FRANKLIN TEMPLETON
INVESTMENTS

Unaudited
Semi-Annual Report
for the six month period
ended January 31, 2018

Franklin Floating Rate Fund PLC



Contents

General Information	**2**
Investment Manager's Report	**3**
Portfolio of Investments	**5**
Statement of Comprehensive Income	**7**
Statement of Financial Position	**8**
Statement of Changes in Net Assets Attributable to holders of Redeemable Shares	**10**
Statement of Cash Flows	**11**
Notes to the Financial Statements	**12**
Appendix A: Financial Statements of Franklin Floating Rate Master Trust	**29**

General Information

Board of Directors
Hans Wisser (German)
Francis Ennis* (Irish)
Gregory E. McGowan (U.S.)
David McGeough* (Irish)
Ken Lewis (U.S.)
(Alternate to Gregory E. McGowan)

* Independent Directors.
All Directors are non-executive.

Distributor
Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246
Luxembourg

Legal Advisors
Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Depositary
J.P. Morgan Bank (Ireland) plc
JPMorgan House
International Financial Services Centre
Dublin 1
Ireland

Alternative Investment Fund Manager
Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246
Luxembourg

Investment Manager
Franklin Advisers, Inc.
One Franklin Parkway
San Mateo
CA 94403-1906
USA

Administrator/Secretary
J.P. Morgan Administration Services (Ireland) Limited
JPMorgan House
International Financial Services Centre
Dublin 1
Ireland

Independent Auditors
PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Sponsoring Broker
Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Registered office
J.P. Morgan Bank (Ireland) plc
JPMorgan House
International Financial Services Centre
Dublin 1
Ireland

Registered Number
316174

Investment Manager's Report

for the six month period ended January 31, 2018

Franklin Floating Rate Fund plc (the "Company")

This commentary reflects the position of the Franklin Floating Rate Master Trust (the "Master Trust"), as this is the sole investment of the Company.

Syndicated Bank Loan Market Overview

Although technical conditions were more subdued compared to the strong environment earlier in the year, the loan market rallied at the end of the period amid expectations of rising rates and a supportive economy. Nonetheless, principal returns were largely flat on average for the entire period, while income provided a majority of the total returns. Retail investor demand for the asset class remained slow, but issuance from collateralized-loan-obligations (CLOs) helped to provide support to loan prices.

Flows remained muted for most of the period despite a December rate hike during the period. Continued tight conditions, further repricing and uncertain rate hikes in 2018 helped to dampen demand for the asset class. However, increasing Treasury yields toward the end of the period helped to renew retail investor interest, which led to modest positive flows into loan mutual funds.

CLO issuance was also strong and total volume for 2017 outpaced volume in the past two years. Issuance increased as liability spreads tightened and managers were able to place the highest rated tranches of a new vehicle at increasingly tight levels. In addition to the new vehicles launching, refinancing transactions were especially active in the CLO market as managers looked to tighten liability spreads through refinancing to offset the impacts of repriced loans. However, the lack of collateral in terms of new supply helped to restrain CLO activity, amid relatively low net new issuance.

New issuance during the period pushed the full year 2017 total to the highest volume on record. However, consistent with previous periods, issuance was largely limited to refinancing and repricing transactions. Repricing deals, which refinanced loans to tighten spreads, increased significantly and reached the highest volume since earlier in 2017. More than half of issuers in the market repriced their term loans at least once during the year.

Legislation passed by the U.S. government to make changes to the tax code shifted focus on provisions that could potentially impact leveraged lending. Some investors expected the legislation to potentially increase economic growth and eventually increase interest rates, while also possibly increasing the flexibility for more deals to finance large mergers-and-acquisitions. However, changes in interest expense deductibility rules were expected to potentially negatively impact highly levered issuers, especially loans with relatively lower ratings. Furthermore, federal agencies that launched leveraged lending guidelines in 2013 that set limits on leverage of new transactions signalled that they could revisit the guidelines and potentially revise them. While the final outcome was undecided, investors expected that a removal of the guidelines would loosen regulatory oversight on leveraged lending. However, even if the guidelines go away, expectations for large leveraged buyout deals were muted, as equity valuations and competition from strategic corporate buyers remain high.

Default activity pushed the default rate by volume to the highest level in seventeen months during the period. The largest issuers to default included those in the energy, retail, and broadcasting industry. Another large broadcasting issuer undergoing creditor negotiations also faced similar industry headwinds and a high debt burden, which heightened expectations of another large default in future months that would increase the default rate to the highest level in almost three years. Nonetheless, the default rate including that issuer was expected to remain below the historical average for the loan market.

Investment Manager's Report (continued)
for the six month period ended January 31, 2018

Investment Strategy
We believe the increasingly tight pricing has increased the vulnerability of the market toward external macroeconomic events following multiple waves of repricing transactions in the loan market. In response, as the market gets further along in the credit cycle, we have maintained our overweight in loans rated in the upper tier, which we would expect to outperform during periods of future volatility. Additionally, we have invested in a handful of issuers with relatively shorter maturities that we believe would be closer to a near-term catalyst such as repayment or refinancing. Although the Master Trust's intentional investment in these select loans contributed to recent volatility as the issuers looked to address their upcoming maturities, we believe these investments are over a longer time horizon. We have actively engaged management teams, sponsors, and other lenders of these issuers in order to generate favourable transactions and achieve improved performance for the entire portfolio.

Manager's Discussion
During the period under review, the Master Trust returned 1.36%, underperforming its benchmark, the CS Leveraged Loan Index (CSLLI), which returned 2.54%. The Master Trust's overweight in the upper tier detracted from relative performance, as upper tier loans returned 2.15%, middle tier returned 2.53%, and lower tier returned 4.57%, according to the index. Our large position in an issuer in the energy industry contributed to performance as the company looked to address its upcoming maturity. However, the Master Trust's overweight in the retail sector and a position in the consumer durables space detracted as that issuer also sought to address its short-duration term loan.

The top contributors and detractors during the period both included issuers in the retail sector, as well as loans with relatively shorter maturities. The term loan of a specialty retailer with multiple core brands traded higher after the company reported results in-line with expectations, which improved demand in the market following price declines from previous quarters. Meanwhile, a provider of oil and gas contributed to performance as investors expected a more favourable outcome for the term loan as the company negotiated a deal to address its 2018 term loan maturity. However, a manufacturer of firearms and ammunition with a term loan due in 2019, detracted from performance as firearm sales declined. Finally, term loan in the retail space (a leading retailer in the specialty pet market) declined as the company acquired an online competitor, which increased leverage and increased uncertainty surrounding the companies' integration.

While the Master Trust maintained a significant overweight in higher-rated loans, its weighting in the upper tier declined during the period, due to credit rating downgrades and sells of higher rated loans. Upper tier loans were approximately 62% of the portfolio at the beginning of the period (compared to 32% for the index), but declined to 53% at the end of the period (compared to 32% for the index). The Master Trust experienced relatively higher outflows during the quarter and focused on sells of loans with relatively tighter spreads, which were primarily in the upper tier. We also maintained the Master Trust's investment in AAA to A rated CLO tranches as well as two open end funds, Franklin Middle Tier Floating Rate Fund and Franklin Lower Tier Floating Rate Fund. The investments allowed the Master Trust to have further exposure to credit, while providing additional liquidity. The Master Trust also held protection in HYCDX, an index of high yield bond credit default swaps providing synthetic exposure to the high yield bond market, to protect against volatility in the credit markets.

Franklin Advisers, Inc.
Investment Manager

February 2018

Portfolio of Investments
as at January 31, 2018

Security name	Holding August 1, 2017	Purchases	Sales	Holding January 31, 2018	Fair Value USD '000	% Net Asset Value
Unit Trust Holdings						
Franklin Floating Rate Master Trust	240,440,405	12,666,917	(54,684,097)	198,423,225	1,718,708	98.69%
Total Unit Trust Holdings					**1,718,708**	**98.69%**

Forward Foreign Currency Contracts*

Maturity Date	Currency	Amount Bought	Currency	Amount Sold	Counterparty	Unrealised Gain USD '000	% Net Asset Value
February 20, 2018	EUR	11,094,905	USD	(13,598,005)	J.P. Morgan	192	0.01%
February 20, 2018	EUR	10,319,637	USD	(12,655,576)	Morgan Stanley	170	0.01%
February 20, 2018	EUR	6,095,374	USD	(7,480,303)	Citibank	96	0.01%
February 20, 2018	SGD	4,105,715	USD	(3,107,932)	Morgan Stanley	23	0.00%
February 20, 2018	SGD	4,092,871	USD	(3,098,336)	J.P. Morgan	23	0.00%
February 20, 2018	EUR	4,075,283	USD	(4,997,703)	Bank of America	67	0.01%
February 20, 2018	EUR	3,637,069	USD	(4,461,884)	UBS	59	0.00%
February 20, 2018	SGD	685,105	USD	(518,933)	Citibank	4	0.00%
February 20, 2018	SGD	671,064	USD	(508,134)	Bank of America	4	0.00%
February 20, 2018	EUR	631,635	USD	(774,675)	HSBC	10	0.00%
February 20, 2018	SGD	599,239	USD	(453,779)	Goldman Sachs	3	0.00%
February 20, 2018	SGD	598,525	USD	(453,256)	UBS	3	0.00%
February 20, 2018	SGD	116,539	USD	(88,232)	HSBC	1	0.00%
February 20, 2018	SGD**	11,017	USD	(8,340)	BNP Paribas	–	0.00%
February 22, 2018	CNH	2,991,203	USD	(465,324)	J.P. Morgan	9	0.00%
February 22, 2018	CNH**	130,581	USD	(20,314)	Citibank	–	0.00%
February 22, 2018	CNH**	123,352	USD	(19,186)	Morgan Stanley	–	0.00%
February 22, 2018	CNH**	67,463	USD	(10,494)	Bank of America	–	0.00%
February 22, 2018	CNH**	66,469	USD	(10,336)	UBS	–	0.00%
						664	**0.04%**

Forward Foreign Currency Contracts*

Maturity Date	Currency	Amount Bought	Currency	Amount Sold	Counterparty	Unrealised Loss USD '000	% Net Asset Value
February 20, 2018	USD	3,292,171	EUR	(2,651,430)	J.P. Morgan	(3)	0.00%
February 20, 2018	USD	2,583,668	EUR	(2,097,942)	Morgan Stanley	(23)	0.00%
February 20, 2018	USD	1,722,821	EUR	(1,403,094)	J.P. Morgan	(21)	0.00%
February 20, 2018	USD**	175,891	SGD	(230,718)	J.P. Morgan	–	0.00%
February 20, 2018	USD	168,188	SGD	(221,466)	Morgan Stanley	(1)	0.00%
February 22, 2018	USD	93,880	CNH	(601,976)	J.P. Morgan	(2)	0.00%
						(50)	**0.00%**

* As Forward Foreign Currency Contracts are net settled and rights of offset exist with the counterparties, they are presented on a net basis.

**Investments which are less than USD 500 have been rounded down to zero.

The accompanying notes form an integral part of the financial statements.

Portfolio of Investments (continued)
as at January 31, 2018

	Fair Value USD '000	% Net Asset Value
Total financial assets at fair value through profit or loss	**1,719,372**	**98.73%**
Total financial liabilities at fair value through profit or loss	**(50)**	**0.00%**
Other net assets	22,201	1.27%
Net assets attributable to holders of Redeemable Shares	**1,741,523**	**100.00%**

The accompanying notes form an integral part of the financial statements.

Statement of Comprehensive Income
for the six month period ended January 31, 2018

	Notes	6 month period ended January 31, 2018 USD '000	6 month period ended January 31, 2017 USD '000
Income			
Net realised and movement in unrealised (losses)/gains on financial assets at fair value through profit or loss	3	(7,326)	41,786
Investment income		39,696	32,327
Total Net income		**32,370**	**74,113**
Operating expenses	4	(7,691)	(6,234)
Operating profit		**24,679**	**67,879**
Finance costs			
Distributions to holders of Redeemable Shares	5	(12,649)	(12,591)
Net gains after Distributions and before tax		**12,030**	**55,288**
Withholding taxes		(74)	(37)
Increase in net assets attributable to holders of Redeemable Shares from operations		**11,956**	**55,251**

The net income arose solely from continuing operations. There were no other recognised gains or losses for the period other than as set out in the above Statement of Comprehensive Income.

The accompanying notes form an integral part of the financial statements.

Statement of Financial Position
as at January 31, 2018

	Notes	As at January 31, 2018 USD '000	As at July 31, 2017 USD '000
Assets			
Financial assets at fair value through profit or loss	2	1,719,372	2,091,735
Amounts receivable from subscription of shares		20,575	3,471
Cash and cash equivalents		95	98
Investment income receivable		6,834	6,566
Other receivable		5	–
Total Assets		**1,746,881**	**2,101,870**
Current Liabilities			
Financial liabilities at fair value through profit or loss	2	50	19
Administration fees	12	191	259
AIFM fees	12	400	490
Amounts payable for redemption of shares		3,787	4,562
Depositary fees	12	50	45
Distribution and shareholder maintenance fees	12	667	801
Legal fees		54	48
Other liabilities		159	126
Total Current Liabilities (excluding net assets attributable to holders of Redeemable Shares)		**5,358**	**6,350**
Net assets attributable to holders of Redeemable Shares		**1,741,523**	**2,095,520**
Number of Redeemable Shares	6		
Class A (acc)		44,921,776	55,421,700
Class A (dis)		47,037,849	53,765,683
Class B*		719,036	1,004,368
Class N (acc)		14,961,236	18,008,003
Class N (dis)		4,534,964	5,374,457
Class C (acc)**		1,579,483	602,469
Class C (dis)***		17,059,964	20,164,006
Class AX		7,292,647	8,326,726
Class Z (acc)		8,287,776	12,683,026
Class Z (dis)		1,934,925	2,478,857
Class A (dis) SGD-H1		1,090,412	1,391,703
Class A (dis) EUR-H1		3,263,788	4,005,632
Class A (dis) RMB-H1		26,436	32,680

The accompanying notes form an integral part of the financial statements.

Statement of Financial Position (continued)
as at January 31, 2018

	Notes	As at January 31, 2018 USD '000	As at July 31, 2017 USD '000
Net Asset Value per Redeemable Shares			
Class A (acc)		USD 15.08	USD 14.87
Class A (dis)		USD 8.65	USD 8.67
Class B*		USD 8.64	USD 8.66
Class N (acc)		USD 13.68	USD 13.54
Class N (dis)		USD 8.79	USD 8.82
Class C (acc)**		USD 10.13	USD 10.02
Class C (dis)***		USD 8.64	USD 8.67
Class AX		USD 8.63	USD 8.66
Class Z (acc)		USD 13.76	USD 13.55
Class Z (dis)		USD 9.85	USD 9.87
Class A (dis) SGD-H1		SGD 9.88	SGD 9.94
Class A (dis) EUR-H1		EUR 9.48	EUR 9.62
Class A (dis) RMB-H1		RMB 108.52	RMB 108.18

* The Company discontinued the sale of Class B shares with effect from April 1, 2016.
** Class C (acc) shares launched on June 13, 2017.
***Existing Class C shares were renamed Class C (dis) shares with effect from June 13, 2017.

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

for the six month period ended January 31, 2018

	6 month period ended January 31, 2018 USD '000	6 month period ended January 31, 2017 USD '000
Net assets attributable to holders of Redeemable Shares at start of the period	2,095,520	1,363,639
Share transactions		
Issue of Redeemable Shares	280,943	665,279
Redemption of Redeemable Shares	(651,685)	(329,330)
Reinvestments	4,946	5,081
Income equalisation	(157)	269
Net (decrease)/increase from share transactions	(365,953)	341,299
Changes in net assets attributable to holders of Redeemable Shares from operations	11,956	55,251
Net assets attributable to holders of Redeemable Shares at end of the period	**1,741,523**	**1,760,189**

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows
for the six month period ended January 31, 2018

	6 month period ended January 31, 2018 USD '000	6 month period ended January 31, 2017 USD '000
Cash flows from operating activities		
Purchases of financial assets at fair value through profit or loss	(109,351)	(412,976)
Unrealised gains on forwards currency contracts	614	44
Proceeds from sale of investments	473,805	75,039
Net investment income received	39,428	32,815
Operating expenses paid	(8,018)	(6,028)
Net cash provided by/(used in) operating activities	**396,478**	**(311,106)**
Cash flows from financing activities		
Issue of Redeemable Shares	268,628	658,866
Redemption of Redeemable Shares	(652,460)	(335,155)
Distributions paid to holders of Redeemable Shares	(12,649)	(12,591)
Net cash (used in)/provided by financing activities	**(396,481)**	**311,120**
Net (decrease)/increase in cash and cash equivalents	**(3)**	**14**
Cash and cash equivalents at start of the period	98	86
Cash and cash equivalents at end of the period	**95**	**100**

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements
for the six month period ended January 31, 2018

Introduction
Franklin Floating Rate Fund plc (the "Company") is an investment company with variable capital incorporated in the Republic of Ireland as a Public Limited Company on December 1, 1999, under the Irish Companies Act 2014. Its Redeemable Shares ("RS") are denominated in US Dollars, other than the Class A (dis) SGD-H1 Shares, the Class A (dis) EUR-H1 Shares and the Class A (dis) RMB-H1 Shares. The Company is governed by the provisions of the European Union (Alternative Investment Fund Managers Directive) ("AIFMD") Regulations 2013. The A (acc), A (dis), B*, N (acc), N (dis), C (dis)**, AX, Z (acc), Z (dis), A (dis) SGD- H1, A (dis) EUR-H1 and A (dis) RMB-H1 share classes are listed on the Irish Stock Exchange.

*The Company discontinued the sale of Class B shares with effect from April 1, 2016.

** Existing Class C shares were renamed Class C (dis) shares with effect from June 13, 2017.

The Company's investment objective is to provide a high level of current income and preservation of capital by investing up to 100% of its net assets in shares of the Franklin Floating Rate Master Series (the "Common Shares") in the Franklin Floating Rate Master Trust (the "Master Trust") (see note 14).

1. Accounting policies
The principal accounting policies and estimation techniques applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in accordance with AIF Rulebook, Irish Stock Exchange Regulations and International Financial Reporting Standards ("IFRS") as adopted by the European Union and International Accounting Standard 34 (IAS 34), Interim Financial Reporting. The financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2017, which have been prepared in accordance with IFRS.

The accounting policies applied are consistent with those of the annual financial statements for the year ended July 31, 2017, as described in those annual financial statements.

(b) Estimates and judgements

The preparation of financial statements in conformity with IFRS, require management to make estimates and assumptions that affect the amounts in the financial statements and accompanying notes. Management believe that the estimates utilised in preparing its financial statements are reasonable and prudent; however, actual results could differ from these estimates.

(c) Events during the period

There have been no unusual events during the period that have impacted the Company's performance.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Financial assets and liabilities at fair value through profit or loss

As at January 31, 2018 and July 31, 2017, the financial assets and liabilities at fair value through profit or loss comprised the following:

	As at January 31, 2018 USD '000	As at July 31, 2017 USD '000
Financial assets at fair value through profit or loss		
Investment in Master Trust	1,718,708	2,090,626
Forward foreign currency contracts	664	1,109
Total financial assets at fair value through profit or loss	**1,719,372**	**2,091,735**

	As at January 31, 2018 USD '000	As at July 31, 2017 USD '000
Financial liabilities at fair value through profit or loss		
Forward foreign currency contracts	(50)	(19)
Total financial liabilities at fair value through profit or loss	**(50)**	**(19)**

3. Net realised and movement in unrealised (losses)/gains on financial assets at fair value through profit or loss

An analysis of gains and losses on financial assets at fair value through profit or loss for the period ended January 31, 2018 and January 31, 2017 is as follows:

	6 month period ended January 31, 2018 USD '000	6 month period ended January 31, 2017 USD '000
Realised gains and losses		
Investments in Master Trust	(9,276)	(3,006)
Forward foreign currency contracts	2,795	(31)
Other foreign exchange	(506)	25
Total realised losses	**(6,987)**	**(3,012)**

	6 month period ended January 31, 2018 USD '000	6 month period ended January 31, 2017 USD '000
Movement in unrealised gains and losses		
Investments in Master Trust	139	44,764
Forward foreign currency contracts	(478)	34
Total movement in unrealised (losses)/gains	**(339)**	**44,798**

	6 month period ended January 31, 2018 USD '000	6 month period ended January 31, 2017 USD '000
Total realised losses	(6,987)	(3,012)
Total movement in unrealised (losses)/gains	(339)	44,798
Net realised and movement in unrealised (losses)/gains on financial assets at fair value through profit or loss	**(7,326)**	**41,786**

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Operating expenses

	6 month period ended January 31, 2018 USD '000	6 month period ended January 31, 2017 USD '000
Administration fees (note 12)	671	538
AIFM fees (note 12)	2,436	1,974
Audit fees	12	13
Depositary fees (note 12)	82	59
Directors' fees (note 12)	25	25
Distribution fees (note 12)	2,514	2,154
Legal fees	21	27
Miscellaneous fees	83	79
Printing & publication fees	23	2
Recharge fees	35	–
Reimbursement fees	(5)	–
Shareholder maintenance fees (note 12)	1,795	1,380
VAT	(1)	(17)
	7,691	**6,234**

Audit fees solely relate to statutory audit fees. There were no other fees paid to PricewaterhouseCoopers in Ireland as the statutory auditor of the Company, as no other services were provided.

5. Distributions to holders of Redeemable Shares

The following distributions in USD were made by the Company for the period ended January 31, 2018.

Ex-dividend date	Payment date	A (dis) USD per share	B USD per share	N (dis) USD per share	C (dis)* USD per share	AX USD per share	Z (dis) USD per share	A (dis) SGD-H1 SGD per share	A (dis) EUR-H1 EUR per share	A (dis) RMB-H1 RMB per share
Aug 01, 2017	Aug 08, 2017	0.022137	0.014775	0.017277	0.016256	0.020632	0.027716	0.026143	0.021968	0.301504
Sep 01, 2017	Sep 08, 2017	0.023136	0.015786	0.018301	0.017259	0.021630	0.028847	0.026010	0.024094	0.282655
Oct 02, 2017	Oct 09, 2017	0.022663	0.015821	0.018182	0.017194	0.021182	0.028390	0.025881	0.025020	0.280099
Nov 01, 2017	Nov 08, 2017	0.026205	0.018647	0.021340	0.020225	0.024718	0.032413	0.030328	0.029784	0.331029
Dec 01, 2017	Dec 08, 2017	0.026708	0.019623	0.022117	0.021038	0.025245	0.032825	0.030452	0.029134	0.332244
Jan 02, 2018	Jan 8, 2018	0.025022	0.018200	0.020601	0.019574	0.023626	0.030817	0.028211	0.027092	0.308284

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Distributions to holders of Redeemable Shares (continued)

The following distributions in USD were made by the Company for the period ended January 31, 2017.

Ex-dividend date	Payment date	A (dis) USD per share	B USD per share	N (dis) USD per share	C* USD per share	AX USD per share	Z (dis) USD per share	A (dis) SGD-H1 SGD per share	A (dis) EUR-H1 EUR per share	A (dis) RMB-H1 RMB per share
Aug 01, 2016	Aug 08, 2016	0.027820	0.021157	0.023556	0.022496	0.026446	0.033926	0.031883	0.031428	0.335709
Sep 01, 2016	Sep 09, 2016	0.033118	0.025445	0.028230	0.026989	0.031535	0.040829	0.038675	0.037268	0.398338
Oct 03, 2016	Oct 10, 2016	0.027297	0.020262	0.022763	0.021677	0.025851	0.033463	0.031865	0.030918	0.330433
Nov 01, 2016	Nov 08, 2016	0.027440	0.020124	0.022708	0.021596	0.025937	0.033729	0.032156	0.031408	0.337561
Dec 01, 2016	Dec 08, 2016	0.023903	0.017083	0.019518	0.018417	0.022893	0.029866	0.033280	0.028067	0.298733
Jan 03, 2017	Jan 10, 2017	0.023923	0.016662	0.019158	0.018084	0.022429	0.029476	0.030513	0.027078	0.290833

*Existing Class C shares were renamed to Class C (dis) shares with effect from June 13, 2017.

6. Redeemable Shares and Share Capital

Authorised share capital

The minimum authorised share capital of the Company is 2 (two) shares of no par value designated as unclassified shares. The maximum authorised share capital of the Company is 500,000,000,002 (five hundred billion and two) shares of no par value designated as unclassified shares.

Subscriber shares

Subscriber shares issued amount to USD 2, being 2 subscriber shares of USD 1, fully paid. The subscriber shares do not form part of the NAV of the Company and are thus disclosed in the financial statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company's business as an Investment Company.

Redeemable Shares ("RS")

The issued share capital is at all times equal to the NAV of the Company. Shareholders may redeem any or all of their Shares on any Dealing Day except when dealings have been temporarily suspended. Redemption request forms must be received by the Company at the address specified in the redemption request form not later than the Valuation Point on the Repurchase Request Deadline. If the Company, as an investor in the Master Trust, is asked to vote on a proposed change in a fundamental policy of the Master Trust or any other matter pertaining to the Master Trust (other than continuation of the business of the Master Trust after withdrawal of another investor in the Master Trust), the Company will solicit proxies from its shareholders and vote its interest in the Master Trust for and against such matters proportionately to the instructions to vote for and against such matters received from the Company's shareholders.

For the Master Trust, redemptions are processed on any day the Master Trust is open for business and are effected at the Net Asset Value per share next calculated after the Master Trust receives a redemption request in proper form. Redemption payments will be made within seven days after receipt of the redemption request in proper form. Proceeds for redemption orders cannot be wired on those business days when the Federal Reserve Bank System and the custodian bank are closed. In unusual circumstances, the Master Trust may temporarily suspend redemptions or postpone the payment of proceeds as allowed by federal securities law.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Redeemable Shares and Share Capital (continued)

Redeemable Shares ("RS") (continued)
The movement in RS during the period/year is shown below:

	6 month period ended January 31, 2018	Year ended July 31, 2017
A (acc) shares opening balance at start of period/year	**55,421,700**	**33,860,525**
A (acc) shares subscriptions in the period/year	9,795,021	36,305,527
A (acc) shares redemptions in the period/year	(20,294,945)	(14,744,352)
Total A (acc) shares in issue at end of period/year	**44,921,776**	**55,421,700**
A (dis) shares opening balance at start of period/year	**53,765,683**	**43,912,362**
A (dis) shares subscriptions in the period/year	5,359,811	33,266,395
Reinvestments of shares in the period/year	245,180	531,323
A (dis) shares redemptions in the period/year	(12,332,825)	(23,944,397)
Total A (dis) shares in issue at end of period/year	**47,037,849**	**53,765,683**
B shares opening balance at start of period/year	**1,004,368**	**1,677,864**
B shares subscriptions in the period/year	749	1,373
Reinvestments of shares in the period/year	5,703	16,984
B shares redemptions in the period/year	(291,784)	(691,853)
Total B* shares in issue at end of period/year	**719,036**	**1,004,368**
N (acc) shares opening balance at start of period/year	**18,008,003**	**12,333,350**
N (acc) shares subscriptions in the period/year	1,294,939	10,832,720
N (acc) shares redemptions in the period/year	(4,341,706)	(5,158,067)
Total N (acc) shares in issue at end of period/year	**14,961,236**	**18,008,003**
N (dis) shares opening balance at start of period/year	**5,374,457**	**4,780,458**
N (dis) shares subscriptions in the period/year	303,084	3,045,061
Reinvestments of shares in the period/year	19,139	35,608
N (dis) shares redemptions in the period/year	(1,161,716)	(2,486,670)
Total N (dis) shares in issue at end of period/year	**4,534,964**	**5,374,457**
C (acc) shares opening balance at start of period/year	**602,469**	**–**
C (acc) shares subscriptions in the period/year	1,104,127	616,172
C (acc) shares redemptions in the period/year	(127,113)	(13,703)
Total C (acc) shares in issue at end of period/year**	**1,579,483**	**602,469**

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Redeemable Shares and Share Capital (continued)

Redeemable Shares ("RS") (continued)

	6 month period ended January 31, 2018	Year ended July 31, 2017
C (dis) shares opening balance at start of period/year	**20,164,006**	**16,462,704**
C (dis) shares subscriptions in the period/year	1,339,947	9,401,685
Reinvestments of shares in the period/year	130,006	258,171
C (dis) shares redemptions in the period/year	(4,573,995)	(5,958,554)
Total C (dis)* shares in issue at end of period/year**	**17,059,964**	**20,164,006**
AX shares opening balance at start of period/year	**8,326,726**	**8,089,372**
AX shares subscriptions in the period/year	129,508	1,786,628
Reinvestments of shares in the period/year	86,565	171,834
AX shares redemptions in the period/year	(1,250,152)	(1,721,108)
Total AX shares in issue at end of period/year	**7,292,647**	**8,326,726**
Z (acc) shares opening balance at start of period/year	**12,683,026**	**6,750,103**
Z (acc) shares subscriptions in the period/year	1,509,255	10,909,777
Z (acc) shares redemptions in the period/year	(5,904,505)	(4,976,854)
Total Z (acc) shares in issue at end of period/year	**8,287,776**	**12,683,026**
Z (dis) shares opening balance at start of period/year	**2,478,857**	**909,831**
Z (dis) shares subscriptions in the period/year	581,946	7,579,962
Reinvestments of shares in the period/year	15,142	21,558
Z (dis) shares redemptions in the period/year	(1,141,020)	(6,032,494)
Total Z (dis) shares in issue at end of period/year	**1,934,925**	**2,478,857**
A (dis) SGD-H1 shares opening balance at start of period/year	**1,391,703**	**35,839**
A (dis) SGD-H1 shares subscriptions in the period/year	367,312	2,329,641
Reinvestments of shares in the period/year	14	3
A (dis) SGD-H1 shares redemptions in the period/year	(668,617)	(973,780)
Total A (dis) SGD-H1 shares in issue at end of period/year	**1,090,412**	**1,391,703**
A (dis) EUR-H1 shares opening balance at start of period/year	**4,005,632**	**23,553**
A (dis) EUR-H1 shares subscriptions in the period/year	1,414,005	4,774,508
Reinvestments of shares in the period/year	54,686	28,635
A (dis) EUR-H1 shares redemptions in the period/year	(2,210,535)	(821,064)
Total A (dis) EUR-H1 shares in issue at end of period/year	**3,263,788**	**4,005,632**

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Redeemable Shares and Share Capital (continued)

Redeemable Shares ("RS") (continued)

	6 month period ended January 31, 2018	Year ended July 31, 2017
A (dis) RMB-H1 shares opening balance at start of period/year	32,680	32,680
A (dis) RMB-H1 shares redemptions in the period/year	(6,244)	–
Total A (dis) RMB-H1 shares in issue at end of period/year	**26,436**	**32,680**

* The Company discontinued the sale of Class B shares with effect from April 1, 2016.
** Class C (acc) shares launched on June 13, 2017.
***Existing Class C shares were renamed Class C (dis) shares with effect from June 13, 2017.

7. Taxation

Under current Irish law and practice, the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis, it is not chargeable to Irish tax on its income or gains. However, Irish tax may arise on the occurrence of a "chargeable event". A chargeable event includes any distribution payments to shareholders, any encashment, redemption, cancellation or transfer of shares and the holding of shares at the end of each eight year period beginning with the acquisition of such shares. No Irish tax will arise on the Company in respect of chargeable events in respect of:

- a shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended are held by the Company or where the Company has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations; and
- certain exempted Irish tax resident shareholders who have provided the Company with the necessary signed statutory declarations.

The Finance Act 2010 provides that the Revenue Commissioners may grant approval for investment funds marketed outside of Ireland to make payments to non-resident investors without deduction of Irish tax where no relevant declaration is in place, subject to meeting the "equivalent measures". A fund wishing to receive approval must apply in writing to the Revenue Commissioners, confirming compliance with the relevant conditions.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its shareholders.

8. Exchange rates

The following USD exchange rates were used to convert the investments and other assets and liabilities denominated in currencies other than USD:

	January 31, 2018	July 31, 2017
Chinese Yuan Renminbi	6.2978	6.7271
Euro	0.8055	0.8449
Singapore Dollar	1.3118	1.3552

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Financial risk management

The Company's investment goal is to provide a high level of current income and preservation of capital by investing up to 100% of its net assets in the Master Trust, which is registered in the USA under the US Investment Company Act of 1940, as amended, as an open-end investment company, and consists of one fund, the Franklin Floating Rate Master Series. The shares are exempt from registration under the US Securities Act of 1933. The investment objectives, policies and restrictions of the Master Trust are described in the Prospectus of the Company.

There can be no assurance that the Company will achieve its investment objective. Investors should carefully assess the risks associated with an investment in the Company and, through this, the risks associated with the Master Trust. The risks of the Master Trust and the policies to manage those risks are described in the Investment Considerations, Investment Techniques and Risk Factors sections of the Prospectus of the Company.

Concentration and liquidity risk

Through its investment in the Master Trust, the Company bears a high degree of concentration risk though this is mitigated through the diversification of the investments held by the Master Trust.

In certain circumstances the Directors can limit redemptions as follows:

- 10% of the outstanding Shares in issue on any one dealing date.

The Trustees of the Master Trust have no powers to limit or restrict redemptions.

The financial liabilities of the Company, including net assets attributable to redeemable participating shareholders, all have a contractual maturity date of within one month.

The Company is 100% owned by Templeton Global Advisors Limited, which is made up of a number of nominee accounts.

At January 31, 2018 and July 31, 2017 the Company invested 98.69% and 99.77% respectively of its net assets in shares of the Franklin Floating Rate Master Series (the "Common Shares") in the Master Trust. A fractional portion is invested in forward foreign currency contracts as a hedging measure. The notional amount of those contracts is displayed on page 5 of this report. The cost of hedging does not impact portfolio value per se and is allocated to respective hedge classes.

Market price risk

All investments present a risk of loss of capital. The Company's market price risk arises through its investment in the Master Trust. The Master Trust moderates this risk through a careful selection of securities and investments within specified limits. The maximum risk of the Company's investments is determined by the fair value of the investments as presented in the Statement of Financial Position.

Market price risk represents the potential loss the Company might suffer through price movements in the Net Asset Value ("NAV") of the Master Trust. If the price of the Master Trust had increased or decreased by 5% with all other variables held constant, this would have increased/decreased the net assets attributable to holders of RS by USD 85,935,391 (July 31, 2017: USD 104,531,317).

The market price risk information is a relative estimate of risk rather than a precise and accurate number as the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Financial risk management (continued)

Interest rate risk
The Company holds cash balances which are subject to a floating rate of interest. These cash balances are placed with reputable financial institutions. The majority of the Company's assets are shares in the Master Trust which neither pay interest nor have a maturity date. At January 31, 2018 and July 31, 2017, any reasonably possible movement in interest rates would have an immaterial direct effect on the net assets attributable to holders of RS. However, any movement in interest rates may have an effect on the NAV of the Master Trust as well as the dividend income received by the Company from the Master Trust.

Interest rate risk sensitivity is monitored by the Investment Adviser through its incorporation in the VaR model.

Credit risk
The Company will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default. The Company's investment in the Master Trust is held by the Depositary in such a manner as to be separately identifiable from the Depositary's own investments, and will therefore be unavailable to the creditors of the Depositary.

The Company has an ongoing contract with its Depositary for the provision of custody services. Details of securities held in custody on behalf of the Company are received and reconciled monthly. To the extent that J.P. Morgan Bank (Ireland) Plc ("J.P. Morgan") carries out the above duties on the Company's behalf, the Company is exposed to counterparty risk. The current ratings of J.P. Morgan Chase Bank, N.A. are: S&P A+; Moody's Aa3; and Fitch AA-.

Franklin Resources, Inc., which is the ultimate parent of both Franklin Advisers, Inc. ("Advisers") as Investment manager, and Franklin Templeton International Services S.à r.l. as Alternative Investment Fund Manager (the "AIFM"), has a Counterparty Credit Committee which meets regularly to review and update a list of approved counterparties, change exposure limits and counterparty approval status. The committee has the authority to block trading with a particular counterparty. Total firm wide exposures to each counterparty along with each counterparties' credit rating and credit default swap spread are also monitored, and included in weekly reporting to the Trading and Portfolio Management teams, as contributory factors in determining the creditworthiness of counterparties.

With the exception of cash, the Company's assets held by J.P. Morgan or its sub-custodians are segregated in such a manner that they are not subject to creditor claims against J.P. Morgan. Securities received by J.P. Morgan in its capacity as Depositary (whether the securities are registered or bearer) do not form a part of J.P. Morgan's general assets. Assets are held on J.P. Morgan's system in accounts segregated from general assets of the firm. To the fullest extent permissible by law and local legislation, J.P. Morgan's sub-custodians hold assets in segregated accounts designated as holding assets belonging to clients of J.P .Morgan. Assets belonging to J.P. Morgan or to its sub-custodians cannot be deposited into these accounts. Cash held by J.P. Morgan is not segregated.

The Master Trust invests in corporate loans. The Agent Banks are the lenders that administer the corporate loans and are responsible for collecting principal, interest and fee payments from the corporate borrowers. The corporate loans are not held by the Custodian of the Master Trust at the period end. The Investment Manager of the Master Trust performs a quarterly reconciliation to the Agent Banks books and records.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Financial risk management (continued)

Foreign currency risk
SGD, EUR and RMB shares classes are designated in a currency other than the base currency of the Company, being US Dollars. In such circumstances, adverse exchange rate fluctuations between the base currency and the Class Currency may result in a decrease in return and/or a loss of capital for shareholders. The Investment Manager may try to mitigate this risk for holders of the Hedged Class Shares by using any of the efficient portfolio management techniques and instruments (including currency options and forward foreign currency contracts), within the conditions and limits imposed by the Central Bank, to hedge the foreign currency exposure of such classes into the base currency of the Company. A class may not be leveraged as a result of the use of such techniques and instruments however, subject to the below, hedging up to, but not exceeding 105% of the NAV attributable to the relevant class, is permitted. The Investment Manager will monitor hedging on at least a monthly basis and will increase or reduce the level of hedging to ensure that it neither exceeds nor remains below 100% of the NAV attributable to the relevant class at any month-end.

The Company invests in a number of non USD forward foreign currency contracts which amounted to USD 45,307,604 (July 31, 2017: USD 54,318,452). Non USD cash held at the Statement of Financial Position date amounted to USD 72,626 (July 31, 2017: USD 68,034).

Foreign currency risk sensitivity from portfolio cash balances or portfolio positions is monitored by the Investment Adviser through its incorporation in the VaR model.

Capital risk management
The capital of the Company is represented by the net assets attributable to holders of RS. The amount of net assets attributable to holders of RS can change significantly on a daily basis as the Company is subject to daily subscriptions and redemptions at the discretion of shareholders. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

In order to maintain or adjust the capital structure, the Company's policy is to redeem and issue new shares in accordance with the constitutional documents of the Company, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Board of Directors and the AIFM monitor capital on the basis of the value of net assets attributable to RS.

10. Fair value estimation
The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Fair value estimation (continued)

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These may include investment-grade corporate bonds and certain non-US sovereign obligations, listed equities, over-the-counter derivatives and investment funds. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Company holds 100% of the shares in issue of the Master Trust, this investment has therefore been classified as Level 2.

There were no significant transfers between levels during the period.

The following table presents the investment in the Master Trust carried on the Statement of Financial Position by level within the valuation hierarchy as of January 31, 2018:

January 31, 2018	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
Assets				
Financial assets at fair value	–	1,718,708	–	1,718,708
Forward foreign currency contracts	–	664	–	664
Total Assets	**–**	**1,719,372**	**–**	**1,719,372**
Liabilities				
Forward foreign currency contracts	–	(50)	–	(50)
Total Liabilities	**–**	**(50)**	**–**	**(50)**

The following table presents the investment in the Master Trust carried on the Statement of Financial Position by level within the valuation hierarchy as of July 31, 2017:

July 31, 2017	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
Assets				
Financial assets at fair value	–	2,090,626	–	2,090,626
Forward foreign currency contracts	–	1,109	–	1,109
Total Assets	**–**	**2,091,735**	**–**	**2,091,735**
Liabilities				
Forward foreign currency contracts	–	(19)	–	(19)
Total Liabilities	**–**	**(19)**	**–**	**(19)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Fair value estimation (continued)

Assets and liabilities not carried at fair value but for which fair value is disclosed
The following table analyses, within the fair value hierarchy, the Company's assets and liabilities not carried at fair value at January 31, 2018 but for which fair value is disclosed.

January 31, 2018	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
Assets				
Amounts receivable from subscription of shares	–	20,575	–	20,575
Cash and cash equivalents	95	–	–	95
Investment income receivable	–	6,834	–	6,834
Other receivable		5	–	5
Total	**95**	**27,414**	**–**	**27,509**

January 31, 2018	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
Liabilities				
Administration fees	–	191	–	191
AIFM fees	–	400	–	400
Amounts payable for redemption of shares	–	3,787	–	3,787
Depositary fees	–	50	–	50
Distribution and shareholder maintenance fees	–	667	–	667
Legal fees	–	54	–	54
Other liabilities	–	159	–	159
Net assets attributable to holders of Redeemable Shares	–	1,741,523	–	1,741,523
Total	**–**	**1,746,831**	**–**	**1,746,831**

The following table analyses, within the fair value hierarchy, the Company's assets and liabilities not carried at fair value at July 31, 2017 but for which fair value is disclosed.

July 31, 2017	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
Assets				
Amounts receivable from subscription of shares	–	3,471	–	3,471
Cash and cash equivalents	98	–	–	98
Investment income receivable	–	6,566	–	6,566
Total	**98**	**10,037**	**–**	**10,135**

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Fair value estimation (continued)

Assets and liabilities not carried at fair value but for which fair value is disclosed (continued)

July 31, 2017	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
Liabilities				
Administration fees	–	259	–	259
AIFM fees	–	490	–	490
Amounts payable for redemption of shares	–	4,562	–	4,562
Depositary fees	–	45	–	45
Distribution and shareholder maintenance fees	–	801	–	801
Legal fees	–	48	–	48
Other liabilities	–	126	–	126
Net assets attributable to holders of Redeemable Shares	–	2,095,520	–	2,095,520
Total	**–**	**2,101,851**	**–**	**2,101,851**

The net assets attributable to redeemable shareholders is calculated based on the net difference between total assets and all other liabilities of the Company in accordance with the Company's offering memorandum. These shares are not traded on an active market. A demand feature is attached to these shares, as they are redeemable at the holders' option and can be put back to the Company at any dealing date for cash equal to a proportionate share of the Company's net asset value attributable to the share class. The fair value is based on the amount payable on demand, discounted from the first date that the amount could be required to be paid. The impact of discounting in this instance is not material. As such, level 2 is deemed to be the most appropriate categorisation for net assets attributable to holders of redeemable shares.

When third party information, such as broker quotes or pricing services, is used to measure fair value, then the portfolio valuation function assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- Verifying that the broker or pricing service is approved by the Company for use in pricing the relevant type of financial instrument;
- Understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- When prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- If a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

11. Efficient portfolio management

The Company may, for the purposes of efficient portfolio management and hedging of currency risks, enter into forward foreign currency contracts on the basis of "over the counter" (OTC) arrangements with highly rated financial institutions specialising in these types of transaction. Realised gains and losses on financial instruments held for efficient portfolio management purposes are included in the Statement of Comprehensive Income. Details of the open forward foreign currency contracts held as at January 31, 2018 are included in Portfolio of investments on page 5.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Significant agreements and related party transactions

IAS 24 "Related Party Transactions" requires the disclosure of information relating to material transactions with parties who are deemed to be related to the reporting entity. The Master Trust has Franklin Advisers, Inc. as Investment manager, Franklin Templeton Services, LLC ("FT Services") as the Administrative manager and Franklin Templeton Investor Services, LLC ("Investor Services") as the Transfer agent.

Investment Adviser to the Master Trust

The Investment Advisor of the Master Trust has agreed to waive any preliminary or initial charge that it may otherwise be entitled to receive in respect of any investment made by the Company in the Master Trust. The Master Trust pays an investment management fee to Advisers based on the average daily net assets. For the period ended January 31, 2018, the effective investment management fee rate was 0.530% of the Fund's average daily net assets (Up to and including USD 2.5 billion).

Under an agreement with Advisers, FT Services provides administrative services to the Master Trust. The fee is paid by Advisers based on the Master's average daily net assets, and is not an additional expense of the Master Trust. Also, Investor Services, under terms of an agreement, performs shareholder servicing for the Master Trust and is not paid by the Master Trust for the services.

AIFM, Distributor and shareholder maintenance

Franklin Templeton International Services S.à r.l. is the AIFM and principal distributor for the Company.

The Company will pay to Franklin Templeton International Services S.à r.l. a fee up to 0.26% per annum of the average daily NAV of the Company in respect of management company and principal distribution services. During the period the Company incurred AIFM fees of USD 2,435,607 (January 31, 2017: USD 1,973,404) of which USD 400,219 (July 31, 2017: USD 490,357) was payable at January 31, 2018.

The Distributor has an agreement with Societe Generale ("SG") whereby SG finances the distribution fee payable on the B share class. In this regard, the principal distributor has authorised the Company to pay a portion of its distribution fees directly to SG on its behalf.

In addition, the Company will pay the Distributor a distribution fee of up to 0.5% per annum of the average daily NAV of the AX share class, a fee of up to 1% per annum of the N share class, a fee of up to 1.05% per annum of the average daily NAV of the B share class and a fee of up to 1.10% per annum of the average daily NAV of the C (dis) share class and C (acc) share class. These fees shall be accrued daily and paid monthly in arrears.

The Company will pay the Distributor a shareholder maintenance fee of up to 0.3% per annum of the average daily NAV of the A share classes and a shareholder maintenance fee of up to 0.25% per annum of the average daily NAV of the B share class. These fees shall be accrued daily and paid monthly in arrears.

There is an upfront sales charge of up to 6.5% of the total amount invested payable to the Distributor in respect of any investment in class A and class AX shares. There is an upfront sales charge of up to 3% of the total amount invested payable to the Distributor for the N share class.

During the period the Company incurred distribution fees of USD 2,514,148 (January 31, 2017: USD 2,153,896) of which USD 2,474,184 (January 31, 2017: USD 1,989,430) were earned by the Distributor and USD 39,964 (January 31, 2017: USD 164,467) were earned by SG. Fees payable were USD 386,763 (July 31, 2017: USD 449,473) and USD 5,758 (July 31, 2017: USD 7,600) at January 31, 2018 to the Distributor and SG, respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Significant agreements and related party transactions (continued)

AIFM, Distributor and shareholder maintenance (continued)
The Distributor earned shareholder maintenance fees of USD 1,795,330 (January 31, 2017: USD 1,380,330) of which USD 274,265 (July 31, 2017: USD 343,502) was payable at January 31, 2018.

The following distribution fees were incurred by the Company for the periods ended January 31, 2018 and January 31, 2017:

Class	Annual Fee	6 month period ended January 31, 2018 USD '000	6 month period ended January 31, 2017 USD '000
AX	0.50%	169	175
B	1.05%	40	66
C (acc)	1.10%	75	–
C (dis)	1.10%	879	815
N (acc)	1.00%	1,130	885
N (dis)	1.00%	221	213
		2,514	**2,154**

The following shareholder maintenance fees were incurred by the Company for the period ended January 31, 2018 and January 31, 2017:

Class	Annual Fee	6 month period ended January 31, 2018 USD '000	6 month period ended January 31, 2017 USD '000
A (acc)	0.30%	1,059	752
A (dis)	0.30%	644	610
B	0.25%	10	16
A (dis) SGD – H1	0.30%	14	1
A (dis) EUR – H1	0.30%	67	–
A (dis) RMB – H1	0.30%	1	1
		1,795	**1,380**

Holders of B shares may be subject to a contingent deferred sales charge ("CDSC") payable to the Distributor, the amount of which is calculated by reference to the length of time the shares have been held by the relevant investor. The amount of CDSC payable is calculated as follows:

Period Held	CDSC for B Shares
Less than 1 year	4%
Equal or more than one years but less than two years	3%
Equal or more than two years but less than three years	2%
Equal or more than three years but less than four years	1%
Equal or more than four years	0%

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Significant agreements and related party transactions (continued)

AIFM, Distributor and shareholder maintenance (continued)
Holders of Class C (dis) and Class C (acc) shares may be subject to a CDSC of 1% if the shares are held for less than twelve months, payable to the Distributor.

Holders of Class A and Class AX shares may be subject to a CDSC of 1% if the shares are held for less than eighteen months, payable to the Distributor.

Administrator
J.P. Morgan Administration Services (Ireland) Limited is the Administrator for the Company. With effect from December 1, 2017, the Administrator charges a fee of 0.0275% of the NAV of the Company up to USD 100 million, 0.0225% between USD 100 million and USD 250 million, 0.0175% between USD 250 million and USD 500 million, 0.0150% between USD 500 million and USD 1 billion and 0.0075% when the NAV is above USD 1 billion, subject to a minimum fee of USD 25,000.

Up to November 30, 2017, the Administrator charged a fee of 0.0275% of the NAV of the Company up to USD 100 million, 0.0225% between USD 100 million and USD 250 million, 0.0175% between USD 250 million and USD 500 million and 0.0150% when the NAV was above USD 500 million.

During the period the Administrator earned fees of USD 671,151 (January 31, 2017: USD 537,961) of which USD 190,939 (July 31, 2017: USD 258,633) was payable at January 31, 2018.

Depositary
The Depositary, J.P. Morgan Bank (Ireland) plc charges trustee/depository fees on a tiered basis (0.01% on the first USD 1 billion, 0.005% on the remainder), subject to a minimum fee of USD 30,000. These fees are accrued daily and paid monthly in arrears.

During the period the Depositary earned fees of USD 82,119 (January 31, 2017: USD 59,009) of which USD 50,325 (July 31, 2017: USD 45,000) was payable at January 31, 2018.

Directors
Francis Ennis, David McGeough, Gregory E. McGowan and Hans Wisser are Directors of the Company*.

Francis Ennis receives a Director's fee of USD 20,000 per annum. David McGeough and Hans Wisser each receive a Director's fee of USD 15,000 per annum.

All transactions with affiliates were entered into in the ordinary course of business.

*Ken Lewis acts as alternate to Gregory E. McGowan.

Connected Parties Compliance Statement
The Central Bank of Ireland AIF Rulebook section on 'Dealings by management company, depositary, AIFM, investment manager or by delegates or group companies of these' states that any transaction carried out with the Company by a management company, depositary, AIFM, investment manager or by delegates or group companies of these ("connected parties") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the shareholders.

The Board of Directors is satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out above are applied to all transactions with connected parties; and the Board of Directors is satisfied that transactions with connected parties entered into during the period complied with the obligations set out in this paragraph.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Transaction costs

In order to achieve its investment objective, the Company may incur transactions costs in relation to trading activity on its portfolio.

There were no transaction costs which are separately identifiable incurred by the Company for the period ended January 31, 2018 and January 31, 2017.

14. Franklin Floating Rate Master Trust

The transactions between the Company and the Master Trust consist only of dealing in the units of the Master Trust and the receipt of dividends by the Company from the Master Trust.

The Master Trust is an open-ended investment company, which was incorporated in November 1999. At the period end the balances between the Company and the Master Trust are disclosed on the Statement of Financial Position of the Company and comprise the investments in securities, proceeds due from investments sold and dividends receivable. The total dividend received from the Master Trust is disclosed as Investment Income in the Statement of Comprehensive Income.

The registered office of the Master Trust, which is a US Investment Trust, is Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801, U.S.A. and the Company holds 100% (July 31, 2017: 100%) of the units of the Master Trust.

In accordance with the provisions of the Master Trust's Trust Deed and US GAAP, if market quotations are readily available for portfolio securities listed on a securities exchange, the Master Trust values those securities at the last quoted sale price or the official closing price of the day, or, if there is no reported sale, within the range of the most recent quoted bid and ask prices, for the purpose of determining NAV per unit for subscriptions and redemptions and for various fee calculations.

15. Soft commissions

There have been no soft commission arrangements affecting this Company during the period (January 31, 2017: None).

16. Contingent liabilities

There are no contingent liabilities as of January 31, 2018 (July 31, 2017: None).

17. Significant events during the period

There have been no significant events during the period.

18. Statement of Changes in the Portfolio

A Statement of Changes in the Portfolio is available, free of charge, upon request from the Administrator.

19. Significant events since period end

A revised prospectus dated March 2018 has been approved by the Central Bank of Ireland.

20. Authorisation of the financial statements

The financial statements were authorised for issue by the Board of Directors on March 21, 2018.

APPENDIX A:

Franklin Floating Rate Master Trust

Unaudited Semi-Annual Report
for the six month period ended January 31, 2018

Appendix A
Franklin Floating Rate Master Series

Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including sales charges (loads) on Fund purchases and redemptions; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a $1,000 investment held for the six months indicated.

Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value." You can estimate the expenses you paid during the period by following these steps (of course, your account value and expenses will differ from those in this illustration): Divide your account value by $1,000 (if your account had an $8,600 value, then $8,600 ÷ $1,000 = 8.6). Then multiply the result by the number under the headings "Actual" and "Expenses Paid During Period" (if Actual Expenses Paid During Period were $7.50, then 8.6 x $7.50 = $64.50). In this illustration, the actual expenses paid this period are $64.50.

Hypothetical Example for Comparison with Other Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Actual (actual return after expenses)			Hypothetical (5% annual return before expenses)		
Beginning Account Value 8/1/17	Ending Account Value 1/31/18	Expenses Paid During Period 8/1/17–1/31/18[1,2]	Ending Account Value 1/31/18	Expenses Paid During Period 8/1/17–1/31/18[1,2]	Net Annualized Expense Ratio[2]
$1,000	$1,016.80	$2.69	$1,022.53	$2.70	0.53%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above–in the far right column–multiplied by the simple average account value over the period indicated, and then multiplied by 184/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses.

APPENDIX A (CONTINUED)
FRANKLIN FLOATING RATE MASTER TRUST
FRANKLIN FLOATING RATE MASTER SERIES

Shareholder Information

Proxy Voting Policies and Procedures

The Fund's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Fund uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Fund's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Fund's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust, on behalf of the Fund, files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Financial Highlights

Franklin Floating Rate Master Series	Six Months Ended January 31, 2018 (unaudited)	Year Ended July 31, 2017	2016	2015	2014	2013
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$8.69	$8.47	$8.65	$8.92	$8.93	$8.76
Income from investment operations[a]:						
Net investment income	0.188	0.332	0.419	0.391	0.299	0.347
Net realized and unrealized gains (losses)	(0.033)	0.221	(0.184)	(0.270)	(0.010)	0.169
Total from investment operations	0.155	0.553	0.235	0.121	0.289	0.516
Less distributions from net investment income	(0.185)	(0.333)	(0.415)	(0.391)	(0.299)	(0.346)
Net asset value, end of period	$8.66	$8.69	$8.47	$8.65	$8.92	$8.93
Total return[b]	1.68%	6.71%	3.07%	1.30%	3.28%	5.94%
Ratios to average net assets[c]						
Expenses before waiver and payments by affiliates	0.54%	0.55%	0.55%	0.77%	0.92%	0.96%
Expenses net of waiver and payments by affiliates[d]	0.53%	0.53%	0.53%	0.67%	0.80%	0.80%
Net investment income	4.29%	3.78%	5.03%	4.43%	3.36%	3.77%
Supplemental data						
Net assets, end of period (000's)	$1,718,708	$2,090,626	$1,363,955	$1,959,681	$2,260,151	$1,420,061
Portfolio turnover rate	13.19%	67.00%	28.94%	62.43%	70.55%	61.33%

[a] The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.
[b] Total return is not annualized for periods less than one year.
[c] Ratios are annualized for periods less than one year.
[d] Benefit of expense reduction rounds to less than 0.01%.

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statement of Investments, January 31, 2018 (unaudited)

Franklin Floating Rate Master Series	Country	Shares	Value	% of Net Assets
Common Stocks (Cost $699,755)				
Oil & Gas Exploration & Production				
Samson Resources II LLC	United States	155,501	$ 3,421,022	0.20
Management Investment Companies				
Other Diversified Financial Services				
[a]Franklin Lower Tier Floating Rate Fund	United States	2,908,672	29,435,761	1.71
[a]Franklin Middle Tier Floating Rate Fund	United States	2,965,034	28,938,738	1.68
Total Management Investment Companies (Cost $59,424,286)			**58,374,499**	**3.39**
		Principal Amount*		
Corporate Bonds (Cost $8,591,340)				
Industrial Machinery				
[b]Onsite Rental Group Operations Pty. Ltd., secured note, PIK, 6.10%, 10/26/23	Australia	$ 10,100,691	7,777,532	0.45
[c,d]**Senior Floating Rate Interests**				
Aerospace & Defense				
Delos Finance SARL (ILFC), New Loan, 3.693%, (LIBOR + 2.00%), 10/06/23	Luxembourg	32,284,435	32,592,138	1.90
Doncasters U.S. Finance LLC, [e]Second Lien Term Loan, 9.943%, (LIBOR + 8.25%), 10/09/20	United States	6,923,628	6,790,922	0.40
Term B Loans, 5.193%, (LIBOR + 3.50%), 4/09/20	United States	20,601,394	20,324,552	1.18
Flying Fortress Inc. (ILFC), New Loan, 3.693%, (LIBOR + 2.00%), 10/30/22	Luxembourg	18,210,912	18,374,046	1.07
Leidos Innovations Corp., Term Loan B, 3.625%, (LIBOR + 2.00%), 8/16/23	United States	1,575,467	1,591,058	0.09
			79,672,716	4.64
Agricultural Products				
Allflex Holdings III Inc., Second Lien Initial Term Loan, 8.744%, (LIBOR + 7.00%), 7/19/21	United States	1,638,050	1,649,311	0.10
Air Freight & Logistics				
[e]XPO Logistics Inc., Loans, 3.958%, (LIBOR + 2.25%), 11/01/21	United States	12,183,186	12,293,590	0.71
Airlines				
Air Canada, Term Loan, 3.745%, (LIBOR + 2.25%), 10/06/23	Canada	17,029,845	17,136,282	1.00
American Airlines Inc., 2017 Replacement Term Loans, 3.567%, (LIBOR + 2.00%), 6/27/20	United States	4,941,690	4,965,781	0.29
			22,102,063	1.29
Apparel Retail				
Ascena Retail Group Inc., Tranche B Term Loan, 6.125%, (LIBOR + 4.50%), 8/21/22	United States	51,411,396	46,098,903	2.68

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statement of Investments, January 31, 2018 (unaudited)

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
Auto Parts & Equipment				
Allison Transmission Inc., Term Loans, 3.57%, (LIBOR + 2.00%), 9/23/22	United States	$ 14,882,627	$ 15,002,000	0.87
American Axle and Manufacturing Inc., Tranche B Term Loan, 3.82%, (LIBOR + 2.25%), 4/06/24	United States	1,949,682	1,959,735	0.11
TI Group Automotive Systems LLC, Initial US Term Loan, 4.073%, (LIBOR + 2.50%), 6/30/22	United States	16,310,482	16,437,899	0.96
			33,399,634	1.94
Broadcasting				
Gray Television Inc., Term B-2 Loan, 3.814%, (LIBOR + 2.25%), 2/07/24	United States	10,360,815	10,453,627	0.61
Mission Broadcasting Inc., Term Loan B-2, 4.068%, (LIBOR + 2.50%), 1/17/24	United States	555,756	559,461	0.03
Nexstar Broadcasting Inc.,				
Term A-2 Loan, 3.568%, (LIBOR + 2.00%), 7/19/22	United States	1,808,415	1,812,936	0.11
Term Loan B-2, 4.068%, (LIBOR + 2.50%), 1/17/24	United States	4,413,406	4,442,831	0.26
Sinclair Television Group Inc., Tranche B Term Loans, 3.83%, (LIBOR + 2.25%), 1/03/24	United States	1,902,624	1,914,753	0.11
WXXA-TV LLC and WLAJ-TV LLC, Term Loan A-2, 3.568%, (LIBOR + 2.00%), 7/19/22	United States	61,099	61,252	0.00†
			19,244,860	1.12
Cable & Satellite				
CSC Holdings LLC, March 2017 Incremental Term Loans, 3.809%,(LIBOR + 2.25%), 7/17/25	United States	18,819,186	18,898,584	1.10
Mediacom Illinois LLC, Tranche K Term Loan, 3.72%, (LIBOR + 2.25%), 2/15/24	United States	4,253,749	4,290,970	0.25
			23,189,554	1.35
Casinos & Gaming				
Boyd Gaming Corp.,				
Refinancing Term B Loans, 3.968%, (LIBOR + 2.50%), 9/15/23	United States	8,092,319	8,156,807	0.48
Term A Loan, 3.718%, (LIBOR + 2.25%), 9/15/21	United States	2,253,043	2,264,308	0.13
CEOC LLC, Term B Loans, 4.073%, (LIBOR + 2.50%), 10/06/24	United States	1,537,575	1,548,628	0.09
[c]Eldorado Resorts Inc., Initial Term Loan, 3.813% - 3.875%, (LIBOR + 2.25%), 4/17/24	United States	6,199,486	6,216,275	0.36
Greektown Holdings LLC, Initial Term Loan, 4.323%, (LIBOR + 2.75%), 4/25/24	United States	8,409,932	8,446,725	0.49
Kingpin Intermediate Holdings LLC, Initial Term Loans, 5.73%, (LIBOR + 4.25%), 7/03/24	United States	1,592,000	1,615,880	0.09
Las Vegas Sands LLC, Term B Loans, 3.573%, (LIBOR + 2.00%), 3/29/24	United States	783,832	790,853	0.05
			29,039,476	1.69
Coal & Consumable Fuels				
Bowie Resource Holdings LLC,				
First Lien Initial Term Loan, 7.323%, (LIBOR + 5.75%), 8/14/20	United States	14,732,757	14,424,283	0.84
Second Lien Initial Term Loan, 12.323%, (LIBOR + 10.75%), 2/16/21	United States	2,232,389	2,154,255	0.13
Foresight Energy LLC, Term Loans, 7.443%, (LIBOR + 5.75%), 3/28/22	United States	28,570,347	27,760,863	1.61
Westmoreland Coal Co., Term Loan, 8.193%, (LIBOR + 6.50%), 12/16/20	United States	3,691,228	1,870,224	0.11
			46,209,625	2.69

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statement of Investments, January 31, 2018 (unaudited)

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
Commodity Chemicals				
Cyanco Intermediate Corp., Initial Term Loan, 6.073%, (LIBOR + 4.50%), 5/01/20	United States	$ 26,734,930	$ 27,202,791	1.58
Ineos U.S. Finance LLC, 2024 Dollar Term Loan, 3.573%, (LIBOR + 2.00%), 3/31/24	United States	8,779,767	8,836,010	0.52
			36,038,801	2.10
Communications Equipment				
Ciena Corp., Refinancing Term Loan, 4.061%, (LIBOR + 2.50%), 1/28/22	United States	8,722,090	8,765,700	0.51
Commscope Inc., Tranche 5 Term Loans, 3.573%, (LIBOR + 2.00%), 12/29/22	United States	8,928,405	9,003,743	0.52
			17,769,443	1.03
Data Processing & Outsourced Services				
Global Payments Inc., Term A-2 Loan, 3.215%, (LIBOR + 1.75%), 5/02/22	United States	9,829,932	9,849,897	0.57
[e]Wex Inc., Term B Loan, 3.823%, (LIBOR + 2.25%), 7/01/23	United States	9,852,254	9,977,456	0.58
			19,827,353	1.15
Diversified Chemicals				
Chemours Co., Tranche B-1 US Term Loans, 4.08%, (LIBOR + 2.50%), 5/12/22	United States	17,666,478	17,843,142	1.04
OCI Beaumont LLC, Term B-3 Loan, 8.172%, (LIBOR + 6.75%), 8/20/19	United States	16,016,371	16,300,101	0.95
			34,143,243	1.99
Diversified Real Estate Activities				
Realogy Group LLC, Initial Term A Loans, 3.561%, (LIBOR + 2.00%), 10/23/20	United States	6,468,896	6,472,777	0.38
Diversified Support Services				
Ventia Pty. Ltd., Term B Loans (USD), 5.193%, (LIBOR + 3.50%), 5/21/22	Australia	3,920,601	3,979,410	0.23
Electric Utilities				
EFS Cogen Holdings I LLC (Linden), Term B Advance, 4.95%, (LIBOR + 3.25%), 6/28/23	United States	4,243,242	4,288,326	0.25
Fertilizers & Agricultural Chemicals				
Mosaic Co., Term Loan A, 3.067%, (LIBOR + 1.50%), 11/18/21	United States	1,545,830	1,529,119	0.09
Food Distributors				
Aramark Corp., U.S. Term B-1 Loan, 3.573%, (LIBOR + 2.00%), 3/11/25	United States	4,320,831	4,361,338	0.25
Nutraceutical International Corp., Term Loan, 5.573%, (LIBOR + 4.00%), 8/23/23	United States	2,918,805	2,929,751	0.17
			7,291,089	0.42
Food Retail				
Smart & Final Stores LLC, First Lien Term Loan, 5.193%, (LIBOR + 3.50%), 11/15/22	United States	5,991,237	5,911,356	0.34
Forest Products				
Appvion Inc., Roll-Up Loans, 8.067%, (LIBOR + 6.50%), 7/01/18	United States	13,853,531	13,888,165	0.81
General Merchandise Stores				
[b]99 Cents Only Stores, First Lien Term Loan, PIK, 7.979% - 8.193%, (LIBOR + 6.50%), 1/13/22	United States	18,494,254	18,124,368	1.06
Evergreen AcqCo. 1 LP (Savers), Term Loan, 5.385% - 5.495%, (LIBOR + 3.75%), 7/09/19	United States	29,840,618	28,734,039	1.67
			46,858,407	2.73

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statement of Investments, January 31, 2018 (unaudited)

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
Health Care Distributors				
Mallinckrodt International Finance SA/CB LLC, Extended Term Loan B, 4.443%, (LIBOR + 2.75%), 9/24/24	Luxembourg	$ 9,032,460	$ 9,024,466	0.52
Health Care Services				
DaVita Healthcare Partners Inc., Tranche A Term Loan, 3.573%, (LIBOR + 2.00%), 6/24/19	United States	6,413,488	6,432,696	0.37
Envision Healthcare Corp., Initial Term Loans, 4.58%, (LIBOR + 3.00%), 12/01/23	United States	8,407,236	8,451,895	0.49
U.S. Renal Care Inc., Initial Term Loan, 5.943%, (LIBOR + 4.25%), 12/31/22	United States	12,681,761	12,686,517	0.74
			27,571,108	1.60
Health Care Technology				
Quintiles IMS Inc., Term B-1 Dollar Loans, 3.693%, (LIBOR + 2.00%), 3/07/24	United States	10,395,000	10,466,466	0.61
Hotels, Resorts & Cruise Lines				
Hilton Worldwide Finance LLC, Series B-2 Term Loans, 3.561%, (LIBOR + 2.00%), 10/25/23	United States	9,915,050	10,001,192	0.58
Household Products				
Spectrum Brands Inc., USD Term Loans, 3.397% - 3.651%, (LIBOR + 2.00%), 6/23/22	United States	12,898,940	12,977,146	0.75
Independent Power Producers & Energy Traders				
Helix Gen Funding LLC, Term Loan, 5.443%, (LIBOR + 3.75%), 6/02/24	United States	18,393,112	18,586,902	1.08
Lightstone Holdco LLC, Initial Term B Loan, 6.073%, (LIBOR + 4.50%), 1/30/24	United States	12,068,674	12,172,115	0.71
Initial Term C Loan, 6.073%, (LIBOR + 4.50%), 1/30/24	United States	766,326	772,894	0.04
NRG Energy Inc., Term Loans, 3.943%, (LIBOR + 2.25%), 6/30/23	United States	25,254,398	25,440,296	1.48
			56,972,207	3.31
Industrial Machinery				
[e]Harsco Corp., Term B-1 Loan, 4.625%, (LIBOR + 3.00%), 12/10/24	United States	2,067,999	2,100,312	0.12
Mueller Water Products Inc., Loans, 4.073% - 4.193%, (LIBOR + 2.50%), 11/26/21	United States	5,179,151	5,227,706	0.30
Navistar Inc., Tranche B Term Loan, 5.06%, (LIBOR + 3.50%), 11/06/24	United States	33,335,106	33,675,390	1.96
Onsite Rental Group Operations Pty. Ltd., Term Loan, 6.061%, (LIBOR + 4.50%), 10/25/22	Australia	7,387,773	7,313,895	0.43
			48,317,303	2.81
Integrated Telecommunication Services				
Consolidated Communications Inc., Initial Term Loan, 4.57%, (LIBOR + 3.00%), 10/05/23	United States	2,052,454	2,028,594	0.12
Global Tel*Link Corp., Second Lien Term Loan, 9.943%, (LIBOR + 8.25%), 5/23/20	United States	3,374,143	3,391,014	0.19
Term Loan, 5.693%, (LIBOR + 4.00%), 5/23/20	United States	4,958,853	5,005,342	0.29
Securus Technologies Holdings Inc., Second Lien Initial Loan, 9.873%, (LIBOR + 8.25%), 11/01/25	United States	817,114	829,371	0.05
Zayo Group LLC, 2017 Incremental Refinancing B-1 Term Loan, 3.567%, (LIBOR + 2.00%), 1/19/21	United States	12,777,902	12,856,435	0.75
			24,110,756	1.40

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statement of Investments, January 31, 2018 (unaudited)

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
Internet Software & Services				
Legalzoom.com Inc., Initial Term Loan, 5.941%, (LIBOR + 4.50%), 11/21/24	United States	$ 806,253	$ 811,292	0.05
Rackspace Hosting Inc., Term B Loans, 4.385%, (LIBOR + 3.00%), 11/03/23	United States	5,106,558	5,158,543	0.30
			5,969,835	0.35
Investment Banking & Brokerage				
Finco I LLC, Initial Term Loans, 4.323%, (LIBOR + 2.75%), 12/27/22	United States	11,000,000	11,158,125	0.65
IT Consulting & Other Services				
Gartner Inc., Tranche A Term Loans, 3.573%, (LIBOR + 2.00%), 3/20/22	United States	1,549,519	1,555,330	0.09
Sungard Availability Services Capital Inc., Tranche B Term Loan, 11.567%, (LIBOR + 10.00%), 10/01/22	United States	23,710,781	23,310,662	1.36
			24,865,992	1.45
Leisure Facilities				
24 Hour Fitness Worldwide Inc., Term Loan, 5.443%, (LIBOR + 3.75%), 5/28/21	United States	19,060,137	19,131,613	1.11
Fitness International LLC, Term A Loan, 4.943%, (LIBOR + 3.25%), 4/01/20	United States	18,611,401	18,657,929	1.09
			37,789,542	2.20
Life Sciences Tools & Services				
Syneos Health Inc., Initial Term B Loans, 3.823%, (LIBOR + 2.25%), 8/01/24	United States	6,642,392	6,679,756	0.39
Marine				
International Seaways Operating Corp., Initial Term Loans, 7.08%, (LIBOR + 5.50%), 6/22/22	United States	3,862,188	3,888,741	0.22
Navios Maritime Partners LP, Initial Term Loan, 6.54%, (LIBOR + 5.00%), 9/14/20	Greece	8,518,655	8,552,372	0.50
			12,441,113	0.72
Metal & Glass Containers				
[c,f]Crown Americas LLC, Term B Loans, TBD, 1/29/25	United States	1,361,954	1,379,586	0.08
[c]Owens-Brockway Glass Container Inc., Term A Loan, 3.215% - 3.318%, (LIBOR + 1.75%), 4/22/20	United States	7,674,192	7,722,156	0.45
			9,101,742	0.53
Movies & Entertainment				
AMC Entertainment Holdings Inc., 2016 Incremental Term Loans, 3.809%, (LIBOR + 2.25%), 12/15/23	United States	1,610,077	1,617,121	0.10
[c]Cinemark USA Inc., Amended Term Loan Facility, 3.588%, (LIBOR + 2.00%), 5/08/22	United States	4,390,375	4,426,046	0.26
Global Eagle Entertainment Inc., Initial Term Loans, 9.358%, (LIBOR + 7.50%), 1/06/23	United States	2,389,714	2,434,521	0.14
Lions Gate Entertainment Corp., Term A Loan, 3.567%, (LIBOR + 2.00%), 12/08/21	United States	24,328,294	24,389,115	1.42
Live Nation Entertainment Inc., Term B-3 Loans, 3.875%, (LIBOR + 2.25%), 10/21/23	United States	3,293,221	3,328,212	0.19
Regal Cinemas Corp., Term Loan, 3.573%, (LIBOR + 2.00%), 4/01/22	United States	16,820,831	16,850,032	0.98
			53,045,047	3.09
Office Services & Supplies				
Conduent Business Services LLC, Delayed Draw Term A Loan, 3.823%, (LIBOR + 2.25%), 12/07/21	United States	4,000,000	4,015,000	0.23

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statement of Investments, January 31, 2018 (unaudited)

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
Oil & Gas Exploration & Production				
Cantium LLC, Commitment, 7.70%, (LIBOR + 6.00%), 6/13/20	United States	$ 4,814,258	$ 4,850,365	0.28
Fieldwood Energy LLC, Loans, 4.568%, (LIBOR + 2.875%), 10/01/18	United States	69,684,139	68,813,087	4.01
UTEX Industries Inc., First Lien Initial Term Loan, 5.573%, (LIBOR + 4.00%), 5/21/21	United States	18,768,230	18,568,818	1.08
			92,232,270	5.37
Oil & Gas Storage & Transportation				
OSG Bulk Ships Inc., Initial Term Loan, 5.65%, (LIBOR + 4.25%), 8/05/19	United States	11,918,069	11,605,220	0.68
Strike LLC, Term Loan, 9.504%, (LIBOR + 8.00%), 11/30/22	United States	2,945,000	3,002,059	0.17
			14,607,279	0.85
Packaged Foods & Meats				
American Seafoods Group LLC, Tranche B Term Loan, 4.70% - 6.75%, (LIBOR + 3.25%), 8/21/23	United States	2,951,333	2,966,090	0.17
CSM Bakery Supplies LLC,				
Second Lien Term Loan, 9.45%, (LIBOR + 7.75%), 7/03/21	United States	7,271,086	7,125,664	0.42
Term Loans, 5.70%, (LIBOR + 4.00%), 7/03/20	United States	2,560,483	2,548,479	0.15
JBS USA LUX SA, New Initial Term Loans, 4.10%, (LIBOR + 2.50%), 10/30/22	Brazil	18,328,574	18,245,528	1.06
Pinnacle Foods Finance LLC, Initial Term Loans, 3.564%, (LIBOR + 2.00%), 2/03/24	United States	1,258,657	1,271,505	0.07
Post Holdings Inc., Series A Incremental Term Loan, 3.83%, (LIBOR + 2.25%), 5/24/24	United States	8,219,984	8,272,641	0.48
			40,429,907	2.35
Paper Packaging				
Caraustar Industries Inc., Refinancing Term Loans, 7.193%, (LIBOR + 5.50%), 3/14/22	United States	12,733,650	12,789,360	0.74
Personal Products				
Coty Inc., Term A Loan, 3.314%, (LIBOR + 1.75%), 10/27/20	United States	16,211,688	16,191,423	0.94
§FGI Operating Co. LLC, Term B Loans, 5.823%, (LIBOR + 4.25%), 4/19/19	United States	43,781,202	24,553,943	1.43
			40,745,366	2.37
Pharmaceuticals				
Endo Luxembourg Finance Co. I S.A.R.L. and Endo LLC, Initial Term Loans, 5.875%, (LIBOR + 4.25%), 4/29/24	United States	20,862,381	20,949,314	1.22
Grifols Worldwide Operations USA Inc., Tranche B Term Loan, 3.715%, (LIBOR + 2.25%), 1/31/25	United States	11,565,917	11,651,215	0.68
Horizon Pharma Inc., Third Amendment Refinancing Term Loan, 4.813%, (LIBOR + 3.25%), 3/29/24	United States	5,939,846	5,978,206	0.35
Innoviva Inc., Initial Term Loan, 5.936%, (LIBOR + 4.50%), 8/18/22	United States	1,655,791	1,682,698	0.10
RPI Finance Trust, Term A-3 Loan, 3.443%, (LIBOR + 1.75%), 10/14/21	United States	4,138,629	4,147,685	0.24
Valeant Pharmaceuticals International Inc., Series F Tranche B Term Loan, 5.06%, (LIBOR + 3.50%), 4/01/22	United States	12,718,785	12,923,074	0.75
			57,332,192	3.34

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statement of Investments, January 31, 2018 (unaudited)

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
Restaurants				
KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC, Term B Loans, 3.556%, (LIBOR + 2.00%), 6/16/23	United States	$ 4,448,359	$ 4,491,731	0.26
NPC International Inc., Second Lien Initial Term Loan, 9.154%, (LIBOR + 7.50%), 4/20/25	United States	4,842,941	4,964,014	0.29
			9,455,745	0.55
Semiconductor Equipment				
MKS Instruments Inc., Tranche B-3 Term Loans, 3.573%, (LIBOR + 2.00%), 4/29/23	United States	848,499	854,598	0.05
Semiconductors				
ON Semiconductor Corp., 2017 Replacement Term B-2 Loans, 3.573%, (LIBOR + 2.00%), 3/31/23	United States	6,077,001	6,125,957	0.36
Specialized Consumer Services				
[e]Avis Budget Car Rental LLC, Tranche B Term Loan, 3.70%, (LIBOR + 2.00%), 3/15/22	United States	18,362,351	18,451,298	1.08
NVA Holdings Inc.,				
Second Lien Term Loan, 8.693%, (LIBOR + 7.00%), 8/14/22	United States	2,165,278	2,185,577	0.13
Term B-2 Loans, 5.193%, (LIBOR + 3.50%), 8/14/21	United States	6,554,629	6,568,971	0.38
[e,f]Term B-3 Loan, TBD, 2/02/25	United States	6,554,539	6,583,248	0.38
Sabre GLBL Inc.,				
2017 B-1 Incremental Term, 3.823%, (LIBOR + 2.25%), 2/22/24	United States	1,550,211	1,563,049	0.09
2017 Other Term A Loans, 3.573%, (LIBOR + 2.00%), 7/01/22	United States	6,490,812	6,517,177	0.38
			41,869,320	2.44
Specialty Chemicals				
Ashland LLC, Term B Loan, 3.573% - 3.574%, (LIBOR + 2.00%), 5/17/24	United States	1,945,772	1,966,445	0.11
Axalta Coating Systems U.S. Holdings Inc., Term B-2 Dollar Loans, 3.693%, (LIBOR + 2.00%), 6/01/24	United States	7,473,408	7,534,518	0.44
KMG Chemicals Inc., Initial Term Loan, 4.323%, (LIBOR + 2.75%), 6/15/24	United States	1,576,139	1,591,901	0.09
Oxbow Carbon LLC,				
Second Lien Initial Term Loan, 9.073%, (LIBOR + 7.50%), 1/04/24	United States	7,556,614	7,669,963	0.45
Tranche A Term Loan, 4.323%, (LIBOR + 2.75%), 1/04/22	United States	6,000,000	6,007,500	0.35
Tranche B Term Loan, 5.323%, (LIBOR + 3.75%), 1/04/23	United States	4,920,000	4,987,650	0.29
Solenis International LP and Solenis Holdings 3 LLC, Second Lien Term Loan, 8.229%, (LIBOR + 6.75%), 7/31/22	United States	3,270,000	3,186,206	0.19
			32,944,183	1.92

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statement of Investments, January 31, 2018 (unaudited)

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
Specialty Stores				
Container Store Inc., Term B-1 Loan, 8.693%, (LIBOR + 7.00%), 8/18/21	United States	$ 1,481,250	$ 1,477,547	0.09
General Nutrition Centers Inc., Tranche B Term Loans, 4.08%, (LIBOR + 2.50%), 3/04/19	United States	22,929,326	20,655,493	1.20
Jo-Ann Stores Inc., Initial Loans, 6.551%, (LIBOR + 5.00%), 10/23/23	United States	3,312,503	3,291,800	0.19
PetSmart Inc., Tranche B-2 Loans, 4.57%, (LIBOR + 3.00%), 3/11/22	United States	47,867,107	39,161,277	2.28
			64,586,117	3.76
Technology Hardware, Storage & Peripherals				
Western Digital Corp., Term A Loan, 3.311%, (LIBOR + 1.75%), 4/29/21	United States	9,964,152	10,010,236	0.58
Trucking				
The Hertz Corp., Tranche B-1 Term Loan, 4.33%, (LIBOR + 2.75%), 6/30/23	United States	21,037,453	21,075,446	1.23
Total Senior Floating Rate Interests (Cost $1,342,234,555)			1,320,461,993	76.83

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statement of Investments, January 31, 2018 (unaudited)

Franklin Floating Rate Master Series (continued)	Country	Principal Amount*	Value	% of Net Assets
Asset-Backed Securities				
Other Diversified Financial Services				
[h,i]Ballyrock CLO LLC, 2014-1A, BR, 144A, FRN, 3.845%, (3-month USD LIBOR + 2.10%), 10/20/26	United States	$ 2,100,000	$ 2,108,967	0.12
[h,i]BlueMountain CLO Ltd., 2012-2A, AR, 144A, FRN, 2.856%, (3-month USD LIBOR + 1.42%), 11/20/28	United States	10,790,000	10,903,295	0.63
[h,i]Bristol Park CLO Ltd., 2016-1A, A, 144A, FRN, 3.142%, (3-month USD LIBOR + 1.42%), 4/15/29	United States	22,000,000	22,269,060	1.30
[h,i] Carlyle Global Market Strategies CLO Ltd., 2014-2A, AR, 144A, FRN, 2.666%, (3-month USD LIBOR + 1.25%), 5/15/25	United States	3,200,000	3,231,424	0.19
2015-2A, A1, 144A, FRN, 3.23%, (3-month USD LIBOR + 1.47%), 4/27/27	United States	2,800,000	2,835,616	0.16
[h,i]Carlyle U.S. CLO Ltd., 2017-1A, A1A, 144A, FRN, 3.045%, (3-month USD LIBOR + 1.30%), 4/20/31	United States	12,600,000	12,709,368	0.74
[h,i] Cent CLO LP, 2013-17A, B, 144A, FRN, 4.378%, (3-month USD LIBOR + 3.00%), 1/30/25	United States	800,000	806,648	0.05
2014-22A, A1R, 144A, FRN, 2.802%, (3-month USD LIBOR + 1.41%), 11/07/26	United States	7,510,000	7,545,297	0.44
2014-22A, BR, 144A, FRN, 4.342%, (3-month USD LIBOR + 2.95%), 11/07/26	United States	3,200,000	3,278,112	0.19
[h,i]Eaton Vance CDO Ltd., 2014-1A, AR, 144A, FRN, 2.922%, (3-month USD LIBOR + 1.20%), 7/15/26	United States	2,650,000	2,667,146	0.15
[h]Emerson Park CLO Ltd., 2013-1A, C2R, 144A, 4.055%, 7/15/25	United States	1,100,000	1,105,786	0.06
[h,i]LCM XXI LP, 21A, A, 144A, FRN, 3.295%, (3-month USD LIBOR + 1.55%), 4/20/28	United States	11,630,000	11,700,594	0.68
[h,i]LCM XXIV Ltd., 24A, A, 144A, FRN, 3.055%, (3-month USD LIBOR + 1.31%), 3/20/30	United States	26,400,000	26,516,160	1.54
[h,i] LCM XXV Ltd., 25A, B2, 144A, FRN, 3.395%, (3-month USD LIBOR + 1.65%), 7/20/30	United States	4,075,000	4,091,015	0.24
25A, C2, 144A, FRN, 4.045%, (3-month USD LIBOR + 2.30%), 7/20/30	United States	1,625,000	1,646,320	0.10
[h,i]Madison Park Funding Ltd., 2016-21A, A1, 144A, FRN, 3.275%, (3-month USD LIBOR + 1.53%), 7/25/29	United States	7,100,000	7,202,240	0.42
[h,i]Magnetite XIV Ltd., 2015-14A, A, 144A, FRN, 3.124%, (3- month USD LIBOR + 1.39%), 7/18/28	United States	1,460,000	1,486,338	0.09
[h,i]Octagon Investment Partners 30 Ltd., 144A, FRN, 3.065%, (3-month USD LIBOR + 1.32%), 3/17/30	United States	11,942,857	12,139,795	0.71
[h,i]Octagon Investment Partners 31 LLC, 2017-1A, C, 144A, FRN, 4.145%, (3-month USD LIBOR + 2.40%), 7/20/30	United States	2,288,855	2,325,774	0.13
[h,i]TCI-Cent CLO Income Note Issuer Ltd., 2017-1A, B, 144A, FRN, 4.095%, (3-month USD LIBOR + 2.35%), 7/25/30	United States	3,000,000	3,020,190	0.18
[h,i]Voya CLO Ltd., 2017-3A, B, 144A, FRN, 4.095%, (3-month USD LIBOR + 2.35%), 7/20/30	United States	2,508,761	2,538,013	0.15
Total Asset-Backed Securities (Cost $140,844,250)			142,127,158	8.27
Total Investments before Short Term Investments (Cost $1,551,794,186)			1,532,162,204	89.14

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statement of Investments, January 31, 2018 (unaudited)

Franklin Floating Rate Master Series (continued)	Country	Principal Amount*	Value	% of Net Assets
Short Term Investments				
[c,d]**Senior Floating Rate Interests**				
Broadcasting				
Marshall Broadcasting Group Inc., Term Loan A-2, 3.568%, (LIBOR + 2.00%), 6/28/18	United States	$ 126,388	$ 126,703	0.01
Forest Products				
[i]Appvion Inc., NM Term Loans, 10.805% - 10.823%, (LIBOR + 9.25%), 7/01/18	United States	6,158,223	6,212,108	0.36
Total Senior Floating Rate Interests (Cost $6,216,009)			6,338,811	0.37
Repurchase Agreements (Cost $214,793,290)				
[k]Joint Repurchase Agreement, 1.323%, 2/01/18 (Maturity Value $214,801,186) BNP Paribas Securities Corp. (Maturity Value $123,553,642) Deutsche Bank Securities Inc. (Maturity Value $26,381,882) HSBC Securities (USA) Inc. (Maturity Value $61,776,821) Merrill Lynch, Pierce, Fenner & Smith Inc. (Maturity Value $3,088,841) Collateralized by U.S. Government Agency Securities, 0.00% - 2.375%, 5/02/18 - 1/19/23; [l]U.S. Treasury Bill, 4/19/18 - 1/03/19; U.S. Treasury Note, 1.125% - 3.50%, 12/15/18 - 1/31/23; and U.S. Treasury Note, Index Linked, 2.125%, 1/15/19 (valued at $219,288,669)	United States	214,793,290	214,793,290	12.50
Total Investments (Cost $1,772,803,485)			**1,753,294,305**	**102.01**
Other Assets, less Liabilities			**(34,586,495)**	**(2.01)**
Net Assets			**$1,718,707,810**	**100.00**

† Rounds to less than 0.01% of net assets.
* The principal amount is stated in U.S. dollars unless otherwise indicated.
[a] See Note 3(d) regarding investments in affiliated management investment companies.
[b] Income may be received in additional securities and/or cash.
[c] The coupon rate shown represents the rate at period end.
[d] See Note 1(e) regarding senior floating rate interests.
[e] A portion or all of the security purchased on a delayed delivery basis. See Note 1(c).
[f] A portion or all of the security represents an unsettled loan commitment. The coupon rate is to-be determined (TBD) at the time of settlement and will be based upon a reference index/floor plus a spread.
[g] See Note 7 regarding defaulted securities.
[h] Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. These securities have been deemed liquid under guidelines approved by the Trust's Board of Trustees. At January 31, 2018, the aggregate value of these securities was $142,127,158, representing 8.3% of net assets.
[i] The coupon rate shown represents the rate inclusive of any caps or floors, if applicable, in effect at period end.
[j] See Note 8 regarding unfunded loan commitments.
[k] See Note 1(b) regarding joint repurchase agreement.
[l] The security was issued on a discount basis with no stated coupon rate.

The accompanying notes are an integral part of these financial statements.

Appendix A (continued)
Financial Statements of Franklin Floating Rate Master Trust

Statement of Investments, January 31, 2018 (unaudited)

At January 31, 2018, the Fund had the following credit default swap contracts outstanding. See Note 1(d).

Credit Default Swap Contracts

Description	Periodic Payment Rate Received (Paid)	Payment Frequency	Maturity Date	Notional Amount	Value	Unamortized Upfront Payments (Receipts)	Unrealized Appreciation (Depreciation)	Rating
Centrally Cleared Swap Contracts								
Contracts to Buy Protection[a]								
Traded Index								
CDX.NA.HY.26	(5.00)%	Quarterly	6/20/21	$26,362,000	$(2,230,802)	$(1,681,748)	$(549,054)	

[a]Performance triggers for settlement of contract include failure to pay or bankruptcy of the underlying securities for traded index swaps.

See Abbreviations on page 54.

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statement of Assets and Liabilities, January 31, 2018 (unaudited)

Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$1,498,585,909
Cost - Non-controlled affiliates (Note 3d)	59,424,286
Cost - Unaffiliated repurchase agreements	214,793,290
Value - Unaffiliated issuers	$1,480,126,516
Value - Non-controlled affiliates (Note 3d)	58,374,499
Value - Unaffiliated repurchase agreements	214,793,290
Cash	1,762,686
Receivables:	
Investment securities sold	2,291,966
Dividends and interest	4,943,771
Deposits with brokers for:	
Centrally cleared swap contracts	555,216
Unrealized appreciation on unfunded loan commitments (Note 8)	176,763
Other assets	46
Total assets	1,763,024,753
Liabilities:	
Payables:	
Investment securities purchased	36,483,995
Management fees	790,700
Distributions to shareholders	6,843,721
Variation margin on centrally cleared swap contracts	4,350
Accrued expenses and other liabilities	194,177
Total liabilities	44,316,943
Net assets, at value	$1,718,707,810
Net assets consist of:	
Paid-in capital	$1,924,838,868
Undistributed net investment income	1,652,313
Net unrealized appreciation (depreciation)	(20,035,249)
Accumulated net realized gain (loss)	(187,748,122)
Net assets, at value	$1,718,707,810
Shares outstanding	198,423,225
Net asset value and maximum offering price per share ($1,718,707,810÷198,423,225 shares outstanding)	$8.66

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statement of Operations for the six months ended January 31, 2018 (unaudited)

Investment income:	
Dividends: (net of foreign taxes)*	
Unaffiliated issuers	$ 77,034
Non-controlled affiliates (Note 3d)	1,624,889
Interest:	
Unaffiliated issuers	43,529,031
Total investment income	45,230,954
Expenses:	
Management fees (Note 3a)	4,978,730
Custodian fees (Note 4)	8,641
Reports to shareholders	4,060
Registration and filing fees	112
Professional fees	54,484
Trustees' fees and expenses	32,581
Other	24,629
Total expenses	5,103,237
Expense reductions (Note 4)	(13,542)
Expenses waived/paid by affiliates (Note 3e)	(110,664)
Net expenses	4,979,031
Net investment income	40,251,923
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	(3,834,704)
Swap contracts	(52,690)
Capital gain distributions from management investment companies:	
Non-controlled affiliates (Note 3d)	770,878
Net realized gain (loss)	(3,116,516)
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(5,388,970)
Non-controlled affiliates (Note 3d)	(1,049,787)
Swap contracts	(155,718)
Net change in unrealized appreciation (depreciation)	(6,594,475)
Net realized and unrealized gain (loss)	(9,710,991)
Net increase (decrease) in net assets resulting from operations	$30,540,932
*Foreign taxes withheld on dividends	$ 95,332

The accompanying notes are an integral part of these financial statements.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

Statements of Changes in Net Assets

	Six months ended January 31, 2018 (unaudited)	Year ended July 31, 2017
Increase (decrease) in net assets:		
Operations:		
Net investment income	$ 40,251,923	$ 66,737,495
Net realized gain (loss)	(3,116,516)	(21,381,394)
Net change in unrealized appreciation (depreciation)	(6,594,475)	57,130,631
Net increase (decrease) in net assets resulting from operations	30,540,932	102,486,732
Distributions to shareholders from: Net investment income	(39,701,939)	(66,380,751)
Capital share transactions (Note 2)	(362,757,522)	690,565,052
Net increase (decrease) in net assets	(371,918,529)	726,671,033
Net assets:		
Beginning of period	2,090,626,339	1,363,955,306
End of period	$1,718,707,810	$2,090,626,339
Undistributed net investment income included in net assets:		
End of period	$ 1,652,313	$ 1,102,329

The accompanying notes are an integral part of these financial statements.

Appendix A (continued)
Financial Statements of Franklin Floating Rate Master Trust

Notes to Financial Statements (unaudited)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Franklin Floating Rate Master Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of three separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Franklin Floating Rate Master Series (Fund) is included in this report. The Fund's shares are exempt from registration under the Securities Act of 1933.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share as of 4 p.m. Eastern time each day the New York Stock Exchange (NYSE) is open for trading. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The VC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt securities generally trade in the OTC market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

Investments in repurchase agreements are valued at cost, which approximates fair value.

Certain derivative financial instruments are centrally cleared or trade in the OTC market. The Fund's pricing services use various techniques including industry standard option pricing models and proprietary discounted cash flow models to determine the fair value of those instruments. The Fund's net benefit or obligation under the derivative contract, as measured by the fair value of the contract, is included in net assets.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Unaudited Semi-Annual Report | 47

Appendix A (continued)
Financial Statements of Franklin Floating Rate Master Trust

Notes to Financial Statements (unaudited) (continued)

b. Joint Repurchase Agreement

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at period end, as indicated in the Statement of Investments, had been entered into on January 31, 2018.

c. Securities Purchased on a Delayed Delivery Basis

The Fund purchases securities on a delayed delivery basis, with payment and delivery scheduled for a future date. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Fund will generally purchase these securities with the intention of holding the securities, it may sell the securities before the settlement date. Sufficient assets have been segregated for these securities.

d. Derivative Financial Instruments

The Fund invested in derivative financial instruments in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and/or the potential for market movements which expose the Fund to gains or losses in excess of the amounts shown in the Statement of Assets and Liabilities. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statement of Operations.

Collateral requirements differ by type of derivative. Collateral or initial margin requirements are set by the broker or exchange clearing house for exchange traded and centrally cleared derivatives. Initial margin deposited is held at the exchange and can be in the form of cash and/or securities.

The Fund entered into credit default swap contracts primarily to manage and/or gain exposure to credit risk. A credit default swap is an agreement between the Fund and a counterparty whereby the buyer of the contract receives credit protection and the seller of the contract guarantees the credit worthiness of a referenced debt obligation. These agreements may be privately negotiated in the over-the-counter market (OTC credit default swaps) or may be executed in a multilateral trade facility platform, such as a registered exchange (centrally cleared credit default swaps). The underlying referenced debt obligation may be a single issuer of corporate or sovereign debt, a credit index, a basket of issuers or indices, or a tranche of a credit index or basket of issuers or indices. In the event of a default of the underlying referenced debt obligation, the buyer is entitled to receive the notional amount of the credit default swap contract from the seller in exchange for the referenced debt obligation, a net settlement amount equal to the notional amount of the credit default swap less the recovery value of the referenced debt obligation, or other agreed upon amount. For centrally cleared credit default swaps, required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statement of Assets and Liabilities. Over the term of the contract, the buyer pays the seller a periodic stream of payments, provided that no event of default has occurred. Such periodic payments are accrued daily as an unrealized appreciation or depreciation until the payments are made, at which time they are realized. Upfront payments and receipts are reflected in the Statement of Assets and Liabilities and represent compensating factors between stated terms of the credit default swap agreement and prevailing market conditions (credit spreads and other relevant factors). These upfront payments and receipts are amortized over the term of the contract as a realized gain or loss in the Statement of Operations.

See Note 9 regarding other derivative information.

Appendix A (continued)
Financial Statements of Franklin Floating Rate Master Trust

Notes to Financial Statements (unaudited) (continued)

e. Senior Floating Rate Interests

The Fund invests in senior secured corporate loans that pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. These base lending rates are generally the prime rate offered by a designated U.S. bank or the London InterBank Offered Rate (LIBOR). Senior secured corporate loans often require prepayment of principal from excess cash flows or at the discretion of the borrower. As a result, actual maturity may be substantially less than the stated maturity. Senior secured corporate loans in which the Fund invests are generally readily marketable, but may be subject to certain restrictions on resale.

f. Income Taxes

The Fund is a disregarded entity for U.S. income tax purposes. As such, no provision has been made for income taxes because all income, expenses, gains and losses are allocated to a non-U.S. beneficial owner for inclusion in its individual income tax return, as applicable.

g. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Facility fees are recognized as income over the expected term of the loan. Dividend income and realized gain distributions are recorded on the ex-dividend date. The Fund's net investment income is allocated to the owner daily and paid monthly. Net capital gains (or losses) realized by the Fund will not be distributed. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

h. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

i. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

Appendix A (continued)
Financial Statements of Franklin Floating Rate Master Trust

Notes to Financial Statements (unaudited) (continued)

2. SHARES OF BENEFICIAL INTEREST

At January 31, 2018, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended January 31, 2018		Year Ended July 31, 2017	
	Shares	Amount	Shares	Amount
Shares sold	12,666,917	$ 109,372,922	96,198,198	$ 835,951,774
Shares redeemed	(54,684,097)	(472,130,444)	(16,796,844)	(145,386,722)
Net increase (decrease)	(42,017,180)	$(362,757,522)	79,401,354	$ 690,565,052

3. TRANSACTIONS WITH AFFILIATES

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton Investments. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

The Fund pays an investment management fee to Advisers based on the average daily net assets of each of the Fund as follows:

Annualized Fee Rate	Net Assets
0.530%	Up to and including $2.5 billion
0.450%	Over $2.5 billion, up to and including $6.5 billion
0.430%	Over $6.5 billion, up to and including $11.5 billion
0.400%	Over $11.5 billion, up to and including $16.5 billion
0.390%	Over $16.5 billion, up to and including $19 billion
0.380%	Over $19 billion, up to and including $21.5 billion
0.370%	In excess of $21.5 billion

For the period ended January 31, 2018, the annualized gross effective investment management fee rate was 0.530% of the Fund's average daily net assets.

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Fund. The fee is paid by Advisers based on the Fund's average daily net assets, and is not an additional expense of the Fund.

c. Transfer Agent Fees

Investor Services, under terms of an agreement, performs shareholder servicing for the Fund and is not paid by the Fund for the services.

APPENDIX A (CONTINUED)
FINANCIAL STATEMENTS OF FRANKLIN FLOATING RATE MASTER TRUST

NOTES TO FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

d. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended January 31, 2018, the Fund held investments in affiliated management investment companies as follows:

	Number of Shares Held at Beginning of Period	Gross Additions	Gross Reductions	Number of Shares Held at End of Period	Value at End of Period	Dividend Income	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)
Non-Controlled Affiliates	—	2,908,672	—	2,908,672	$29,435,761	$904,138	$770,878[a]	$(756,564)
Franklin Lower Tier Floating Rate Fund	—	2,965,034	—	2,965,034	28,938,738	720,751	—	(293,223)
Franklin Middle Tier Floating Rate Fund								
Total Affiliated Securities					$58,374,499	$1,624,889	$770,878	$(1,049,787)

[a]Includes realized gain distributions received.

e. Waiver and Expense Reimbursements

Advisers has voluntarily agreed in advance to waive or limit its fees and to assume as its own expense certain expenses otherwise payable by the Fund so that the expenses (excluding acquired fund fees and expenses) do not exceed 0.53% based on the average net assets of the Fund (other than certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations). Advisers may discontinue this waiver at any time upon notice to the Board.

f. Other Affiliated Transactions

At January 31, 2018, Franklin Floating Rate Fund, PLC owned 100% of the Fund's outstanding shares. Investment activities of this shareholder could have a material impact on the Fund.

4. EXPENSE OFFSET ARRANGEMENT

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended January 31, 2018, the custodian fees were reduced as noted in the Statement of Operations.

5. INCOME TAXES

At January 31, 2018, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$1,772,387,420
Unrealized appreciation	$ 17,886,807
Unrealized depreciation	(36,979,922)
Net unrealized appreciation (depreciation)	$ (19,093,115)

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of bond discounts and premiums.

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short term securities) for the period ended January 31, 2018, aggregated $225,389,678 and $594,799,601, respectively.

Appendix A (continued)
Financial Statements of Franklin Floating Rate Master Trust

Notes to Financial Statements (unaudited) (continued)

7. CREDIT RISK AND DEFAULTED SECURITIES

At January 31, 2018, the Fund had 71.9% of its portfolio invested in high yield securities, senior secured floating rate notes, or other securities rated below investment grade and unrated securities, if any. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

The Fund held a defaulted security and/or other securities for which the income has been deemed uncollectible. At January 31, 2018, the value of this security was $24,553,943, representing 1.4% of the Fund's net assets. The Fund discontinues accruing income on securities for which income has been deemed uncollectible and provides an estimate for losses on interest receivable. The security has been identified in the accompanying Statement of Investments.

8. UNFUNDED LOAN COMMITMENTS

The Fund enters into certain credit agreements, all or a portion of which may be unfunded. The Fund is obligated to fund these loan commitments at the borrowers' discretion. Unfunded loan commitments and funded portions of credit agreements are marked to market daily and any unrealized appreciation or depreciation is included in the Statement of Assets and Liabilities and the Statement of Operations. Funded portions of credit agreements are presented in the Statement of Investments.

At January 31, 2018, unfunded commitments were as follows:

Borrower	Unfunded Commitment
Franklin Floating Rate Master Series	
BMC Software Finance, Inc., Non-Extended US Revolving Commitment	$6,435,560
Appvion, Inc., NM Term Loans	1,111,901
	$7,547,461

9. OTHER DERIVATIVE INFORMATION

At January 31, 2018, the Fund's investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Credit contracts	Variation margin on centrally cleared swap contracts	$ –	Variation margin on centrally cleared swap contracts	$549,054[a]

[a] This amount reflects the cumulative appreciation (depreciation) of centrally cleared swap contracts as reported in the Statement of Investments. Only the variation margin receivable/payable at period end is separately reported within the Statement of Assets and Liabilities. Prior variation margin movements were recorded to cash upon receipt or payment.

Appendix A (continued)
Financial Statements of Franklin Floating Rate Master Trust

Notes to Financial Statements (unaudited) (continued)

For the period ended January 31, 2018, the effect of derivative contracts in the Fund's Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation)	
Credit contracts	Swap contracts	$(52,690)	on: Swap contracts	$(155,718)

For the period ended January 31, 2018, the average month end notional amount of swap contracts represented $26,477,286.

See Note 1(d) regarding derivative financial instruments.

10. SHAREHOLDER DISTRIBUTIONS

For the period ended January 31, 2018, the Fund made the following distributions:

Payment Date	Amount Per Share
08/31/2017	$ 0.028047
09/29/2017	0.028132
10/31/2017	0.030491
11/30/2017	0.031613
12/29/2017	0.031581
01/31/2018	0.035123
Total	$ 0.184987

11. CREDIT FACILITY

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling $2 billion (Global Credit Facility) which matured on February 9, 2018. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Effective February 9, 2018, the Borrowers renewed the Global Credit Facility for a one year term, maturing February 8, 2019, for a total of $2 billion.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, 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 of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended January 31, 2018, the Fund did not use the Global Credit Facility.

Appendix A (continued)
Financial Statements of Franklin Floating Rate Master Trust

Notes to Financial Statements (unaudited) (continued)

12. FAIR VALUE MEASUREMENTS

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

For movements between the levels within the fair value hierarchy, the Funds have adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:[a]				
Equity Investments:[b]				
Oil & Gas Exploration & Production	$ —	$ 3,421,022	$ —	$ 3,421,022
All Other Equity Investments	58,374,499	—	—	58,374,499
Corporate Bonds	—	7,777,532	—	7,777,532
Senior Floating Rate Interests	—	1,320,461,993	—	1,320,461,993
Asset-Backed Securities	—	142,127,158	—	142,127,158
Short Term Investments	—	221,132,101	—	221,132,101
Total Investments in Securities	$ 58,374,499	$ 1,694,919,806	$ —	$ 1,753,294,305
Other Financial Instruments:				
Unfunded Loan Commitments	$ —	$ 176,763	$ —	$ 176,763
Liabilities:				
Other Financial Instruments:				
Swap Contracts	$ —	$ 549,054	$ —	$ 549,054

[a] For detailed categories, see the accompanying Statement of Investments.
[b] Includes common stocks as well as management investment companies.

13. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure other than those already disclosed in the financial statements.

ABBREVIATIONS

Currency

USD	United States Dollar

Selected Portfolio		**Index**	
CDO	Collateralized Debt Obligation	**CDX.NA.HY.Series number**	CDX North America High Yield Index
CLO	Collateralized Loan		
FRN	Floating Rate Note		
LIBOR	London InterBank Offered		
PIK	Payment-In-Kind		
TBD	To Be Determined		



Franklin Templeton International Services S.à r.l.
8A, rue Albert Borschette
L-1246 Luxembourg
tel +352 (46) 66-67-1
fax +352 (46) 66-76