**

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

5 Morrison Street

Edinburgh EH3 8BH, Scotland

United Kingdom

**Directors**

*Shobreh Levy*

**Director**

FRANKLIN TEMPLETON MANAGEMENT LUXEMBOURG S.A.

8A, rue Albert Borschette, L-1246 Luxembourg

Grand Duchy of Luxembourg

*James F. Kinloch*

**Director**

FRANKLIN TEMPLETON LUXEMBOURG S.A.

8A, rue Albert Borschette, L-1246 Luxembourg

Grand Duchy of Luxembourg

**MANAGEMENT COMPANY:**

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.

8A, rue Albert Borschette, L-1246 Luxembourg

Grand Duchy of Luxembourg

**REGISTERED OFFICE:**

8A, rue Albert Borschette, L-1246 Luxembourg

Grand Duchy of Luxembourg

**PRINCIPAL DISTRIBUTOR:**

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.

8A, rue Albert Borschette, L-1246 Luxembourg

Grand Duchy of Luxembourg

**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, 2018, Franklin Templeton Opportunities Funds (“FTOF”, or the “Company”) had assets under management of EUR37.7 million.

### **Fund Launches**

Franklin Multi Bond 2022 Fund launched on October 2, 2017.

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 Investments. 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 Investments office using the contact details on the last page of the report.

THE BOARD OF DIRECTORS  
Luxembourg, April 2018

## REPORT OF THE INVESTMENT MANAGER - FOR THE PERIOD FROM OCTOBER 2, 2017 (LAUNCH DATE) TO MARCH 31, 2018

### Market Performance

During the period from inception to March 31, 2018, European bond markets showed little overall change. In the eurozone, economic data remained positive, indicating robust growth underpinned by solid domestic consumption and export demand. At the European Central Bank's ("ECB") meeting in October 2017, policymakers outlined their plans to reduce the monthly bond purchases carried out by the central bank as part of its quantitative easing ("QE") programme. However, the dovish tone of ECB President Mario Draghi's accompanying comments—emphasising that the QE programme could be extended beyond September 2018, and giving no indication of an end date—came as something of a surprise to market participants, sparking a rally across most bond markets. Nevertheless, with European bond yields drifting higher towards the end of the year, changes for the final quarter as a whole were generally limited, though benchmark UK Gilt yields fell on signs of weakness in the UK economy, due to continued uncertainty about the outcome of Brexit negotiations.

Most European bond markets declined at the start of 2018, amidst further evidence of a broad increase in the rate of global economic growth and speculation that US tax cuts could prompt the US Federal Reserve to step up its pace of monetary tightening. But as the first quarter unfolded, European bonds recovered their losses, as investors became less convinced that the ECB was close to announcing a date for the end of its quantitative easing. Though the region maintained its strong expansion, other parts of the macroeconomic backdrop appeared less supportive, with inflation staying well below the ECB's target, and the strength of the euro adding to concerns among policymakers. Escalating global trade tensions—following the Trump administration's decision to impose tariffs on certain Chinese goods—as well as stock market volatility further dampened long-term interest rates. Toward the end of the period, ECB President Draghi re-iterated a pledge not to raise interest rates until well after the central bank had ended its ongoing bond purchases.

Looking ahead, we are not surprised to see some emerging signs that the eurozone economy is slowing a little, since growth appeared to reach levels that seemed unsustainable a few months back. The ECB's reduction of its bond purchases at the start of 2018 may have been an additional factor in the deceleration. The region's recovery, however, is underpinned by healthy domestic demand, and confidence among consumers and businesses is still strong, which should limit the negative impact of the stronger euro on exports. But with any meaningful rise in inflation still beyond the forecasting horizon of the ECB, we believe the prospects for any rise in interest rates before ECB President Draghi steps down in late 2019 remain slim.

THE INVESTMENT MANAGERS  
April 2018



## 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 “Company”) as at March 31, 2018, and of the results of its operations and changes in its net assets for the period from February 15, 2017 (date of incorporation) to March 31, 2018 in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### **What we have audited**

The Company’s financial statements comprise:

- the statement of net assets as at March 31, 2018;
- the schedule of investments as at March 31, 2018;
- the statement of operations and changes in net assets for the period from February 15, 2017 (date of incorporation) to March 31, 2018;
- the notes to the Financial Statements, which include a summary of significant accounting policies.

### *Basis for opinion*

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under those Law and standards 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 Company 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.

### *Other information*

The Board of Directors of the Company 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.

### *Responsibilities of the Board of Directors of the Company and those charged with governance for the financial statements*

The Board of Directors of the Company 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 Company 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 Company is responsible for assessing the Company’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 Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

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

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B65 477 - TVA LU25482518

*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 July 23, 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 July 23, 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 Company’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 Company;
- conclude on the appropriateness of the Board of Directors of the Company’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 Company’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 Company 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

A blue ink signature, appearing to be 'Emmanuel Chataignier', is written over the text 'Represented by'.

Emmanuel Chataignier

Luxembourg, July 18, 2018

## FUND PERFORMANCE

### PERCENTAGE CHANGE TO MARCH 31, 2018

	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	(0.5)	(0.7)	-	-	0.8

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Data source: Performance – Franklin Templeton Investments

## STATEMENT OF NET ASSETS

### AT MARCH 31, 2018

Franklin  
Multi Bond  
2022 Fund  
(EUR)

<b>ASSETS</b>	
Investment in securities at market value (note 2(b))	37,176,858
Cash	255,768
Amounts receivable on sale of investments	60,427
Interest and dividends receivable, net	573,599
Other receivables	23,356
<b>TOTAL ASSETS</b>	<u>38,090,008</u>
<b>LIABILITIES</b>	
Amounts payable on purchases of investments	300,000
Amounts payable on redemptions	11,062
Investment management fees payable (note 4)	8,058
Taxes and expenses payable	35,388
<b>TOTAL LIABILITIES</b>	<u>354,508</u>
<b>TOTAL NET ASSETS</b>	<u><u>37,735,500</u></u>

The accompanying notes form an integral part of these financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE PERIOD FROM FEBRUARY 15, 2017 (DATE OF INCORPORATION) TO**  
**MARCH 31, 2018**

Franklin  
Multi Bond  
2022 Fund

(EUR)

<b>NET ASSETS AT THE BEGINNING OF THE PERIOD</b>	-
<b>INCOME</b>	
Interest on bonds (net of withholding taxes) (note 2(c))	743,068
Market discount	338
<b>TOTAL INCOME</b>	743,406
<b>EXPENSES</b>	
Investment management fees (note 4)	47,586
Administration and transfer agency fees	19,034
Subscription tax (note 6)	4,853
Custodian fees	1,000
Audit fees	25,186
Printing and publishing expenses	3,125
Bank charges	2,042
Maintenance and service charges (note 3)	133,240
Market premium	289,371
Other charges (note 7)	60,968
<b>TOTAL EXPENSES</b>	586,405
Expenses reimbursement (note 8)	(66,579)
<b>NET EXPENSES</b>	519,826
<b>NET PROFIT/(LOSS) FROM INVESTMENTS</b>	223,580
Net realised profit/(loss) on sale of investments	85,597
Net realised profit/(loss) on foreign exchange transactions	(235)
<b>NET REALISED PROFIT/(LOSS) FOR THE PERIOD</b>	308,942
Change in net unrealised appreciation/(depreciation) on: Investments	(2,566)
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS</b>	306,376
<b>MOVEMENT OF CAPITAL</b>	
Issue of shares	38,431,525
Redemption of shares	(998,202)
Equalisation (note 2(e))	(4,199)
	37,429,124
<b>NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL</b>	37,429,124
<b>NET ASSETS AT THE END OF THE PERIOD</b>	37,735,500
Portfolio Turnover Ratio (note 13)	45.69%

The accompanying notes form an integral part of these financial statements

## STATISTICAL INFORMATION

	Total Expense Ratio March 31, 2018 (See Note 13)	Shares Outstanding March 31, 2018	Net Asset Value per Share March 31, 2018
<b>Franklin Multi Bond 2022 Fund – EUR</b> D2 (Ydis) EUR	1.20%	374,430.874	100.78

## NOTES TO THE FINANCIAL STATEMENTS AT MARCH 31, 2018

### 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 Investments, according to its successful time-tested investment selection methods.

Franklin Multi Bond 2022 Fund launched on October 2, 2017.

### 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.

During the accounting period 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 period.

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

### Note 3 — Share classes

Class D2 (Ydis) shares: are offered at the applicable net asset value. A maintenance charge of 0.20% 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 period. 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.

## NOTES TO THE FINANCIAL STATEMENTS AT MARCH 31, 2018 (CONTINUED)

### Note 5 — Connected party transactions (continued)

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 Investments, and no transactions were entered into with connected brokers during the period ended March 31, 2018.

During the period ended March 31, 2018, 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	36,907
Miscellaneous expenses	586
Paying agent	9,095
Registration and filing fees	14,380
	60,968

### 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 period ended March 31, 2018. 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 10 — Dividends distributed

For the period ended March 31, 2018, no dividends were paid out to distributing share class shareholders.

### 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, 2018, 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 absolute value of subscriptions and redemptions, over average net assets of the Fund for the year. It is effectively a measure of how frequently a fund buys or sells securities.

## NOTES TO THE FINANCIAL STATEMENTS AT MARCH 31, 2018 (CONTINUED)

### Note 14 — 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 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 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 16 — Abbreviations

#### Countries

ARG	Argentina	CZE	Czech Republic	GNS	Guernsey Islands	MKD	Macedonia
AUS	Australia	DEU	Germany	IDN	Indonesia	NLD	Netherlands
AUT	Austria	DNK	Denmark	ISL	Iceland	TUN	Tunisia
BRA	Brazil	ESP	Spain	ISR	Israel	TUR	Turkey
CHE	Switzerland	FRA	France	ITA	Italy	USA	United States
CHN	China	GBR	United Kingdom	LUX	Luxembourg		

#### Currency

EUR Euro

## — Franklin Multi Bond 2022 Fund —

## SCHEDULE OF INVESTMENTS AS OF MARCH 31, 2018

(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>Asset-Backed Securities</b>				
567,000	LSF9 Balta Issuer SA, secured note, first lien, Reg S, 7.75%, 09/15/22	LUX	EUR	598,094	1.59
	<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	986,742	2.62
850,000	Danske Bank AS, junior sub. bond, Reg S, 5.875%, to 04/06/22, FRN thereafter, Perpetual	DNK	EUR	952,047	2.52
800,000	AXA SA, sub. bond, Reg S, 5.125% to 07/04/23, FRN thereafter, 07/04/43	FRA	EUR	938,256	2.49
850,000	Bayer AG, junior sub. bond, Reg S, 3.75% to 07/01/24, FRN thereafter, 07/01/74	DEU	EUR	909,721	2.41
700,000	Assicurazioni Generali SpA, sub. bond, Reg S, 7.75% to 12/11/22, FRN thereafter, 12/12/42	ITA	EUR	880,330	2.33
800,000	EDF SA, junior sub. bond, Reg S, 4.125% to 01/22/22, FRN thereafter, Perpetual	FRA	EUR	849,300	2.25
700,000	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	797,499	2.11
800,000	Danone SA, junior sub. bond, Reg S, 1.75% to 06/23/23, FRN thereafter, Perpetual	FRA	EUR	788,660	2.09
700,000	IE2 Holdco SAU, senior note, Reg S, 2.375%, 11/27/23	ESP	EUR	744,747	1.97
700,000	Grand City Properties SA, junior sub. bond, 3.75% to 02/18/22, FRN thereafter, Perpetual	DEU	EUR	743,372	1.97
655,000	Sealed Air Corp., senior note, Reg S, 4.50%, 09/15/23	USA	EUR	736,862	1.95
700,000	Aroundtown SA, senior note, Reg S, 2.125%, 03/13/23	DEU	EUR	733,376	1.94
600,000	Erste Group Bank AG, junior sub. bond, Reg S, 8.875% to 10/15/21, FRN thereafter, Perpetual	AUT	EUR	729,501	1.93
700,000	NEW Areva Holding SA, senior note, Reg S, 3.125%, 03/20/23	FRA	EUR	717,195	1.90
700,000	Turkiye Vakiflar Bankasi TAO, secured note, Reg S, 2.375%, 05/04/21	TUR	EUR	712,904	1.89
660,000	Unione di Banche Italiane SpA, sub. bond, Reg S, 4.45% to 09/14/22, FRN thereafter, 09/15/27	ITA	EUR	688,512	1.83
650,000	Votorantim Cimentos SA, senior note, Reg S, 3.50%, 07/13/22	BRA	EUR	685,581	1.82
550,000	Cloverie PLC For Swiss Reinsurance Co. Ltd., sub. bond, Reg S, 6.625% to 08/31/22, FRN thereafter, 09/01/42	CHE	EUR	684,832	1.82
600,000	Cooperatieve Rabobank UA, junior sub. bond, Reg S, 6.625% to 06/29/21, FRN thereafter, Perpetual	NLD	EUR	684,024	1.81
500,000	Bawag PSK Bank fuer Arbeit und Wirtschaft und Oesterreichische Postsparkasse AG, sub. note, Reg S, 8.125%, 10/30/23	AUT	EUR	674,047	1.79
600,000	UniCredit SpA, sub. bond, Reg S, 4.375% to 01/02/22, FRN thereafter, 01/03/27	ITA	EUR	650,142	1.72
600,000	CaixaBank SA, sub. note, Reg S, 3.50% to 02/14/22, FRN thereafter, 02/15/27	ESP	EUR	645,852	1.71
600,000	Raiffeisen Bank International AG, junior sub. bond, Reg S, 6.125% to 12/15/66, FRN thereafter, Perpetual	AUT	EUR	638,415	1.69
600,000	Gas Natural Fenosa Finance BV, junior sub. bond, Reg S, 4.125% to 11/18/22, FRN thereafter, Perpetual	ESP	EUR	637,854	1.69
650,000	Belden Inc., senior sub. note, Reg S, 2.875%, 09/15/25	USA	EUR	634,315	1.68
600,000	Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH, secured bond, Reg S, 4.00%, 01/15/25	DEU	EUR	633,855	1.68
600,000	Energo-Pro AS, senior note, Reg S, 4.00%, 12/07/22	CZE	EUR	627,750	1.66
600,000	Telefonica Europe BV, junior sub. bond, 3.75% to 03/15/22, FRN thereafter, Perpetual	ESP	EUR	626,127	1.66
600,000	Centrica PLC, junior sub. bond, Reg S, FRN, 3.00%, 04/10/76 †	GBR	EUR	618,105	1.64
600,000	Teleperformance, senior note, Reg S, 1.50%, 04/03/24	FRA	EUR	610,251	1.62
600,000	Limacorporate SpA, senior note, FRN, 3.75%, 08/15/23 †	ITA	EUR	608,520	1.61
600,000	CNAC HK Finbridge Co. Ltd., senior note, Reg S, 1.75%, 06/14/22	CHN	EUR	598,509	1.59
550,000	Nykredit Realkredit AS, sub. bond, Reg S, 2.75% to 11/16/22, FRN thereafter, 11/17/27	DNK	EUR	589,718	1.56
550,000	N&W Global Vending SpA, senior secured note, Reg S, 7.00%, 10/15/23	ITA	EUR	581,807	1.54
500,000	Glencore Finance Europe Ltd., senior note, Reg S, 3.70%, 10/23/23	CHE	EUR	564,040	1.50
550,000	Federal-Mogul LLC/Federal-Mogul Financing Corp., secured note, Reg S, 4.875%, 04/15/22	USA	EUR	553,267	1.47
550,000	Nidda Healthcare Holding AG, secured note, Reg S, 3.50%, 09/30/24	DEU	EUR	550,028	1.46
550,000	Avantor Inc., senior note, Reg S, 4.75%, 10/01/24	USA	EUR	548,083	1.45
500,000	Casino Guichard Perrachon SA, senior note, Reg S, 4.561%, 01/25/23	FRA	EUR	545,190	1.45
500,000	MPT Operating Partnership LP/MPT Finance Corp., senior note, 4.00%, 08/19/22	USA	EUR	544,883	1.44
500,000	BPCE SA, sub. bond, Reg S, 2.75% to 11/29/22, FRN thereafter, 11/30/27	FRA	EUR	534,680	1.42
500,000	FCC Aqualia SA, secured note, Reg S, 1.413%, 06/08/22	ESP	EUR	511,075	1.36
500,000	CMF SpA, secured note, Reg S, 9.00%, 06/15/22	ITA	EUR	457,485	1.21
400,000	Selecta Group BV, secured note, Reg S, 5.875%, 02/01/24	CHE	EUR	396,964	1.05
400,000	Summit Germany Ltd., senior note, Reg S, 2.00%, 01/31/25	GNS	EUR	390,102	1.03
400,000	Equinix Inc., senior note, 2.875%, 10/01/25	USA	EUR	386,400	1.02
350,000	CMA CGM SA, senior note, Reg S, 6.50%, 07/15/22	FRA	EUR	354,389	0.94
300,000	Ball Corp., senior note, 4.375%, 12/15/23	USA	EUR	340,124	0.90
300,000	BHP Billiton Finance Ltd., sub. bond, Reg S, 4.750% to 04/22/21, FRN thereafter, 04/22/76	AUS	EUR	333,638	0.88
300,000	International Game Technology PLC, first lien, Reg S, 4.75%, 02/15/23	USA	EUR	329,723	0.87
300,000	Paprec Holding SA, first lien, Reg S, 4.00%, 03/31/25	FRA	EUR	301,658	0.80
300,000	Islandsbanki HF, senior note, Reg S, 1.125% to 01/19/23, FRN thereafter, 01/19/24	ISL	EUR	300,605	0.80
250,000	Banque Centrale de Tunisie International Bond, senior note, Reg S, 5.625%, 02/17/24	TUN	EUR	256,407	0.68
200,000	DEMIRE Deutsche Mittelstand Real Estate AG, senior note, Reg S, 2.875%, 07/15/22	DEU	EUR	204,329	0.54
200,000	LSF10 Wolverine Investments SCA, secured note, Reg S, 5.00%, 03/15/24	LUX	EUR	202,194	0.54
200,000	Teva Pharmaceutical Finance Netherlands II BV, senior note, Reg S, 3.25%, 04/15/22	ISR	EUR	200,983	0.53
148,000	Glencore Finance Europe Ltd., senior note, Reg S, 1.875%, 09/13/23	CHE	EUR	153,386	0.41
				<u>33,298,361</u>	<u>88.24</u>

The accompanying notes form an integral part of these financial statements

## — Franklin Multi Bond 2022 Fund —

## SCHEDULE OF INVESTMENTS AS OF MARCH 31, 2018 (CONTINUED)

(Currency — EUR)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
<b>Government and Municipal Bonds</b>					
750,000	Italy Treasury Bond, 4.50%, 05/01/23	ITA	EUR	893,422	2.37
700,000	Government of Macedonia, senior note, Reg S, 5.625%, 07/26/23	MKD	EUR	818,048	2.17
750,000	Government of Indonesia, senior note, Reg S, 2.625%, 06/14/23	IDN	EUR	797,404	2.11
750,000	Government of Argentina, senior note, Reg S, 3.875%, 01/15/22	ARG	EUR	771,529	2.04
				<u>3,280,403</u>	<u>8.69</u>
	<b>TOTAL BONDS</b>			<u>37,176,858</u>	<u>98.52</u>
	<b>TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET</b>			<u>37,176,858</u>	<u>98.52</u>
	<b>TOTAL INVESTMENTS</b>			<u>37,176,858</u>	<u>98.52</u>

† Floating Rates are indicated as at March 31, 2018

## 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., as UCITS licensed management company has a remuneration policy (the “Policy”) in place which applies to all UCITS funds under its management. The Policy has been designed to discourage excessive risk taking, integrating in its performance management systems risk criteria specific to the business units it covers. The policy has a governance structure aimed at preventing internal conflicts of interest.

There are defined procedures in place for the creation, update, review and approval of the Policy as well as for communication and implementation of the Policy. Senior Management, Human Resources, 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 is not available for the period under review as the Fund launched after September 30, 2017, the financial year-end of the Management Company.

## FRANKLIN TEMPLETON INVESTMENTS OFFICE DIRECTORY

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