FRANKLIN TEMPLETON

Annual Report
and Audited
Financial Statements
for the year ended
July 31, 2020

Franklin Floating Rate Fund PLC

Contents

General Information

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

*Independent Directors.
All Directors are non-executive.

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

Legal Advisors
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Dublin 2
Ireland

Depositary
J.P. Morgan Bank (Ireland) plc
200 Capital Dock
79 Sir John Rogerson's Quay
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Ireland

Alternative Investment Fund Manager ("AIFM")
Franklin Templeton International Services S.à r.l.
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Luxembourg

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Shareholder Services Agent
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Administrator/Secretary
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Independent Auditors
PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
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Ireland

Sponsoring Broker
Matheson
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Dublin 2
Ireland

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J.P. Morgan Bank (Ireland) plc
200 Capital Dock
79 Sir John Rogerson's Quay
Dublin 2, D02 RK57
Ireland

Registered Number
316174

Investment Manager's Report (Unaudited)

Franklin Floating Rate Fund PLC – MD&A (31 July 2020)

Syndicated Bank Loan Market Overview

Favorable investor sentiment at the beginning of the period led to solid returns, as many investors expected future rate cuts to be on hold. Outflows from retail loan vehicles decelerated and investors turned to discounted, lower-rated names to put cash to work. However, as fears of the impact of the coronavirus on the global economy surfaced, the loan market entered a risk-off mode in March, which recorded some of the worst daily declines since the global financial crisis. As fiscal and monetary support materialized, the loan market rallied amid improved investor sentiment and technical conditions, as severe outflows subsided and modest CLO activity resumed. Gains were initially led by higher rated loans and those in industries perceived to be less impacted by the crisis, but eventually spread to lower rated loans as investors searched for principal appreciation and higher income in a low rate environment. By the end of the period, the loan market retraced most of the spread widening, returning to levels from early-March, but levels remained wider than at the beginning of the period.

At the beginning of the period, outflows from retail investors moderated and the asset class reported modest weekly inflows. However, the increasing likelihood of a global recession and aggressive U.S. Fed interest rate cuts in response to the economic slowdown resulted in heavy outflows from loan retail vehicles. The accommodative action from the Fed led to declines in LIBOR, which lowered coupons throughout the loan market as most loans did not have LIBOR floors. Elevated redemption activity led managers to sell loans across the credit quality spectrum, leading to significant dislocation in prices and wide bid ask spreads. Although CLO issuance had supported loan demand earlier in the period, volume stalled in March as spreads widened. After the announcement of fiscal stimulus in the US, investor sentiment and technical conditions improved as severe outflows eventually subsided and modest CLO activity resumed. While outflows from loan retail vehicles moderated, investor demand remained depressed due to a distant outlook for future rate hikes and lower income generation as LIBOR remained at low levels. CLO issuance helped to drive gains in the loan market, including activity from CLO warehouses that were formed before COVID-19 hit. However, the rapid recovery in loan prices challenged the arbitrage for CLO vehicles, as CLO spreads did not tighten as quickly.

While a stronger technical environment and higher loan prices at the beginning of the period led to a significant repricing wave in January, new issuance was on hold for much of March. Primary activity eventually resumed, but new loan deals were initially sparse and included issuers that needed liquidity and offered meaningfully wider spreads. New issuance picked up by the end of the period and included an increase in deals to finance acquisitions and some opportunistic deals for second lien loans or those to finance dividends. However, expectations for robust volume was subdued amid weaker demand from traditional loan retail investors and CLOs. Among issuers that had bonds and loans, more looked to raise capital with high yield bonds considering stronger technical conditions in that market.

Default activity was muted for much of the period but increased sharply as more issuers experienced impacts from the slowdown in economic activity. At the end of the period, the default rate by par amount exceeded its historical average and the rate by issuer count was the highest since 2010. Defaults were primarily concentrated in industries that were more impacted by COVID-related declines in demand and shutdowns. Several leveraged companies in industries that had been forced to shut down with limited prospects for revenue generation were able to raise additional liquidity through revolver draws, incremental issuances and government loans, which helped to slow down the pace of credit rating downgrades. Despite the partial recovery in the market, a significant share of loans continued to trade at distressed levels and bifurcation in the market persisted between those in industries less impacted by the COVID crisis, and those with limited revenue and cash flow prospects amid continued virus fears.

Investment Manager's Report (Unaudited) (CONTINUED)

Investment Strategy

We believe the road to economic recovery will be an uneven one, with certain sectors experiencing delayed recoveries versus other more defensive sectors. We have added exposure as opportunities present themselves amid bouts of volatility, especially in our preferred portion of the loan market such as strong single-B rated loans that have room to appreciate, whereas double-B rated paper look fully valued, in our view. Given the accommodative interest rate outlook, bank loans could continue to see subdued retail investor demand as a floating-rate asset class. However, CLOs, opportunistic buyers and relative value investors continue to find value in the asset class. Finally, we expect subdued supply in the market. On balance, we expect supportive technical conditions in the near term. We are balancing the favorable technical picture with our cautious fundamental view—we have pivoted the portfolio into stronger credits and more resilient industries, which should generate continued interest income while providing better price stability compared to the broader market.

Manager's Discussion

During the period under review, the fund (A (dis) USD shares) returned -10.08%, underperforming its benchmark, the CS Leveraged Loan Index (CSLLI), which returned -1.20%. The Fund maintained an overweight in the upper tier segment of the market (primarily BB-rated loans) throughout the period, which contributed to performance amid severe market dislocation, but detracted as the market rebounded. However, loan selection was the primary detractor from relative performance during the period. The top contributors to performance included names that had previously experienced volatility but completed transactions that led to principal appreciation. CSM Bakery (a producer of bakery ingredients and products) contributed to performance as the issuer successfully completed an amendment that extended the maturity and increased spread, while also receiving an equity infusion. 99 Cents Only Stores (a discount retailer) contributed to performance as it completed an amendment that extended near-term debt maturities, received a sponsor equity injection, and benefitted from strong customer demand driven by COVID-19 driven purchases.

Major detractors from performance were in industries that investors believed to be more negatively impacted by COVID-19 shutdowns and restrictions, including those in the energy and gaming/leisure industries. As oil prices declined to unprecedented levels amid a falloff in demand, issuers exposed to energy prices were among the top detractors from performance. The term loan of Fieldwood Energy, a producer of oil and gas, declined as the sharp drop in oil prices negatively impacted the company's cash flow and liquidity. The lower price of crude oil also led to declines for the term loans of UTEX Industries (a manufacturer and provider of sealing products), as demand for its products from customers in the energy sector was expected to weaken. Furthermore, 24 Hour Fitness, a fitness club owner and operator, detracted from performance as the company was negatively impacted by club closures.

In addition to maintaining an overweight in higher-rated loans, the fund also invested in the Franklin Floating Rate Income Fund and an exchange traded fund, the Franklin Liberty Senior Loan ETF. The investments allowed the fund to have further exposure to credit, while providing additional liquidity. The fund also held protection in HYCDX to protect against volatility in the credit markets and unwound the position during the period.

The fund is a fund of funds structure and the investments are held at the Franklin Floating Rate Masters Series level.

Franklin Advisers, Inc.
Investment Manager

August 2020

Report from the Alternative Investment Fund Manager (Unaudited)

The Conducting Officers of Franklin Templeton International Services S.à r.l. acting as Alternative Investment Fund Manager ("AIFM") to Franklin Floating Rate Fund plc (the "Company") submit the following report for the financial year ended 31 July 2020.

Risk and Leverage

The purpose of this section is to provide supplemental information to shareholders in the context of the Alternative Investment Fund Managers Directive ("AIFMD") and should be considered in conjunction with the risk management information provided in note 9 of this Annual Report in line with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Risk profile / Risk management systems

The purpose of this section is to provide information about risk management systems employed by the Company and the sensitivity of the Company to certain risks.

It needs to be highlighted that the responsibility of the AIFM risk management framework is limited to the Company and does not extend to Franklin Floating Rate Master Trust (the "Master Trust").

The AIFM of the Company has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor the risks and compliance with risk limits of the Company. The AIFM has a risk management process document filed with the regulator of the AIFM and risk management policies which cover the risks associated with the Company. The adequacy and effectiveness of this framework is reviewed and approved at least annually and updated as needed. Regular reporting is prepared and reviewed by the AIFM's Senior Management and the Board of the Company is informed regularly about the risk profile and the risk measures monitored.

For each relevant risk area, risk factors are monitored which take into account the objectives, strategy and risk profile of the Company. As most appropriate such factors may be of quantitative and qualitative nature and based on prospectus and regulatory requirements as well as internal considerations. The sensitivity of the portfolio to key risks is tested periodically, as appropriate, to ascertain the impact of changes in key variables to the Company. Exceptions from risk monitoring and stress testing would be reported to the Board of the Company immediately along with remedial measures being taken.

As stated in note 9, market price risk is mainly driven by the potential losses which could arise from price movements affecting the investments of the Company. Amongst other measures regularly considered by the Investment Manager, the AIFM is assessing and monitoring market risk through relative Value at Risk ("VaR") calculated using the Monte Carlo approach. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis. VaR can be defined as the predicted loss a portfolio can experience at a specified confidence level (e.g. 99%) over a given period of time (e.g. 20 business days).

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than 1 month (20 business days) and a historical observation period of not less than 1 year (250 business days). A 99% 1-month VaR means that the expectation is that 99% of the time over a 1 month period the Company's losses should be less than this number in percentage terms.

Therefore, higher VaR numbers indicate higher risk. The AIFM uses the relative VaR methodology which is the absolute VaR of the portfolio divided by the absolute VaR of the benchmark. The benchmark that is used is the one that is most representative of the Company's strategy and likely risk exposures.

It is noted that the use of this VaR methodology, as with any other statistical risk measure, has limitations. There is some probability that the loss could be greater than the VaR amounts and therefore the AIFM can neither guarantee that losses will not exceed the VaR indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

Report from the Alternative Investment Fund Manager (Unaudited) (continued)

Credit risk is mitigated by the AIFM through regular review of the Depositary of the Company as well as the ongoing review and regular assessment of counterparties approved for trading including monitoring of the corresponding exposure limits.

In the year to 31 July 2020 there were no occurrences of risk limits being exceeded (2019: None).

Liquidity Risk

The AIFM employs a liquidity risk management framework assessing on a regular basis the liquidity risk arising from the assets held by the Company and the liabilities of the Company to ensure that shareholder redemptions can be met as described in the Company's prospectus.

The AIFM reviews daily shareholder transaction activity and the liquidity of the investments of the Company to monitor and mitigate any potential mismatch. In addition, regular monitoring for potential overdrafts and a review of the shareholder concentration within the Company is also performed.

As at 31 July 2020, the Company did not hold any assets subject to special arrangements arising from their illiquid nature (2019 None).

There were no new arrangements for managing the liquidity/liquidity risk of the Company during the year ending 31 July 2020 (2019:None).

Leverage under AIFMD considerations

The leverage definition under AIFMD is wider than the traditional gearing. In accordance with the EU Commission Delegated Regulation (EU) No 231/13 (the "AIFM Regulation") leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the Company's exposure to its net asset value and is calculated on both a gross and commitment method.

Under the gross method, exposure represents the sum of the Company's positions (including all holdings like shares in the Master Trust) after deduction of cash balances and cash equivalents, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and cash equivalents and after certain hedging and netting positions are offset against each other if applicable.

The Company does not use any derivative instruments other than the forward foreign currency contracts strictly limited to the hedged currency share classes offered in line with the prospectus.

The maximum level of leverage the AIFM is entitled to employ for AIFMD monitoring and reporting purposes are the statutory limits set in the Company's prospectus and the applicable regulation for the hedged currency share classes.

This leverage amount permitted for share class hedging is 105% which, considering the opportunity to borrow up to 25% and 100% of long assets held in the portfolio, relates to a ratio of 2.3 (or 230%) under the AIFMD gross method. Under the commitment method the use of leverage derived from financial derivatives is limited to 100% incremental exposure which, considering the 100% long assets held in the portfolio, relates to a ratio of 2.0 (200%).

The actual level of leverage recorded under the requirements of AIFMD for 31 July 2020 is 1.00 (or 100%) using the "commitment" method and 1.00 (or 100.4%) under the "gross" method.

There was no change to the level of leverage limit applied for AIFMD monitoring and reporting purposes since 1 August 2019.

It should be noted that the above approach does not take leverage that might potentially be applied at the level of the Master Trust into consideration.

Report from the Alternative Investment Fund Manager (Unaudited) (continued)

Remuneration

The AIFM has a remuneration policy in place that applies to all Alternative Investment Funds ("AIF") under its management.

Quantitative information relevant to the Company is outlined below. Further qualitative details are available upon request at the registered office of the AIFM.

Total amount of fixed remuneration paid by the AIFM and its delegates to its staff during the year ended 30 September 2019.*	EUR 196,502
Total amount of variable remuneration paid by the AIFM and its delegates to its staff during the year ended 30 September 2019.*	EUR 59,954
Number of staff of the AIFM and in its delegates as at 30 September 2019.	173
Total amount of compensation paid by the AIFM and its delegates to senior managers during the year ended 30 September 2019.*	EUR 79,006
Total amount paid by the AIFM and its delegates to other members of staff who have a material impact on the risk profile of the Company during the year ended 30 September 2019.*	EUR Nil

* Total amount of compensation paid by the AIFM and its delegates has been allocated to each AIF based on their pro rata share of the average month end total net assets of the AIFM for the year ended 30 September 2019.

Franklin Templeton International Services S.à r.l.
Alternative Investment Fund Manager

August 2020

Directors' Report

The directors of the Company (the "Directors") submit their annual report together with the audited financial statements (the "Financial Statements") for the Company for the year ended 31 July 2020.

Statement of Directors Responsibilities

The Directors are responsible for preparing the annual report and the Financial Statements in accordance with applicable Irish Law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and in compliance with the Companies Act 2014.

Irish company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the assets, liabilities and financial position of the Company as at the end of the financial year and of the profit or loss of the Company for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the Financial Statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

Under Irish Law, the Directors should not approve the Financial Statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit and loss of the Company for the financial year.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Financial Statements have been prepared on a going concern basis as the Directors are of the view that the Company can continue in operational existence for twelve months from the date of approval of these Financial Statements, and at the time of signing are not aware of anything that would make it inappropriate to prepare on this basis.

The Directors are responsible for the maintenance and integrity of the corporate and financial information which is published by Franklin Templeton on their website. Legislation in Ireland governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Accounting records

The Directors are responsible for keeping adequate accounting records that are sufficient to correctly record and explain the transactions of the Company, enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy and enable the Directors to ensure that the Financial Statements and Directors' report comply with the Companies Act 2014 and enable those Financial Statements to be audited. The measures taken by the Directors to ensure compliance are the use of appropriate systems and procedures and the appointment of reputable service providers. J.P. Morgan Administration Services (Ireland) Limited were appointed as Administrator on 31 July 2009. Accordingly, the accounting records are kept at 200 Capital Dock, 79 Sir John Rogerson's Quay, Dublin 2, D02 RK57, Ireland.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The assets of the Company have been entrusted to the Depositary for safekeeping. The Depositary is J.P. Morgan Bank (Ireland) plc.

Business review

The Company is organised as an investment fund with variable capital under the laws of Ireland as a public limited company pursuant to the Companies Act 2014. There was no change in the nature of the Company's business during the year.

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").

Directors' Report (continued)

The Company will continue to pursue its investment objectives as set out in the Company's prospectus (the "Prospectus").

The Net Asset Value ("NAV") per share changed in the year as follows:

Share Class	NAV per share 31 July 2020	NAV per share 31 July 2019	Increase/(decrease)
A (acc) share	USD 13.70	USD 15.21	(9.93)%
A (dis) share	USD 6.94	USD 8.17	(15.06)%
A (dis) EUR-H1 share	EUR 7.62	EUR 8.57	(11.09)%
A (dis) HKD share*	HKD 8.57	–	–
A (dis) RMB-H1 share	RMB 89.06	RMB 104.14	(14.48)%
A (dis) SGD-H1 share	SGD 7.76	SGD 9.23	(15.93)%
AX share	USD 6.91	USD 8.16	(15.32)%
B share**	USD 6.88	USD 8.16	(15.69)%
C (acc) share	USD 9.03	USD 10.09	(10.51)%
C (dis) share	USD 6.89	USD 8.17	(15.67)%
N (acc) share	USD 12.22	USD 13.66	(10.54)%
N (dis) share	USD 7.02	USD 8.31	(15.52)%
Z (acc) share	USD 12.57	USD 13.94	(9.83)%
Z (dis) share	USD 7.92	USD 9.30	(14.84)%

* The Class A (dis) HKD shares was launched on 23 September 2019. The issue price is HKD 1.28.

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

Assets under management decreased from USD 992,344,295 to USD 394,071,185 during the year.

The Directors have been updated on the impact of COVID-19. Key services providers have advised that appropriate business continuity measures were in place, these include supporting staff in a working from home arrangement, with the eventual return to an office environment. Operations were not negatively impacted and the Company was managed within the established legal, regulatory, risk and operational infrastructure.

Results and dividends

The results for the year are stated on page 18 of the Financial Statements. The Directors proposed and paid total distributions of USD 18,743,984 (2019: USD 29,137,893) during the year.

Principal risks and uncertainties

Information on financial risks including the Company's exposure to market risk, credit and counterparty risk and liquidity risk at the year end are included in Note 9 to the Financial Statements.

Further details of the Company's risks, including non-financial risks, are detailed in the Prospectus.

Details of the impacts of COVID-19 are noted in the Business Review section of this Directors' Report on page 7 and within the Investment Manager's Report starting on page 2.

Directors

The names of the Directors are set out on page 1 of the Financial Statements. They served for the entire year, unless otherwise stated.

Directors' and Secretary's interests

The Directors and secretary and their respective families had no interest in the share capital of the Company at 31 July 2020 (2019: Nil). None of the Directors had any material interests in any contracts of significance, either during the year or at the year end (2019: None), in relation to the business of the Company.

Directors' Report (continued)

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 Directors are 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 Directors are satisfied that transactions with connected parties entered into during the year complied with the obligations set out in this paragraph.

Independent Auditors
The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution that they will be reappointed will be proposed at the annual general meeting.

Statement on relevant audit information
The following statements apply in the case of each of the persons who are Directors at the time the report was approved:

a) So far as the Director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and
b) The Director has taken all steps that ought to have been taken by the Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The financial statements of the Master Trust for the year ended 31 July 2020 are attached in Appendix A. The Master Trust financial statements do not form part of these Financial Statements.

Statement of Corporate Governance

(a) General Requirements
The Company is subject to the requirements of the Companies Act 2014 and the European Union (Alternative Investment Fund Managers) Regulations 2013 (as amended). Although there is no statutory corporate governance code applicable to Irish collective investment schemes whose shares are listed on the Euronext in December 2012 the Directors adopted and have applied the provisions of the Irish Funds Industry Association corporate governance code. The Company is also subject to corporate governance practices imposed by:

(i) the Companies Act 2014 which can be obtained from the Irish Statute Book website at http://www.irishstatutebook.ie and is available for inspection at the registered office of the Company;
(ii) the Articles of Association of the Company (the "Articles") which are available for inspection at the registered office of the Company and may be obtained at the registered office of the administrator or at the Companies Registration Office in Ireland;
(iii) the AIF Rulebook which can be obtained from the Central Bank of Ireland's website at http://www.centralbank.ie; and
(iv) Euronext through the Euronext Code of Listing Requirements and Procedures which can be obtained from the website at: http://www.ise.ie.

(b) Board of Directors
In accordance with the Companies Act 2014 and the Articles, unless otherwise determined by an ordinary resolution of the Company in a general meeting, the number of Directors shall not be less than two or more than twelve. The Board currently comprises of four Directors, two of whom are independent and all are non-executive board members. Details of the Directors are set out in the "Directors" section of the Prospectus.

The Board meets on at least a quarterly basis to fulfil its responsibilities. However, additional meetings may be convened as required and the Board may meet more frequently in general sessions of the Board to discuss matters of general importance to the Company.

Directors' Report (continued)

The Board has delegated management of the Company to certain delegate service providers. These details are set out in the "Management and Administration" section of the Prospectus.

Board materials, including a detailed agenda of items for consideration at each Board meeting, minutes of the previous meeting and reports from various internal and external stakeholders, including delegate service providers, are generally circulated in advance of the meeting to allow all Directors adequate time to consider the material.

The quorum necessary for the transaction of business at a meeting of Directors may be fixed by the Directors and unless so fixed at any other number shall be two. Directors generally attend all Board meetings.

The Board has not directly established any committees to whom business is delegated. The Board has regular direct contact with the delegate service providers and thus delegated responsibilities to committees are not deemed necessary.

(c) Risk Management Systems in Relation to Financial Reporting

The Board is responsible for establishing and maintaining adequate control and risk management systems of the Company in relation to the financial reporting process. The Board has entrusted the administration of the accounting records to the administrator. The Board, through delegation to the administrator has put in place a formal procedure to ensure that relevant accounting records for the Company are properly maintained and are readily available, and includes the procedure for the production of audited annual financial statements and semi-annual financial statements for the Company. The annual and semi-annual financial statements of the Company are prepared by the administrator and presented to the Directors for approval, prior to applicable filing such as with the Central Bank of Ireland or Euronext.

The Company has appointed an independent external audit firm to audit the Financial Statements in accordance with the Companies Act 2014. The auditor's report to shareholders, including any qualifications, is reproduced in full in the Annual Report.

(d) Shareholder Meetings

Subject to the provisions of the Companies Act 2014 allowing a general meeting to be called at short notice, an annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least twenty-one clear days' notice and all other extraordinary general meetings shall be called by at least fourteen clear days' notice.

At any general meeting, a resolution put to the vote of the meeting shall be decided on a poll only.

(e) Diversity

Appointments to the Board are made on merit with due regard to the requirements of the Central Bank of Ireland and the Irish Funds Industry Association Code in relation to, inter alia, the composition, independence, expertise, experience, fitness and probity of the Board. In respect of future appointments, the Board will take into consideration the benefits of diversity (including age, gender, education and professional backgrounds) during the selection and appointment process. However, the Board remains committed to appointing candidates with the most suitable range of skills and experience, taking into consideration but without prioritising diversity. As such, no formal diversity objectives or targets have been set against which to report.

Directors' Report (continued)

(f) Political Donations
The Company did not make political donations during the year ending 31 July 2020 (2019: None).

(g) Significant events during the year
See Note 16 of the Financial Statements for details of significant events affecting the Company during the year.

(h) Significant events since year end
See Note 18 of the Financial Statements for details of significant events affecting the Company since year end.

On behalf of the Directors

Director

Director

Date: 25 November 2020

Report of the Depositary to the Shareholders

We have enquired into the conduct of Franklin Floating Rate Fund plc (the "AIF") and Franklin Templeton International Services S.à r.l. as the authorised Alternative Investment Fund Manager (the "AIFM") for the year ended 31 July 2020 in our capacity as Depositary of the AIF.

This report, including the opinion, has been prepared for and solely for the shareholders in the AIF as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Depositary

Our duties and responsibilities are outlined in the AIF's constitutional document and the investment fund legislation (as defined in the Central Bank of Ireland's ("CBI") AIF Rulebook). One of those duties is to enquire into the conduct of the AIF and the AIFM in respect of the AIF in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the AIF has been managed in that period, in accordance with the limitations imposed on the investment and borrowing powers of the AIFM by the constitutional document and by the CBI under the powers granted to the CBI by the investment fund legislation. It is the overall responsibility of the AIFM to comply with these provisions. If the AIFM has not so complied, we as Depositary must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Depositary Opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in the AIF constitutional document and the investment fund legislation, and to ensure that, in all material respects, the AIF has been managed:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the AIF by the constitutional document and by the CBI under the powers granted to the CBI by the investment fund legislation; and

(ii) otherwise in accordance with the provision of the constitutional document and the investment fund legislation.

Opinion

In our opinion, the AIF has been managed during the period, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the AIF by the constitutional document and by the CBI under the powers granted to it by the investment fund legislation; and

(ii) otherwise in accordance with the provisions of the constitutional document and the investment fund legislation.

For and on behalf of
J.P. Morgan Bank (Ireland) Plc
200 Capital Dock
79 Sir John Rogerson's Quay
Dublin 2, D02 RK57
Ireland

Date: 25 November 2020

Independent Auditors' Report to the Members of Franklin Floating Rate Fund Plc

Report on the Audit of the Financial Statements

Opinion

In our opinion, Franklin Floating Rate Fund plc's financial statements:

- give a true and fair view of the Company's assets, liabilities and financial position as at 31 July 2020 and of its results and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements, which comprise:

- the Statement of Financial Position as at 31 July 2020;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cashflows for the year then ended;
- the Statement of Changes in Net Assets Attributable to Shareholders for the year then ended;
- the Schedule of Investments as at 31 July 2020; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the Company.

We have provided no non-audit services to the Company in the period from 1 August 2019 to 31 July 2020.

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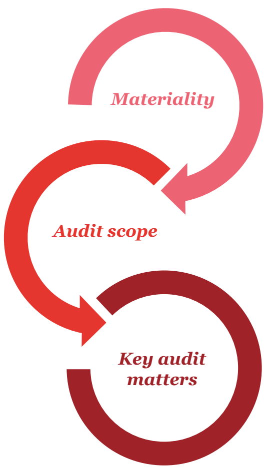
Independent Auditors' Report to the Members of Franklin Floating Rate Fund Plc (continued)

Our Audit Approach

Overview



Materiality

- Overall materiality: 50 basis points of Net Assets Value ("NAV") at 31 July 2020.

Audit scope

- The Company is an open-ended investment Company with variable capital and engages Franklin Templeton International Services S.à r.l (the "Alternative Investment Fund Manager") to manage certain duties and responsibilities with regards to the day-to-day management of the Company. We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to overleaf, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

- Valuation and existence of investments.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example the selection of pricing sources to value the investment portfolio. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Independent Auditors' Report to the Members of Franklin Floating Rate Fund Plc (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation and Existence of Investments	
Refer to the Schedule of Investments and Notes 1 (d) and 9 in the financial statements. The investment portfolio at 31 July 2020 comprises one underlying fund investment and Forward Currency Contracts. We focused on the valuation and existence of these investments because it represents the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.	We obtained an independent confirmation of the number of units held and net asset value per unit of the investment from the administrator of the underlying fund as at the year end date. We agreed the details confirmed to the number of units held and valuation of this investment per the accounting records. We obtained the audited financial statements of the underlying fund and performed the following: • we agreed the net asset value per unit used in the valuation of the investment to the net asset value per unit as included in the audited financial statements; • we read the independent auditors' report included within the audited financial statements to ensure there were no modifications in the report; and • we considered the types of investments held in the underlying fund. • we obtained confirmation of the number of contracts and the fair value of the Forward Currency Contracts held with the counterparty to the Forward Currency Contracts and separately agreed the rates to independent vendor sources. No matters were noted as a result of performing these procedures.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The directors control the affairs of the Company and are responsible for the overall investment policy which is determined by them. The Company engages the Alternative Investment Fund Manager to manage certain duties and responsibilities with regards to the day to day management of the Company. The Alternative Investment Fund Manager has delegated certain responsibilities to Franklin Advisors, Inc (the 'Investment Manager') and to J.P. Morgan Administration Services (Ireland) Limited (the 'Administrator'). The financial statements, which remain the responsibility of the directors, are prepared on their behalf by the Administrator. The Company has appointed J.P. Morgan Bank (Ireland) plc (the "Depositary") to act as Depositary of the Company's assets. In establishing the overall approach to our audit we assessed the risk of material misstatement taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Administrator, and we assessed the control environment in place at the Administrator.

Independent Auditors' Report to the Members of Franklin Floating Rate Fund Plc (continued)

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality as follows:

Overall materiality and how we determined it	50 basis points (2019: 50 basis points) of Net Assets Value ("NAV") at 31 July 2020.
Rationale for benchmark applied	We have applied this benchmark because the main objective of the Company is to provide investors with a total return taking account of the capital and income returns.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above 5 basis points of the Company's NAV, for NAV per share impacting differences (2019: 5 basis points of the Company's NAV, for NAV per share impacting differences) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Independent Auditors' Report to the Members of Franklin Floating Rate Fund Plc (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

Directors' Report

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 July 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Corporate governance statement

- In our opinion, based on the work undertaken in the course of the audit of the financial statements, the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement, is consistent with the financial statements and has been prepared in accordance with section 1373(2)(c) of the Companies Act 2014.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Statement.
- In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 and regulation 6 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 is contained in the Corporate Governance Statement.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Independent Auditors' Report to the Members of Franklin Floating Rate Fund Plc (continued)

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f- a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.

Companies Act 2014 exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Appointment

We were appointed by the directors on 1 December 1999 to audit the financial statements for the year ended 31 July 2000 and subsequent financial periods. The period of total uninterrupted engagement is 21 years, covering the years ended 31 July 2000 to 31 July 2020.

Fíona de Búrca
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

25 November 2020

Schedule Of Investments
as at 31 July 2020

Investments	Holding 1 August 2019	Purchases	Sales	Holding 31 July 2020	Fair Value USD '000	% of Net Asset Value
Investment Funds (31 July 2019: 106.28%)						
United States (31 July 2019: 106.28%)						
Franklin Floating Rate Master Trust	129,011,720	3,720,913	(76,295,798)	56,436,835	394,720	100.17
United States total					**394,720**	**100.17**
Total investments in Investment Funds (Cost: USD 491,595)					**394,720**	**100.17**

Forward Currency Contracts

Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Counterparty	Maturity Date	Fair Value USD '000	% of Net Asset Value
CNH	694,460	USD	99,087	J.P. Morgan	20/08/2020	–[2]	–
CNH	130,581	USD	18,630	Citibank	20/08/2020	–[2]	–
CNH	123,352	USD	17,610	Morgan Stanley	20/08/2020	–[2]	–
CNH	67,463	USD	9,624	Bank of America	20/08/2020	–[2]	–
CNH	70,680	USD	10,084	Goldman Sachs	20/08/2020	–[2]	–
CNH	66,469	USD	9,482	UBS	20/08/2020	–[2]	–
CNH	49,339	USD	7,041	HSBC	20/08/2020	–[2]	–
EUR	68,194	USD	77,731	Goldman Sachs	20/08/2020	3	–
EUR	66,894	USD	76,366	Morgan Stanley	20/08/2020	2	–
EUR	17,596	USD	20,062	UBS	20/08/2020	1	–
EUR	13,768	USD	15,691	Citibank	20/08/2020	–[2]	–
EUR	6,318	USD	7,215	Barclays	20/08/2020	–[2]	–
EUR	3,496	USD	4,000	J.P. Morgan	20/08/2020	–[2]	–
SGD	300,839	USD	215,985	HSBC	20/08/2020	3	–
SGD	280,419	USD	201,334	Goldman Sachs	20/08/2020	3	–
SGD	271,617	USD	194,957	Citibank	20/08/2020	3	–
SGD	269,448	USD	193,600	Morgan Stanley	20/08/2020	3	–
SGD	179,936	USD	129,143	Bank of America	20/08/2020	2	–
SGD	152,638	USD	109,599	UBS	20/08/2020	1	–
SGD	89,662	USD	64,358	J.P. Morgan	20/08/2020	1	–
SGD	38,425	USD	27,605	Barclays	20/08/2020	–[2]	–
SGD	11,017	USD	7,909	BNP Paribas	20/08/2020	–[2]	–
Total unrealised gain on Forward Currency Contracts (31 July 2019: 0.00%)[1]						**22**	**–**
Forward Currency Contracts							
USD	28,992	SGD	39,885	Goldman Sachs	20/08/2020	–[2]	–
USD	46,948	SGD	65,036	HSBC	20/08/2020	–[2]	–
Total unrealised loss on Forward Currency Contracts (31 July 2019: 0.02%)						**–[2]**	**–**
Total financial assets at fair value through profit or loss						394,742	100.17
Total financial liabilities at fair value through profit or loss						–[2]	–
Cash and cash equivalent						133	0.03
Other assets and liabilities						(804)	(0.20)
Net asset value attributable to shareholders						**394,071**	**100.00**

1 Prior year percentage of net asset value rounds to 0.00%.

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

Statement of Comprehensive Income

For the year ended 31 July 2020

	Notes	Year ended 31 July 2020 USD '000	Year ended 31 July 2019 USD '000
Operating income			
Dividend income	1(f)	39,089	81,920
Bank interest income	1(f)	–	3
Expense cap reimbursement		205	26
Net gains/(losses) on financial assets/liabilities at fair value through profit or loss	2	(100,234)	(69,175)
Total investment income/(expense)		**(60,940)**	**12,774**
Operating expenses			
Administration fees	12	(536)	(1,124)
AIFM fees	12	(1,656)	(4,085)
Audit fees	3	(31)	(32)
Depositary fees	12	(51)	(138)
Directors' fees	12	(2)	(47)
Distribution fees	12	(1,995)	(4,352)
Legal fees		(27)	(46)
Shareholder maintenance fees	12	(1,160)	(3,108)
Other operating expenses		(224)	(265)
Total operating expenses		**(5,682)**	**(13,197)**
Net operating loss		**(66,622)**	**(423)**
Finance costs (excluding increase/decrease in net assets attributable to shareholders from continuing operations)			
Distributions to shareholders	4	(18,744)	(29,138)
Total finance costs (excluding increase/decrease in net assets attributable to shareholders from continuing operations)		**(18,744)**	**(29,138)**
Net loss before tax		**(85,366)**	**(29,561)**
Withholding tax		(4)	(185)
Net loss after tax		**(85,370)**	**(29,746)**
Decrease in net assets attributable to shareholders from continuing operations		**(85,370)**	**(29,746)**

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

Statement of Financial Position
as at 31 July 2020

	31 July 2020 USD '000	31 July 2019 USD '000
CURRENT ASSETS		
Financial assets at fair value through profit or loss	394,742	1,054,693
Cash and cash equivalents	133	179
Receivables		
Subscription of shares awaiting settlement	18	39
Dividends receivable	2,069	5,571
Expense cap reimbursement receivable	231	26
Other receivables	–	49
Total current assets	**397,193**	**1,060,557**
CURRENT LIABILITIES		
Financial liabilities at fair value through profit or loss	–	185
Payables		
Redemption of shares awaiting settlement	2,566	66,885
Administration fees payable	78	190
AIFM fees payable	125	271
Audit fees payable	25	25
Depositary fees payable	13	39
Directors' fees payable	29	52
Distribution fees payable	113	278
Legal fees payable	15	30
Shareholder maintenance fees payable	67	178
Other payables	91	80
Total current liabilities (excluding net assets attributable to shareholders)	**3,122**	**68,213**
Net asset value attributable to shareholders	**394,071**	**992,344**

On Behalf of the Board of Directors

Director

Director

Date: 25 November 2020

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

Statement of Changes in Net Assets Attributable to Shareholders
for the year ended 31 July 2020

	Year ended 31 July 2020 USD '000	Year ended 31 July 2019 USD '000
Net assets attributable to shareholders at the beginning of the year	992,344	1,761,738
Decrease in net assets attributable to shareholders from continuing operations	(85,370)	(29,746)
Share transactions		
Proceeds from issue of redeemable shares	64,210	494,594
Payments on redemption of redeemable shares	(585,157)	(1,243,967)
Net income equalisation	(241)	(467)
Dividend reinvested	8,285	10,192
Decrease in net assets resulting from share transactions	**(512,903)**	**(739,648)**
Net assets attributable to shareholders at the end of the year	**394,071**	**992,344**

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

Statement of Cash Flows
for the year ended 31 July 2020

	Year ended 31 July 2020 USD '000	Year ended 31 July 2019 USD '000
Cash flows from operating activities:		
Decrease in net assets attributable to shareholders from continuing operations	(85,370)	(29,746)
Adjustment for:		
Dividend income	(39,089)	(81,920)
Interest income	–	(3)
Distributions to shareholders	18,744	29,138
	(105,715)	(82,531)
Change in financial assets at fair value through profit or loss	659,951	706,037
Change in other receivables	(156)	(70)
Change in financial liabilities at fair value through profit or loss	(185)	181
Change in cash pledged as collateral payable	–	(10)
Change in other payables	(587)	(329)
	553,308	623,278
Dividend received	42,591	83,396
Interest received	–	3
Net cash provided by operating activities	**595,899**	**706,677**
Cash flows from financing activities		
Proceeds from issue of redeemable shares[1]	72,275	508,198
Payments for redemption of redeemable shares	(649,476)	(1,185,681)
Distributions paid to shareholders	(18,744)	(29,138)
Net cash used in financing activities	**(595,945)**	**(706,621)**
Net (decrease)/increase in cash and cash equivalents	(46)	56
Cash and cash equivalents at the beginning of the year	179	123
Cash and cash equivalents at the end of the year	**133**	**179**

[1] Proceeds from issue of redeemable shares during the year includes dividend reinvestments of USD ’000 8,285 (2019: USD ’000 10,192) which are non-cash transactions.

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

Notes to the Financial Statements
For the year ended July 31, 2020

Introduction

The Company is an investment company with variable capital incorporated in the Republic of Ireland as a Public Limited Company on 1 December 1999, under the Companies Act 2014, with registered number 316174. 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, the Class A (dis) RMB-H1 Shares and the Class A (dis) HKD 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 Euronext.

*The Class A (dis) HKD shares was launched on 23 September 2019.

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

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 12).

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 years presented, unless otherwise stated.

(a) **Basis of preparation**

The financial statements have been prepared in accordance with the AIF Rulebook, the Companies Act 2014, Euronext Regulations and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The investment in the Master Trust is included in the financial statements as financial assets at fair value through profit or loss. At the year end the Company holds 100% of the issued share capital of the Master Trust (see note 12). The amendments to IFRS 10 define an investment entity and introduce an exemption from the consolidation requirements for investment entities. The Master Trust operates independently of the Company and the Trustees of the Master Trust may only be removed by the Company, in its capacity as shareholder, in certain circumstances which the Directors consider remote. The preparation of the financial statements on this basis has no effect on the net asset value (NAV) per Redeemable Shares ("RS") or change in the net assets resulting from operations.

The accounts of the Master Trust for the year ended 31 July 2020 are attached for information from page 43 onwards. The Master Trust financial statements do not form part of these financial statements.

(i) New standards, amendments and interpretations effective after 1 January 2019

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and none of these have an impact on the financial statements of the Company.

(ii) New standards, amendments and interpretations effective after 1 January 2020 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have an impact on the financial statements of the Company.

The Financial Statements have been prepared on a going concern basis as the Directors are of the view that the Company can continue in operational existence for twelve months from the date of approval of these Financial Statements, and at the time of signing are not aware of anything that would make it inappropriate to prepare on this basis.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

(b) Estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(c) Historical cost convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

(d) Financial assets and liabilities at fair value through profit or loss

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The Company's investment in the Master Trust is subject to the terms and conditions of the Master Trust's prospectus. The investment is valued based on the latest available NAV, as determined by the administrators and the following is considered:

- the liquidity of the Master Trust or its underlying investments;
- the value date of the NAV provided;
- any restrictions on redemptions; and
- the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the Master Trust's advisors.

If necessary, the NAV of Master Trust is adjusted to obtain the best estimate of fair value. Net gains/(losses) on financial assets/liabilities at fair value through profit or loss in the Statement of Comprehensive Income include the change in fair value of the Master Trust. As at 31 July 2020 and 31 July 2019 the investment in the Master Trust was valued by reference to the audited NAV of the Master Trust. The Company did not apply any adjustments to the valuation (2019: None).

Purchases and sales of investments are recognised on their trade date i.e. the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value, and transaction costs for all financial assets are expensed as incurred. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Gains and losses arising from changes in the fair value of the 'financial assets and liabilities at fair value through profit or loss' category are included in the Statement of Comprehensive Income in the year in which they arise.

Realised gains and losses (net of transactions costs) on investment disposals are calculated using the average cost method. The fair value of any investment, other than the Company's investment in the Master Trust, that is not quoted, listed or normally dealt in on a stock exchange or other market shall be the fair value thereof as ascertained by the Investment Manager on behalf of the Directors in good faith with the approval of the Depositary.

IFRS 9 "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. Investments in equity instruments are measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit and loss. The forward currency contracts are measured at fair value through profit or loss. The application of the standard in the current year is consistent with the prior year.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

(d) Financial assets and liabilities at fair value through profit or loss (continued)

The Company has assessed the classification of financial instruments as at the date of initial application. Based on that assessment, the Company classifies its investment and forward currency contracts based on both the Company's business model for managing the financial instruments and their contractual cash flow characteristics. The Company is primarily focused on fair value information and uses that information to assess the performance and to make decisions in relation to both the investment and forward currency contracts.

The Company's investment gives rise to cash flows that are not solely payments of principal and interest and therefore do not meet the cash flow characteristic test under IFRS 9. As such, the Company classifies the investment as a financial asset at fair value through profit or loss. The forward currency contracts are used to hedge payments of the investment to manage foreign currency exposure of the hedged share classes, these are also held at fair value. Cash and receivables are held at amortised cost with a simplified expected credit loss model as they do not contain a financing component.

IFRS 9 requires an impairment assessment to be carried out on its financial assets. The Directors have assessed that impairment does not apply to financial assets classified as fair value through profit or loss. In relation assets held at amortised cost, the Directors consider the probability of default to be close to zero, as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance on financial assets at amortised cost, has been recognised in the financial statements based on lifetime expected credit loss as any such impairment would be wholly insignificant to the Company.

The financial liabilities are classified as financial liabilities designated at fair value through profit or loss. A liability may be classified at fair value through profit or loss when it eliminates or significantly reduces a measurement or recognition inconsistency, "an accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis. Where an accounting mismatch would otherwise exist, financial liabilities can be designated at fair value through profit or loss.

(e) Foreign exchange translation

(i) Functional and Presentation Currency

Items included in the Company's financial statements are measured and presented using the currency of the primary economic environment in which it operates (the "functional currency"). This is the US dollar as this is the primary currency of the Company.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Translation differences on non-monetary items held at fair value through profit or loss are reported as part of the fair value gain or loss.

(f) Investment income

Income arising from investments is accounted for on an ex-dividend basis and reported gross of non-reclaimable withholding tax. Interest income is accrued on an effective yield basis.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

(g) Income equalisation

Income equalisation arrangements are applied to shares in the Company. These arrangements are intended to ensure that the income per share, which is distributed in respect of the distribution period, is not affected by changes in the number of shares in issue during that period. The calculation of equalisation is based on net income.

The Directors may determine that the Company, on behalf of any of the distributing Share Classes, use an accounting technique known as income equalisation to prevent dilution of current Shareholders' earnings. This is accomplished by applying a portion of the proceeds from shares issued and redeemed, equivalent on a per share basis to the amount of undistributed net investment income on the date of the transaction. Apportioned amounts are credited or charged to undistributed income. As a result distributions of the Share Classes will be protected from the potential distortions caused by issues or redemptions of shares. Income equalisation is recognised in the financial statements in the Statement of Changes in Net Assets Attributable to Shareholders.

(h) Redeemable Shares and distributions to holders of Redeemable Shares

Redeemable Shares ("RS") are redeemable at the shareholder's option and are classified as financial liabilities. The distribution on these RS is recognised in the Statement of Comprehensive Income as a finance cost. The RS can be returned to the Company at any time for a cash amount equal to a proportionate share of the Company's NAV.

RS are issued and redeemed at the shareholder's option at prices based on the Company's NAV per share at the time of issue or redemption. The Company's NAV per share is calculated by dividing the net assets attributable to the holders of RS by the total number of outstanding RS.

The Articles of Association empower the Directors to declare dividends in respect of any shares out of net investment income together with the net realised capital gains of the Company. Any dividend unclaimed after a period of six years from the date of the declaration of such dividend shall be forfeited and shall revert to the Company.

The Company intends to declare monthly dividends to shareholders on the last business day of each month. The last business day of each month, or the last business day of each calendar quarter, as the case may be, is hereinafter referred to as the "Dividend Declaration Date". The Company will make a distribution payment to shareholders of the amount of net investment income received by it by way of distribution from the Master Trust which will be paid into an account disclosed in the relevant application form or such other account as may be notified to the Company by the shareholder. The Company will distribute any realised capital gains received from the Master Trust annually to its shareholders, in December each year.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts, there is an intention to settle on a net basis, or realise and settle the liability simultaneously.

(j) Forward foreign currency contracts

A forward foreign currency contract is a commitment between the Company and a counterparty to make or take delivery of a fixed amount of a specified foreign currency at a predetermined future date at a specific price. At each valuation, the difference between the contract price and the current forward rate for contracts of the same maturity is used to calculate the unrealised gain or loss of the Company's forward foreign currency contracts. The Company realises gains and losses at the time forward foreign currency contracts are settled or closed upon entering into an offsetting contract. The gains/losses on forward foreign currency contracts are disclosed in the net gains/(losses) on financial assets and liabilities at fair value through profit or loss in the Statement of Comprehensive Income on page 18.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less. Cash balances are held by J.P. Morgan Bank (Ireland) plc. Cash and cash equivalents are valued at par.

(l) Cash collateral

Cash collateral provided to the fund by counterparties is identified on the Statement of Financial Position as cash collateral payable. The Company may reinvest this cash collateral and the assets purchased are included in financial assets at fair value through profit or loss on the Statement of Financial Position.

(m) Expenses

Expenses are accounted for on an accruals basis and are recognised in the Statement of Comprehensive Income.

(n) Other Receivables and Other Payables

Other Receivables and Other Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Share class allocations

Fund level income, expenses provisions, accruals and changes in values are allocated between classes using an allocation ratio representing the proportion of the Company nominally owned by each class. In addition class specific movements, such as class fees and charges are applied to just the appropriate class. Subscriptions and gains or losses on share class hedges are applied as class specific items.

2. Net gains/(losses) on financial assets and liabilities 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 year ended 31 July 2020 and 31 July 2019 is as follows:

	Year ended 31 July 2020 USD '000	Year ended 31 July 2019 USD '000
Net realised gains/(losses) on investments		
Realised gains on investments	503	–
Realised losses on investments	(76,793)	(43,597)
Net realised gains/(losses) on financial derivative instruments		
Realised gains on financial derivative instruments	497	2,907
Realised losses on financial derivative instruments	(840)	(3,647)
Net change in unrealised appreciation/(depreciation) on investments		
Change in unrealized depreciation on investments	(23,868)	(23,969)
Net change in unrealised appreciation/(depreciation) on financial derivative instruments		
Change in unrealized appreciation on financial derivative investments	9	(177)
Change in unrealized depreciation on financial derivative investments	184	(175)
Net gains/(losses) on foreign exchange	74	(517)
Total	**(100,234)**	**(69,175)**

Notes to the Financial Statements (continued)

3. Operating expenses

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 (2019: None).

4. Distributions to holders of Redeemable Shares

The following distributions in USD were made by the Company for the year ended 31 July 2020.

Ex-dividend date	Payment date	A (dis) USD per share	A (dis) EUR-H1 EUR per share	A (dis) HKD HKD per share	A (dis) SGD-H1 SGD per share	A (dis) RMB-H1 RMB per share	AX USD per share	B USD per share	C (dis) USD per share	N (dis) USD per share	Z (dis) USD per share
1 Aug 2019	8 Aug 2019	0.039790	0.042506	—	0.045146	0.506108	0.038407	0.032385	0.034037	0.035371	0.047827
3 Sep 2019	10 Sep 2019	0.036278	0.038933	—	0.041177	0.478262	0.034961	0.029633	0.031039	0.032242	0.043570
1 Oct 2019	8 Oct 2019	0.038155	0.040597	0.009478	0.043068	0.505036	0.036801	0.031329	0.032775	0.034029	0.045766
1 Nov 2019	8 Nov 2019	0.043812	0.045098	0.052509	0.049078	0.556449	0.043466	0.042277	0.042613	0.043494	0.050339
2 Dec 2019	9 Dec 2019	0.030411	0.032272	0.018753	0.034409	0.385254	0.027891	0.017465	0.020097	0.021805	0.039058
2 Jan 2020	9 Jan 2020	0.044665	0.045858	0.055450	0.049624	0.566611	0.044561	0.044551	0.044580	0.045366	0.050865
3 Feb 2020	10 Feb 2020	0.042874	0.044647	0.053066	0.048735	0.551213	0.042790	0.042737	0.042779	0.043520	0.048852
2 Mar 2020	9 Mar 2020	0.034538	0.035931	0.042897	0.039866	0.445575	0.034455	0.034397	0.034438	0.035038	0.039363
1 Apr 2020	8 Apr 2020	0.024302	0.024745	0.030046	0.027492	0.314165	0.024243	0.024188	0.024219	0.024641	0.027705
1 May 2020	8 May 2020	0.039825	0.043972	0.049231	0.043914	0.511599	0.039721	0.039609	0.039665	0.040359	0.045412
1 Jun 2020	8 Jun 2020	0.031674	0.034186	0.039099	0.035115	0.407728	0.031586	0.031474	0.031524	0.032079	0.036126
1 Jul 2020	9 Jul 2020	0.035898	0.038476	0.044355	0.039546	0.456546	0.035793	0.035642	0.035706	0.036337	0.040955

The following distributions in USD were made by the Company for the year ended 31 July 2019.

Ex dividend date	Payment date	A (dis) USD per share	A (dis) EUR-H1 EUR per share	A (dis) RMB-H1 RMB per share	A (dis) SGD-H1 SGD per share	AX USD per share	B USD per share	C (dis) USD per share	N (dis) USD per share	Z (dis) USD per share
1 Aug 2018	8 Aug 2018	0.030180	0.032638	0.398281	0.034429	0.028642	0.022708	0.024208	0.025380	0.036913
4 Sep 2018	11 Sep 2018	0.028643	0.030784	0.368231	0.032658	0.027153	0.021404	0.022858	0.023983	0.035081
1 Oct 2018	8 Oct 2018	0.025557	0.027306	0.323555	0.029011	0.024216	0.019025	0.020332	0.021344	0.031337
1 Nov 2018	8 Nov 2018	0.030612	0.033974	0.393224	0.035132	0.029025	0.022901	0.024449	0.025649	0.037483
3 Dec 2018	10 Dec 2018	0.027876	0.030344	0.349467	0.031619	0.026439	0.020909	0.022320	0.023394	0.034112
2 Jan 2019	9 Jan 2019	0.030985	0.047191	0.385678	0.034386	0.029526	0.023922	0.025340	0.026491	0.037689
1 Feb 2019	8 Feb 2019	0.032782	0.035793	0.409189	0.037418	0.031319	0.025709	0.027131	0.028312	0.039736
1 Mar 2019	8 Mar 2019	0.031943	0.037856	0.401732	0.036049	0.030618	0.025552	0.026838	0.027944	0.038549
1 Apr 2019	8 Apr 2019	0.031846	0.033970	0.402381	0.036029	0.030474	0.025226	0.026558	0.027683	0.038516
1 May 2019	8 May 2019	0.036095	0.038863	0.461762	0.041157	0.034611	0.028789	0.030293	0.031562	0.043586
3 Jun 2019	10 Jun 2019	0.036193	0.038504	0.472505	0.041606	0.034976	0.029129	0.030805	0.032048	0.043610
1 Jul 2019	9 Jul 2019	0.032571	0.036274	0.412222	0.036011	0.031353	0.026239	0.027614	0.028727	0.039246

5. 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.

Notes to the Financial Statements (continued)

5. **Redeemable Shares and Share Capital** (continued)

Subscriber shares

Subscriber shares issued amount to USD 1, being 1 subscriber shares of USD 1, fully paid. The subscriber shares do not form part of the Net Asset Value ("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.

The movement in RS for the year ended 31 July 2020 is presented below:

	Balance at the beginning of the year	Issued during the year	Redeemed during the year	Balance at the end of the year
Class A (acc)	22,471,853	2,842,671	(15,766,433)	9,548,091
Class A (dis)	30,819,396	1,032,458	(16,860,625)	14,991,229
Class A (dis) EUR-H1	956,364	656,522	(1,589,136)	23,750
Class A (dis) HKD*	–	3,919	–	3,919
Class A (dis) RMB-H1	13,883	–	–	13,883
Class A (dis) SGD-H1	588,787	38,257	(428,770)	198,274
Class AX	6,492,222	670,893	(2,167,037)	4,996,078
Class B**	379,778	33,411	(163,169)	250,020
Class C (acc)	2,062,786	36,122	(1,645,074)	453,834
Class C (dis)	10,857,389	368,759	(5,360,426)	5,865,722
Class N (acc)	9,822,176	99,049	(6,294,501)	3,626,724
Class N (dis)	3,255,905	61,105	(1,938,362)	1,378,648
Class Z (acc)	3,279,471	133,823	(2,315,462)	1,097,832
Class Z (dis)	1,395,331	405,431	(636,986)	1,163,776

Notes to the Financial Statements (continued)

5. Redeemable Shares and Share Capital (continued)

The movement in RS for the year ended 31 July 2019 is presented below:

	Balance at the beginning of the year	Issued during the year	Redeemed during the year	Balance at the end of the year
Class A (acc)	46,384,785	9,896,252	(33,809,184)	22,471,853
Class A (dis)	46,323,604	19,266,993	(34,771,201)	30,819,396
Class A (dis) EUR-H1	1,875,359	7,309,949	(8,228,944)	956,364
Class A (dis) RMB-H1	26,436	–	(12,553)	13,883
Class A (dis) SGD-H1	1,962,921	1,580,070	(2,954,204)	588,787
Class AX	8,084,446	777,577	(2,369,801)	6,492,222
Class B**	530,684	15,101	(166,007)	379,778
Class C (acc)	2,606,752	1,424,522	(1,968,488)	2,062,786
Class C (dis)	17,399,424	2,858,484	(9,400,519)	10,857,389
Class N (acc)	15,458,004	2,734,556	(8,370,384)	9,822,176
Class N (dis)	4,694,475	362,647	(1,801,217)	3,255,905
Class Z (acc)	7,786,307	1,266,972	(5,773,808)	3,279,471
Class Z (dis)	2,047,916	378,790	(1,031,375)	1,395,331

* The Class A (dis) HKD shares was launched on 23 September 2019.

** The Company discontinued the sale of Class B shares with effect from 1 April 2016. The Class B share subscriptions included represent direct reinvestments received as cash distributions by the nominee prior to determination to reinvest.

Net assets attributable to shareholders

		31 July 2020	31 July 2019	31 July 2018
Class A (acc)				
Net asset value	USD ‘000	130,765	341,828	703,699
Net asset value per share	USD	13.70	15.21	15.17
Class A (dis)				
Net asset value	USD ‘000	103,991	251,807	394,823
Net asset value per share	USD	6.94	8.17	8.52
Class A (dis) EUR-H1				
Net asset value	EUR ‘000	181	8,201	17,309
Net asset value per share	EUR	7.62	8.57	9.23
Class A (dis) HKD				
Net asset value	HKD ‘000	34	–	–
Net asset value per share	HKD	8.57	–	–
Class A (dis) RMB-H1				
Net asset value	RMB ‘000	1,236	1,446	2,857
Net asset value per share	RMB	89.06	104.14	108.08
Class A (dis) SGD-H1				
Net asset value	SGD ‘000	1,539	5,434	19,038
Net asset value per share	SGD	7.76	9.23	9.70
Class AX				
Net asset value	USD ‘000	34,546	52,954	68,787
Net asset value per share	USD	6.91	8.16	8.51

Notes to the Financial Statements (continued)

5. Redeemable Shares and Share Capital (continued)

		31 July 2020	31 July 2019	31 July 2018
Class B				
Net asset value	USD '000	1,720	3,100	4,519
Net asset value per share	USD	6.88	8.16	8.52
Class C (acc)				
Net asset value	USD '000	4,098	20,821	26,452
Net asset value per share	USD	9.03	10.09	10.15
Class C (dis)				
Net asset value	USD '000	40,429	88,668	148,226
Net asset value per share	USD	6.89	8.17	8.52
Class N (acc)				
Net asset value	USD '000	44,325	134,166	212,061
Net asset value per share	USD	12.22	13.66	13.72
Class N (dis)				
Net asset value	USD '000	9,671	27,046	40,677
Net asset value per share	USD	7.02	8.31	8.66
Class Z (acc)				
Net asset value	USD '000	13,798	45,732	107,975
Net asset value per share	USD	12.57	13.94	13.87
Class Z (dis)				
Net asset value	USD '000	9,214	12,983	19,877
Net asset value per share	USD	7.92	9.30	9.71

6. Performance Record

	Financial Period	Highest net asset value per unit	Lowest net asset value per unit
Class A (dis)	31.07.2020	USD8.18	USD6.43
Class A (dis)	31.07.2019	USD8.54	USD8.15
Class A (dis)	31.07.2018	USD8.68	USD8.49
Class A (dis)	31.07.2017	USD8.70	USD8.44
Class A (dis)	31.07.2016	USD8.62	USD7.93
Class A (dis)	31.07.2015	USD8.88	USD8.58
Class A (dis)	31.07.2014	USD8.95	USD8.86
Class A (dis)	31.07.2013	USD8.93	USD8.71
Class A (dis)	31.07.2012	USD8.87	USD8.34
Class A (dis)	31.07.2011	USD8.96	USD8.62
Class B	31.07.2020	USD8.17	USD6.40
Class B	31.07.2019	USD8.53	USD8.15
Class B	31.07.2018	USD8.67	USD8.49
Class B	31.07.2017	USD8.69	USD8.44
Class B	31.07.2016	USD8.61	USD7.92
Class B	31.07.2015	USD8.87	USD8.57
Class B	31.07.2014	USD8.94	USD8.86
Class B	31.07.2013	USD8.92	USD8.71
Class B	31.07.2012	USD8.86	USD8.33
Class B	31.07.2011	USD8.95	USD8.62

Notes to the Financial Statements (continued)

6. Performance Record (continued)

	Financial Period	Highest net asset value per unit	Lowest net asset value per unit
Class C (dis)	31.07.2020	USD8.17	USD6.40
Class C (dis)	31.07.2019	USD8.54	USD8.15
Class C (dis)	31.07.2018	USD8.67	USD8.49
Class C (dis)	31.07.2017	USD8.70	USD8.44
Class C (dis)	31.07.2016	USD8.62	USD7.93
Class C (dis)	31.07.2015	USD8.88	USD8.58
Class C (dis)	31.07.2014	USD8.95	USD8.87
Class C (dis)	31.07.2013	USD8.93	USD8.72
Class C (dis)	31.07.2012	USD8.86	USD8.34
Class C (dis)	31.07.2011	USD8.96	USD8.62
Class N (acc)	31.07.2020	USD13.70	USD11.13
Class N (acc)	31.07.2019	USD13.83	USD13.40
Class N (acc)	31.07.2018	USD13.74	USD13.46
Class N (acc)	31.07.2017	USD13.54	USD12.87
Class N (acc)	31.07.2016	USD12.88	USD11.88
Class N (acc)	31.07.2015	USD12.81	USD12.35
Class N (acc)	31.07.2014	USD12.67	USD12.37
Class N (acc)	31.07.2013	USD12.39	USD11.82
Class N (acc)	31.07.2012	USD11.82	USD10.93
Class N (acc)	31.07.2011	USD11.58	USD10.88
Class N (dis)	31.07.2020	USD8.31	USD6.52
Class N (dis)	31.07.2019	USD8.68	USD8.29
Class N (dis)	31.07.2018	USD8.82	USD8.63
Class N (dis)	31.07.2017	USD8.85	USD8.58
Class N (dis)	31.07.2016	USD8.77	USD8.07
Class N (dis)	31.07.2015	USD9.03	USD8.73
Class N (dis)	31.07.2014	USD9.10	USD9.02
Class N (dis)	31.07.2013	USD9.08	USD8.86
Class N (dis)	31.07.2012	USD9.02	USD8.48
Class N (dis)	31.07.2011	USD9.11	USD8.77
Class A (acc)	31.07.2020	USD15.31	USD12.44
Class A (acc)	31.07.2019	USD15.34	USD14.87
Class A (acc)	31.07.2018	USD15.18	USD14.79
Class A (acc)	31.07.2017	USD14.87	USD14.03
Class A (acc)	31.07.2016	USD14.04	USD12.91
Class A (acc)	31.07.2015	USD13.85	USD13.31
Class A (acc)	31.07.2014	USD13.62	USD13.22
Class A (acc)	31.07.2013	USD13.23	USD12.53
Class A (acc)	31.07.2012	USD12.53	USD11.51
Class A (acc)	31.07.2011	USD12.18	USD11.38
Class AX	31.07.2020	USD8.16	USD6.41

Notes to the Financial Statements (continued)

6. Performance Record (continued)

	Financial Period	Highest net asset value per unit	Lowest net asset value per unit
Class AX	31.07.2019	USD8.53	USD8.14
Class AX	31.07.2018	USD8.66	USD8.48
Class AX	31.07.2017	USD8.69	USD8.43
Class AX	31.07.2016	USD8.61	USD7.92
Class AX	31.07.2015	USD8.87	USD8.57
Class AX	31.07.2014	USD8.94	USD8.85
Class AX	31.07.2013	USD8.92	USD8.70
Class AX	31.07.2012	USD8.85	USD8.33
Class AX	31.07.2011	USD8.95	USD8.61
Class Z (acc)	31.07.2020	USD14.06	USD11.41
Class Z (acc)	31.07.2019	USD14.05	USD13.60
Class Z (acc)	31.07.2018	USD13.87	USD13.49
Class Z (acc)	31.07.2017	USD13.55	USD12.75
Class Z (acc)	31.07.2016	USD12.76	USD11.71
Class Z (acc)	31.07.2015	USD12.54	USD12.04
Class Z (acc)	31.07.2014	USD12.30	USD11.91
Class Z (acc)	31.07.2013	USD11.91	USD11.25
Class Z (acc)	31.07.2012	USD11.25	USD10.30
Class Z (acc)	31.07.2011	USD10.90	USD10.16
Class Z (dis)	31.07.2020	USD9.31	USD7.33
Class Z (dis)	31.07.2019	USD9.73	USD9.28
Class Z (dis)	31.07.2018	USD9.88	USD9.66
Class Z (dis)	31.07.2017	USD9.90	USD9.60
Class Z (dis)	31.07.2016	USD9.82	USD9.02
Class Z (dis)	31.07.2015	USD10.11	USD9.77
Class Z (dis)	31.07.2014	USD10.19	USD10.09
Class Z (dis)	31.07.2013	USD10.17	USD9.92
Class Z (dis)	31.07.2012	USD10.10	USD9.49
Class Z (dis)	31.07.2011	USD10.20	USD10.00
Class A (dis) SGD- H1	31.07.2020	SGD6.72	SGD4.94
Class A (dis) SGD- H1	31.07.2019	SGD7.13	SGD6.72
Class A (dis) SGD- H1	31.07.2018	SGD7.54	SGD7.06
Class A (dis) SGD- H1	31.07.2017	SGD7.34	SGD6.92
Class A (dis) SGD- H1	31.07.2016	SGD7.28	SGD6.46
Class A (dis) SGD- H1	31.07.2015	SGD7.66	SGD7.19
Class A (dis) EUR-H1	31.07.2020	EUR9.54	EUR7.58
Class A (dis) EUR-H1	31.07.2019	EUR10.83	EUR9.50
Class A (dis) EUR-H1	31.07.2018	EUR11.81	EUR10.69
Class A (dis) EUR-H1	31.07.2017	EUR11.40	EUR10.15
Class A (dis) EUR-H1	31.07.2016	EUR11.31	EUR9.80
Class A (dis) EUR-H1	31.07.2015	EUR11.47	EUR10.50

Notes to the Financial Statements (continued)

6. **Performance Record** (continued)

	Financial Period	Highest net asset value per unit	Lowest net asset value per unit
Class A (dis) RMB-H1	31.07.2020	CNH15.08	CNH11.56
Class A (dis) RMB-H1	31.07.2019	CNH15.94	CNH15.08
Class A (dis) RMB-H1	31.07.2018	CNH17.23	CNH15.83
Class A (dis) RMB-H1	31.07.2017	CNH16.09	CNH15.11
Class A (dis) RMB-H1	31.07.2016	CNH16.10	CNH14.33
Class A (dis) RMB-H1	31.07.2015	CNH16.35	CNH15.89
Class C (acc)	31.07.2020	USD10.12	USD8.22
Class C (acc)	31.07.2019	USD10.23	USD9.91
Class C (acc)	31.07.2018	USD10.17	USD9.96
Class C (acc)	31.07.2017	USD10.03	USD9.98
Class A (Dis) HKD	31.07.2020	HKD1.28	HKD1.02

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.

Notes to the Financial Statements (continued)

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:

Currency	31 July 2020 Rate	31 July 2019 Rate
USD = 1		
CNH	6.9894	6.9095
EUR	0.8490	0.9034
HKD	7.7503	–
SGD	1.3738	1.3742

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-ended 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. The risk monitoring framework in place is periodically re- assessed in light of market environment. Special consideration was given to risks resulting from the spread of COVID-19.

Concentration and liquidity risk

The Company invests solely in shares of the Master Trust and therefore bears a high degree of concentration risk. However, it should be noted that the underlying investments within the Master Trust are well diversified.

The AIFM of the Company maintains a liquidity management process to monitor the liquidity risk of the Company, which includes, among other tools and methods of measurement, the monitoring of liquidity under both normal and stressed liquidity conditions. The liquidity management system and procedures allow the AIFM to apply various tools and arrangements necessary to ensure that the portfolio of the Company is sufficiently liquid to normally respond appropriately to redemption requests. In normal circumstances, redemption requests will be processed as set out in the Prospectus.

Other arrangements may also be used in response to redemption requests, including the temporary suspension or deferral of such redemption requests in certain circumstances or use of similar arrangements which, if activated, will restrict the redemption rights investors benefit from in normal circumstances as set out below under the "Temporary Suspension of Dealings" section in the Prospectus.

The Master Fund may not invest more than 15% of its net assets in securities that are illiquid. Illiquid securities for the purposes of this limitation are securities that may not be converted to cash for a period of seven days in the normal course of business at approximately the value at which the Master Fund has valued them, generally because they are not readily marketable or are subject to restrictions on resale.

Notes to the Financial Statements (continued)

9. Financial risk management (continued)

In certain circumstances the Directors can limit redemptions as follows:

- Maximum of 10% of the outstanding shares in issue on any one dealing date.
- Temporary suspension of dealing as described in the prospectus.

The Directors may at any time, with the prior approval of the Depository, temporarily suspend the issue, valuation, sale, purchase or redemption of Shares.

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 shareholders, all have a contractual maturity date of within one month.

For administrative purposes, 100% of investors' shareholdings are currently registered in the name of Templeton Global Advisors Limited (the "Nominee").

At 31 July 2020 and 31 July 2019 the Company invested 100.17% and 106.28% 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 17 of this report. The cost of hedging does not impact portfolio value per se and is allocated to respective hedge classes.

Market price risk

The Company invests in Investee Fund and is susceptible to market price risk arising from uncertainties about future values of those Investee Fund. The Investment Manager makes investment decisions after an extensive assessment of the underlying fund, its strategy and the overall quality of the underlying fund's manager.

The Investment Adviser has reviewed the market risk of the Company as of 31 July 2020 and has estimated using a Monte Carlo Value-at-Risk analysis, with a probability confidence level of 99% that the monthly loss should not exceed the VaR level of USD 4.97% (2019: 2.40%).

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.

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 31 July 2020 and 31 July 2019, 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.

Notes to the Financial Statements (continued)

9. **Financial risk management** (continued)

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 Fund held defaulted securities and/or other securities for which the income has been deemed uncollectible. At 31 July 2020, the aggregate value of these securities was USD 16,981,682, representing 4.3% 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 securities have been identified in the accompanying Statement of Investments.

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. Additionally, the Company is exposed to counterparty risk in connection with its forward foreign currency contracts.

The current ratings of counterparties are summarized below:

	S&P		Moody's		Fitch	
	2020	2019	2020	2019	2020	2019
Bank of America	A+	A+	A1	A1	A+	A+
Barclays	A	–	A2	–	A	–
BNP Paribas	A+	A+	A1	Aa3	A+	AA-
Citibank	A+	A+	A1	A1	A+	A+
Goldman Sachs	A+	A+	A1	A1	A+	A+
HSBC	A+	AA-	A1	Aa3	A+	AA-
J.P. Morgan	A+	A-	A1	A2	A+	AA-
Morgan Stanley	A+	BBB+	A1	Baa1	A+	BBB+
UBS	A+	A+	A1	A1	A+	A+

Except for 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.

Notes to the Financial Statements (continued)

9. Financial risk management (continued)

Credit risk (continued)

Cash held by J.P. Morgan is not segregated and in Ireland only up to €100,000 is covered by the bank guarantee scheme. The probability of default is considered to be close to zero based on the counterparty credit ratings. In accordance with IFRS 9, no loss allowance has been recognised in the financial statements based on lifetime expected credit loss as any such impairment would be wholly insignificant to the Company.

Franklin Resources, Inc., which is the ultimate parent of both Franklin Advisers, Inc. ("Franklin Advisers" and "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 counterparty's 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.

The Master Trust invests primarily in senior secured corporate loans and corporate debt securities with floating interest rates; as at 31 July 2020, 4.3% (2019: 0.0%) of which were considered as in default. 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 year end. The Investment Manager of the Master Trust performs a quarterly reconciliation to the Agent Banks books and records.

Foreign currency risk

SGD, EUR, RMB and HKD share 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 in which the notional value amounted to USD 171,837, USD 207,692 and USD 1,100,461 (2019: USD 206,611, USD 8,790,282 and USD 3,881,001) for CNH, EUR and SGD forward foreign currency contracts respectively. The RMB share class is hedged using forward currency contracts denominated in CNH being renminbi traded outside of Mainland China.

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

Notes to the Financial Statements (continued)

9. Financial risk management (continued)

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 that the entity can access at the measurement date;

- 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

- 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. 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.

There were no significant transfers between levels during the year (2019: None).

Notes to the Financial Statements (continued)

10. Fair value estimation (continued)

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 31 July 2020:

	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
Financial assets at fair value through profit or loss:				
Investment funds	–	394,720	–	394,720
Unrealised gains on forward currency contracts	–	22	–	22
Total	**–**	**394,742**	**–**	**394,742**
Financial liabilities at fair value through profit or loss:				
Unrealised losses on forward currency contracts	–	–	–	–
Total	**–**	**–**	**–**	**–**

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 31 July 2019:

	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
Financial assets at fair value through profit or loss:				
Investment funds	–	1,054,679	–	1,054,679
Unrealised gains on forward currency contracts	–	14	–	14
Total	**–**	**1,054,693**	**–**	**1,054,693**
Financial liabilities at fair value through profit or loss:				
Unrealised losses on forward currency contracts	–	(185)	–	(185)
Total	**–**	**(185)**	**–**	**(185)**

Cash and cash equivalents, bank overdrafts, other short-term investments in an active market and cash received as collateral and collateral due to counterparties are categorised as Level 1.

For assets and liabilities carried at amortised cost, their carrying values are a reasonable approximation of fair value.

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 31 July 2020 are included in Schedule of investments on page 17.

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. For administrative purposes, 100% of investors' shareholdings are currently registered in the name of Templeton Global Advisors Limited (the "Nominee").

Investment Adviser to the Master Trust

The Investment Adviser to 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 Franklin Advisers based on the average daily net assets. For the year ended 31 July 2020 and 31 July 2019, the effective investment management fee rate was 0.53% respectively of the Company's average daily net assets (Up to and including USD 2.5 billion).

Under an agreement with Franklin Advisers, FT Services provides administrative services to the Master Trust. The fee is paid by Franklin 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.

During the year, the Company received USD 205,000 (31 July 2019: USD 26,000) in expense cap reimbursement from the AIFM. As at 31 July 2020, the Company was due an expense cap reimbursement of USD 231,000 (31 July 2019: USD 26,000) from the AIFM.

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 year the Company incurred AIFM fees of USD 1,655,790 (31 July 2019: USD 4,085,231) of which USD 124,591 (31 July 2019: USD 271,093)was payable at 31 July 2020.

The Distributor has an agreement with Société Générale ("SG") whereby SG finances the distribution fees 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 average daily NAV of the N (acc) share class and N (dis) 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.

Notes to the Financial Statements (continued)

12. Significant agreements and related party transactions (continued)

AIFM, Distributor and shareholder maintenance (continued)

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 year the Company incurred distribution fees of USD 1,994,604 (2019: USD 4,352,514) of which USD 1,968,899 (2019: USD 4,342,904) were earned by the Distributor and USD 25,705 (2019: USD 9,610) were earned by SG. Fees payable were USD 111,625 (2019: USD 274,671) and USD 1,627 (2019: USD 2,926) at 31 July 2020 to the Distributor and SG, respectively.

The Distributor earned shareholder maintenance fees of USD 1,160,272 (2019: USD 3,107,839) of which USD 67,385 (2019: USD 178,205) was payable at 31 July 2020.

The following distribution fees were incurred by the Company for the years ended 31 July 2020 and 31 July 2019.

Class	Annual Fee	Year ended July 31, 2020 USD '000	Year ended July 31, 2019 USD '000
AX	0.50%	216	297
B	1.05%	26	11
C (acc)	1.10%	121	329
C (dis)	1.10%	659	1,453
N (acc)	1.00%	808	1,904
N (dis)	1.00%	165	359
		1,995	**4,353**

The following shareholder maintenance fees were incurred by the Company for the years ended 31 July 2020 and 31 July 2019.

Class	Annual Fee	Year ended July 31, 2020 USD '000	Year ended July 31, 2019 USD '000
A (acc)	0.30%	653	1,807
A (dis)	0.30%	484	1,168
A (dis) EUR – H1	0.30%	9	58
A (dis) HKD	0.30%	–	–
A (dis) RMB – H1	0.30%	1	1
A (dis) SGD – H1	0.30%	7	34
B	0.25%	6	40
		1,160	**3,108**

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. There was no CDSC payable for the year ended 31 July 2020 (2019: USD 834). 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 year 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) shares 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 AX shares may be subject to a CDSC of 1% if the shares are held for less than eighteen months, payable to the Distributor.

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 year 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 Dividend 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% (31 July 2019: 100%) of the units of the Master Trust.

Administrator

J.P. Morgan Administration Services (Ireland) Limited is the Administrator for the Company. The Administrator charges a fee of 0.0350% of the NAV of the Company up to USD 100 million, 0.0200% between USD 100 million and USD 250 million, 0.0100% between USD 250 million and USD 500 million and 0.0050% when the NAV is above USD 500 million, subject to minimum fee of USD 24,000.

During the year the Administrator earned fees of USD 535,516 (2019: USD 1,124,574) of which USD 77,648 (2019: USD 189,660) was payable at 31 July 2020.

Depositary

The Depositary, J.P. Morgan Bank (Ireland) plc charges trustee/depositary 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 year the Depositary earned fees of USD 51,332 (2019: USD 137,719) of which USD 13,007 (2019: USD 39,300) was payable at 31 July 2020.

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 from the Company. David McGeough and Hans Wisser each receive a Director's fee of USD 15,000 per annum from the Company. The remaining Director, Gregory E. McGowan, waives his entitlement to receive a Director's fee from the Company.

The charge for the Directors' fees for the year ended 31 July 2020 includes an adjustment of USD 27,461 to adjust for an over-accrual for the prior year.

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

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 year ended 31 July 2020 (2019: None).

14. Soft commissions

There have been no soft commission arrangements affecting this Company during the year (2019: None).

15. Contingent liabilities

There are no contingent liabilities as of 31 July 2020 (2019: None).

16. Significant events during the year

On 23 September 2019, an updated prospectus was issued for the Company, Class A (dis) HKD Shares were launched and from this date, dividends are paid gross of fees.

The Prospectus was updated on 20 December 2019 in order that certain disclosures were included as a result of the Company being sold in Hong Kong.

The Directors have been updated on the impact of COVID-19. Key services providers have advised that appropriate business continuity measures were in place, these include supporting staff in a working from home arrangement, with the eventual return to an office environment. Operations were not negatively impacted and the Company was managed within the established legal, regulatory, risk and operational infrastructure.

17. Statement of Changes in the Portfolio

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

18. Significant events since year end

The COVID-19 pandemic continues to cause significant financial market and social dislocation. Appropriate business continuity measures are in place at the AIFM of the Company and key service providers. Operations are not impacted at the time of issuance of this Annual report and the Company continues to be managed within the established operational infrastructure and risk parameters.

The Company has managed to meet all redemption request within the financial year and to the signing date of this report within the timeframes set out in the prospectus. From the period since the year end to 31 October 2020, there were net outflows of USD 37.24 million from shareholder activity. This represented 9.45% of the Net Asset Value of the Company.

The ongoing COVID-19 pandemic is not anticipated to have significant impact on the future of the Company.

19. Authorisation of the financial statements

The financial statements were authorised for issue by the Board of Directors on 25 November 2020.

Other Information (Unaudited)

For the year ended July 31, 2020

Securities Financing Transactions

The Company did not engage in Securities Financing Transactions or Total Return Swaps (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) during the year ended 31 July 2020. Accordingly, disclosures required by Article 13 of the Regulation are not applicable.

APPENDIX A

Franklin Floating Rate Master Trust

Annual Report and Audited Financial Statements for the year ended 31 July 2020

Appendix A

Franklin Floating Rate Master Series Annual Report

This annual report for Franklin Floating Rate Master Series covers the fiscal year ended July 31, 2020.

Manager's Discussion

During the 12 months ended July 31, 2020, the Fund posted a -9.13% cumulative total return. In comparison, its benchmark, the Credit Suisse Leveraged Loan Index (CS LLI), posted a -1.20% total return.[1] The Fund maintained an overweighting in the upper tier of the index (primarily BB rated loans) throughout the period, which contributed to performance amid severe market dislocation, but detracted as the market rebounded. However, loan selection was the primary detractor from relative performance during the period. The top contributors to performance included loans that had previously experienced volatility but completed transactions that led to principal appreciation. CSM Bakery Solutions, a producer of bakery ingredients and products, contributed to performance as the issuer successfully completed an amendment that extended the maturity and increased spread, while also receiving an equity infusion. 99 Cents Only Stores, a discount retailer, contributed to performance as it successfully completed an amendment that extended near-term debt maturities, received a sponsor equity injection, and benefited from strong customer demand as a result of COVID-19 driven purchases.

Major detractors from performance were in industries that investors believed to be more negatively impacted by COVID-19 shutdowns and restrictions, including those in the energy and gaming/leisure industries. As oil prices declined to unprecedented levels amid a fall-off in demand, issuers exposed to energy prices were among the top detractors from performance. The term loan of Fieldwood Energy, a producer of oil and gas, declined as the sharp drop in oil prices negatively impacted the company's cash flow and liquidity. The lower price of crude oil also led to declines for the term loans of UTEX Industries, a manufacturer and provider of sealing products, as demand for its products from customers in the energy sector was expected to weaken. Furthermore, 24 Hour Fitness Worldwide, a fitness club owner and operator, detracted from performance as the company was negatively impacted by club closures.

Portfolio Composition 7/31/20	% of Total Net Assets
Senior Floating Rate Interests	81.0%
Management Investment Companies	8.6%
Common Stocks	3.1%
Corporate Bonds	2.3%
Asset-Backed Securities	1.1%
Short-Term Investments & Other Net Assets	3.9%

In addition to maintaining an overweighting in higher-rated loans, the Fund also invested in Franklin Floating Rate Income Fund and an exchange traded fund, Franklin Liberty Senior Loan ETF. These investments allowed the Fund to have further exposure to credit, while providing additional liquidity. The Fund also held a position in a high-yield credit default swap index to protect against volatility in the credit markets and exited this position by the end of the period.

1. Source: Credit Suisse Group.
The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. See www.franklintempletondatasources.com for additional data provider information.

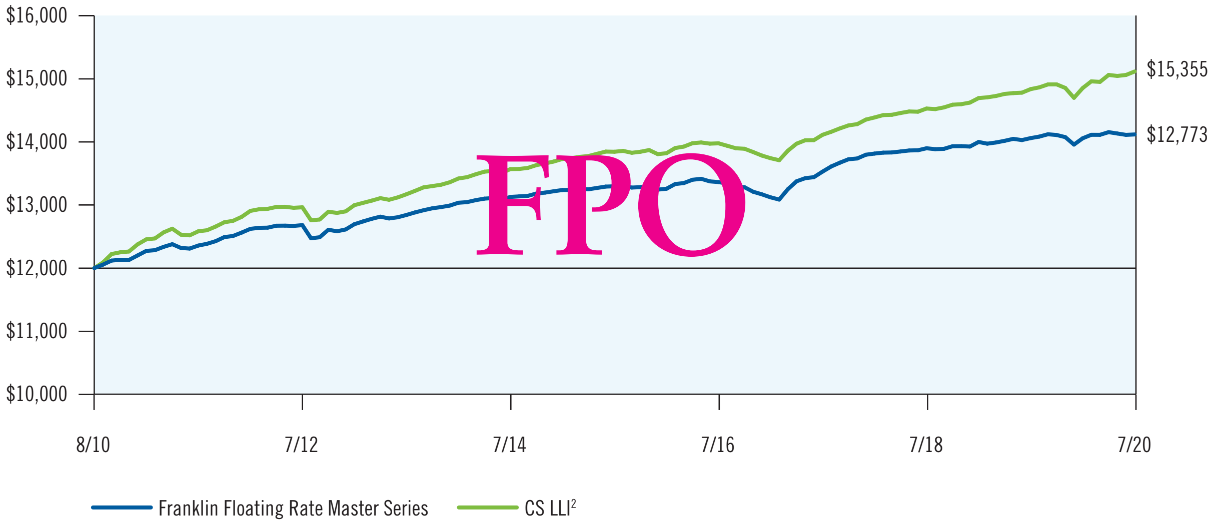
Appendix A (continued)

Franklin Floating Rate Master Series Annual Report

Total Return Index Comparison for a Hypothetical $10,000 Investment[1]

Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged index includes reinvestment of any income or distributions. It differs from the Fund in composition and does not pay management fees or expenses. One cannot invest directly in an index.

8/1/10–7/31/20



Performance as of 7/31/20[1]

Average Annual Total Return[3]	
1-Year	-9.13%
5-Year	+0.73%
10-Year	+2.48%

1. The Fund has a voluntary expense reduction, which can be discontinued at any time upon notification to the Fund's board. Fund investment results reflect the expense reduction; without this reduction, the results would have been lower.
2. Source: Credit Suisse Group. The CS LLI is designed to mirror the investable universe of the U.S. dollar-denominated leveraged loan market. Loans must be below investment grade and rated no higher than Baa1/BB+ or Ba1/BBB+ by Moody's or Standard & Poor's.
3. Average annual total return represents the average annual change in value of an investment over the period indicated. Return for less than one year, if any, has not been annualized.
See www.franklintempletondatasources.com for additional data provider information.

Appendix A (continued)

Franklin Floating Rate Master Series Annual Report

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" for each class of shares. 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 in the row for your class of shares 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 for the class of shares you hold 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 2/1/20	Ending Account Value 7/31/20	Expenses Paid During Period 2/1/20–7/31/20[1,2]	Ending Account Value 7/31/20	Expenses Paid During Period 2/1/20–7/31/20[1,2]	Net Annualized Expense Ratio[2]
$1,000	$901.90	$2.51	$1,022.22	$2.67	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 182/366 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 Series Annual Report

Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1999	129	Bar-S Foods (meat packing company) (1981-2010).

Principal Occupation During at Least the Past 5 Years:
Director of various companies; and **formerly**, Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Terrence J. Checki (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2018	110	Hess Corporation (exploration of oil and gas) (2014-present).

Principal Occupation During at Least the Past 5 Years:
Member of the Council on Foreign Relations (1996-present); Member of the National Committee on U.S.-China Relations (1999-present); member of the Board of Trustees of the Economic Club of New York (2013-present); member of the Board of Trustees of the Foreign Policy Association (2005-present) and member of various other boards of trustees and advisory boards; and **formerly**, Executive Vice President of the Federal Reserve Bank of New York and Head of its Emerging Markets and Internal Affairs Group and Member of Management Committee (1995-2014); and Visiting Fellow at the Council on Foreign Relations (2014).

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Mary C. Choksi (1950) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	129	Avis Budget Group Inc. (car rental) (2007-present), Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present).

Principal Occupation During at Least the Past 5 Years:
Director of various companies; and **formerly**, Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).

Appendix A (continued)

Franklin Floating Rate Master Series Annual Report

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Edith E. Holiday (1952) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 1999 and Lead Independent Trustee since 2019	129	Hess Corporation (exploration of oil and gas) (1993-present), Canadian National Railway (railroad) (2001-present), White Mountains Insurance Group, Ltd. (holding company) (2004-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); **formerly**, RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).

Principal Occupation During at Least the Past 5 Years:
Director or Trustee of various companies and trusts; and **formerly**, Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison–United States Treasury Department (1988-1989).

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
J. Michael Luttig (1954) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	129	Boeing Capital Corporation (aircraft financing) (2006-2010).

Principal Occupation During at Least the Past 5 Years:
Private investor; and **formerly**, Counselor and Senior Advisor to the Chairman, CEO, and Board of Directors, of The Boeing Company (aerospace company), and member of the Executive Council (May 2019-January 1, 2020); Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (2006-2019); and Federal Appeals Court Judge, United States Court of Appeals for the Fourth Circuit (1991-2006).

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	129	The Southern Company (energy company) (2014-present; previously 2010-2012), Graham Holdings Company (education and media organization) (2011-present) and Cbeyond, Inc. (business communications provider) (2010-2012).

Principal Occupation During at Least the Past 5 Years:
Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and **formerly**, Executive Vice President - Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President - Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

Appendix A (continued)

Franklin Floating Rate Master Series Annual Report

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	140	None
Principal Occupation During at Least the Past 5 Years: Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 39 of the investment companies in Franklin Templeton; Vice Chairman, Investment Company Institute; and **formerly**, Chief Executive Officer (2013-2020) and President (1994-2015), Franklin Resources, Inc.				
**Rupert H. Johnson, Jr. (1940) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Since 2013	129	None
Principal Occupation During at Least the Past 5 Years: Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 37 of the investment companies in Franklin Templeton.				
Reema Agarwal (1974) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2019	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Advisers, Inc.; and officer of two of the investment companies in Franklin Templeton.				
Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.				
Breda M. Beckerle (1958) 280 Park Avenue New York, NY 10017	Interim Chief Compliance Officer	Since January 2020	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Advisory Services, LLC, Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
Sonal Desai, Ph.D. (1963) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2018	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director and Executive Vice President, Franklin Advisers, Inc.; Executive Vice President, Franklin Templeton Institutional, LLC; and officer of 17 of the investment companies in Franklin Templeton.				

Appendix A (continued)

Franklin Floating Rate Master Series Annual Report

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Gaston Gardey (1967) One Franklin Parkway San Mateo, CA 94403-1906	Treasurer, Chief Financial Officer and Chief Accounting Officer	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Fund Administration & Reporting and officer of 24 of the investment companies in Franklin Templeton.				
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Co-Secretary	Vice President since 2009 and Co-Secretary since 2019	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of 41 of the investment companies in Franklin Templeton; and **formerly**, Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
Robert Lim (1948) One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
Robert C. Rosselot (1960) 300 S.E. 2nd Street Fort Lauderdale, FL 33301- 1923	Chief Compliance Officer	Since 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, Global Compliance, Franklin Templeton; Senior Vice President, Franklin Templeton Companies, LLC; officer of 41 of the investment companies in Franklin Templeton; and formerly, Senior Associate General Counsel, Franklin Templeton (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).				
Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Associate General Counsel and officer of 41 of the investment companies in Franklin Templeton.				
Craig S. Tyle (1960) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable

Appendix A (continued)

Franklin Floating Rate Master Series Annual Report

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Principal Occupation During at Least the Past 5 Years: General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.				
Lori A. Weber (1964) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Co-Secretary	Vice President since 2011 and Co-Secretary since 2019	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 41 of the investment companies in Franklin Templeton.				

* We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton fund complex. These portfolios have a common investment manager or affiliated investment managers.

** Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated Mary C. Choksi as its audit committee financial expert. The Board believes that Ms. Choksi qualifies as such an expert in view of her extensive business background and experience. She currently serves as a director of Avis Budget Group, Inc. (2007-present) and formerly, Founder and Senior Advisor, Strategic Investment Group (1987 to 2017). Ms. Choksi has been a Member of the Fund's Audit Committee since 2014. As a result of such background and experience, the Board believes that Ms. Choksi has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Choksi is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.

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Franklin Floating Rate Master Series Annual Report

Franklin Floating Rate Master Trust

Franklin Floating Rate Master Series

Shareholder Information

Board Approval of Investment Management Agreements

(Fund)

At an in-person meeting held on February 25, 2020 (Meeting), the Board of Trustees (Board) of Franklin Floating Rate Master Trust (Trust), including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the investment management agreement between Franklin Advisers, Inc. (Manager) and the Trust, on behalf of the Fund (Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of the Management Agreement.

In considering the continuation of the Management Agreement, the Board reviewed and considered information provided by the Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to the Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a telephonic contract renewal meeting at which the Independent Trustees conferred amongst themselves and Independent Trustee counsel about contract renewal matters and, in some cases, requested additional information from the Manager relating to the contract. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of the Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by the Manager; (ii) the investment performance of the Fund; (iii) the costs of the services provided and profits realized by the Manager and its affiliates from the relationship with the Fund; (iv) the extent to which economies of scale are realized as the Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of the Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of the Management Agreement are fair and reasonable and that the continuance of such Management Agreement is in the interests of the Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board’s determination.

Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by the Manager and its affiliates to the Fund and its shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of the Manager, as well as information on succession planning where appropriate; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for the Fund; reports on expenses and shareholder services; legal and compliance matters; risk controls; pricing and other services provided by the Manager and its affiliates; and management fees charged by the Manager and its affiliates to US funds and other accounts, including management’s explanation of differences among accounts where relevant. The Board noted management’s continuing efforts and expenditures in establishing effective business continuity plans and developing strategies to address areas of heightened concern in the mutual fund industry, such as cybersecurity and liquidity risk management.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the Franklin Templeton (FT) family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Manager’s parent, and its commitment to the mutual fund business as evidenced by its continued introduction of new funds, reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Fund by the FT organization. The Board specifically noted FT’s commitment to enhancing services and controlling costs, as reflected in its plan to outsource certain administrative functions, and growth opportunities, as evidenced by its upcoming acquisition of the Legg Mason companies. The Board acknowledged the change in leadership at FRI and the opportunity to hear from Jennifer Johnson, President and Chief Executive Officer of FRI, about goals she has for the company that will benefit the Fund.

Appendix A (continued)

Franklin Floating Rate Master Series Annual Report

Franklin Floating Rate Master Trust

Franklin Floating Rate Master Series

Board Approval of Investment Management Agreements (continued)

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services provided by the Manager and its affiliates to the Fund and its shareholders.

Fund Performance

The Board reviewed and considered the performance results of the Fund over various time periods ended December 31, 2019. The Board considered the performance returns for the Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of the Fund's performance results is below.

The Performance Universe for the Fund included the Fund and all retail and institutional loan participation funds. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management noted the steps it was taking to address the Fund's performance. The Board considered management's explanation and concluded that the Fund's performance was acceptable. In doing so, the Board noted that the Fund's annualized total return was positive for each period under review. The Board also noted that the Fund does not offer its shares to the public and the Fund's investor was exclusively an offshore Irish feeder fund.

Comparative Fees and Expenses

The Board reviewed and considered information regarding the Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of the Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure to the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges, and the actual total expense ratio, for comparative consistency, was shown for Class A shares for funds in the Expense Group. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

The Expense Group for the Fund included the Fund and 13 other loan participation funds. The Board noted that the Management Rate and actual total expense ratio for the Fund were below the medians and in the first quintile (least expensive) of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable. In doing so, the Board noted that the Fund's actual total expense ratio reflected a fee waiver from management.

Profitability

The Board reviewed and considered information regarding the profits realized by the Manager and its affiliates in connection with the operation of the Fund. In this respect, the Board considered the Fund profitability analysis provided by the Manager that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2019, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall

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Franklin Floating Rate Master Series Annual Report

Franklin Floating Rate Master Trust

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Board Approval of Investment Management Agreements (continued)

methodology has remained consistent with that used in the Fund's profitability report presentations from prior years. Additionally, PricewaterhouseCoopers LLP, auditor to FRI and certain FT funds, was engaged by the Manager to review and assess the allocation methodologies to be used solely by the Fund's Board with respect to the profitability analysis.

The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to the Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. As part of this evaluation, the Board considered the initiative currently underway to outsource certain operations, which effort would require considerable upfront expenditures by the Manager but, over the long run is expected to result in greater efficiencies. The Board also noted management's expenditures in improving shareholder services provided to the Fund, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent US Securities and Exchange Commission and other regulatory requirements, notably in the area of cybersecurity protections.

The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from fund operations, including revenues generated from transfer agent services, potential benefits resulting from personnel and systems enhancements necessitated by fund growth, as well as increased leverage with service providers and counterparties. Based upon its consideration of all these factors, the Board concluded that the level of profits realized by the Manager and its affiliates from providing services to the Fund was not excessive in view of the nature, extent and quality of services provided to the Fund.

Economies of Scale

The Board reviewed and considered the extent to which the Manager may realize economies of scale, if any, as the Fund grows larger and whether the Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints, which operate generally to share any economies of scale with the Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered the Manager's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments the Manager incurs across the FT family of funds as a whole. The Board noted that the Fund had experienced a decrease in assets and would not be expected to demonstrate additional economies of scale in the near term. The Board concluded that to the extent economies of scale may be realized by the Manager and its affiliates, the Fund's management fee structure provided a sharing of benefits with the Fund and its shareholders as the Fund grows.

Conclusion

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved the continuation of the Management Agreement for an additional one-year period.

Liquidity Risk Management Program

Each of the Funds has adopted and implemented a written Liquidity Risk Management Program (the "LRMP") as required by Rule 22e-4 under the Investment Company Act of 1940 (the "Liquidity Rule"). The LRMP is designed to assess and manage each Fund's liquidity risk, which is defined as the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining investors' interests in the Fund. In accordance with the Liquidity Rule, the LRMP includes policies and procedures that provide for: (1) assessment, management, and review (no less frequently than annually) of each Fund's liquidity risk; (2) classification of each Fund's portfolio holdings into one of four liquidity categories (Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid); (3) for Funds that do not primarily hold assets that are Highly Liquid, establishing and maintaining a minimum percentage of the Fund's net assets in Highly Liquid investments (called a "Highly Liquid Investment Minimum" or "HLIM"); and (4) prohibiting the Fund's acquisition of Illiquid investments that would result in the Fund holding more than 15% of its net assets in Illiquid assets. The LRMP also requires reporting to the SEC

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Franklin Floating Rate Master Trust

Franklin Floating Rate Master Series

Liquidity Risk Management Program (continued)

(on a non-public basis) and to the Board if the Fund's holdings of Illiquid assets exceed 15% of the Fund's net assets. Funds with HLIMs must have procedures for addressing HLIM shortfalls, including reporting to the Board and, with respect to HLIM shortfalls lasting more than seven consecutive calendar days, reporting to the Securities and Exchange Commission ("SEC") (on a non-public basis).

The Funds' Board of Trustees approved the appointment of the Director of Liquidity Risk within the Investment Risk Management Group (the "IRMG") as the Administrator of the LRMP. The IRMG maintains the Investment Liquidity Committee (the "ILC") to provide oversight and administration of policies and procedures governing liquidity risk management for FT products and portfolios. The ILC includes representatives from Franklin Templeton's Risk, Trading, Global Compliance, Investment Compliance, Investment Operations, Valuation Committee and Product Management groups.

In assessing and managing each Fund's liquidity risk, the ILC considers, as relevant, a variety of factors, including the Fund's investment strategy and the liquidity of its portfolio investments during both normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources including the Funds' interfund lending facility and line of credit. Classification of the Fund's portfolio holdings in the four liquidity categories is based on the number of days it is reasonably expected to take to convert the investment to cash (for Highly Liquid and Moderately Liquid holdings) or sell or dispose of the investment (for Less Liquid and Illiquid investments), in current market conditions without significantly changing the investment's market value.

The Fund primarily holds investments where the settlement days may exceed 7 calendar days and are classified as "Less Liquid Investments". Less liquid Investments are defined as any investment reasonably expected to be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment, but where the sale or disposition is reasonably expected to settle in more than seven calendar days. The Fund established and maintained a HLIM. During the reporting period, the Fund maintained the necessary Highly Liquid Investments and did not experience any HLIM shortfalls.

At meetings of the Funds' Board of Trustees held in May 2020, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program during the period December 1, 2018 to December 31, 2019. The Program Administrator report concluded that (i.) the LRMP, as adopted and implemented, remains reasonably designed to assess and manage each Fund's liquidity risk; (ii.) the LRMP, including the Highly Liquid Investment Minimum ("HLIM") where applicable, was implemented and operated effectively to achieve the goal of assessing and managing each Fund's liquidity risk; and (iii.) each Fund was able to meet requests for redemption without significant dilution of remaining investors' interests in the Fund. At the same time, the Program Administrator also presented the Fund Board of Trustees an update on liquidity during the first quarter of 2020 in relation to the COVID-19 pandemic.

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 as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT 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

	Year Ended July 31,				
	2020	2019	2018	2017	2016
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$ 8.18	$ 8.54	$8.69	$8.47	$8.65
Income from investment operations[a]:					
Net investment income	0.415	0.460	0.398	0.332	0.419
Net realized and unrealized gains (losses)	(1.141)	(0.378)	(0.156)	0.221	(0.184)
Total from investment operations	(0.726)	0.082	0.242	0.553	0.235
Less distributions from:					
Net investment income	(0.464)	(0.442)	(0.392)	(0.333)	(0.415)
Net asset value, end of year	$ 6.99	$ 8.18	$8.54	$8.69	$8.47
Total return	(9.13)%	0.98%	2.73%	6.71%	3.07%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.58%	0.55%	0.55%	0.55%	0.55%
Expenses net of waiver and payments by affiliates[b]	0.53%	0.53%	0.53%	0.53%	0.53%
Net investment income	5.41%	5.29%	4.60%	3.78%	5.03%
Supplemental data					
Net assets, end of year (000's)	$394,720	$1,054,679	$1,760,544	$2,090,626	$1,363,955
Portfolio turnover rate	16.80%[c]	27.92%[c]	49.97%	67.00%	28.94%

[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] Benefit of expense reduction rounds to less than 0.01%.

[c] Excludes the value of portfolio activity as a result of in-kind transactions.

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

Statement of Investments, July 31, 2020

Franklin Floating Rate Master Series	Country	Shares	Value	% of Net Assets
Common Stocks				
Aerospace & Defense				
[a,b,c]Remington Outdoor Co., Inc.	United States	1,048,435	$262,109	0.07
Oil & Gas Exploration & Production				
[b]Samson Resources II LLC	United States	155,501	855,256	0.22
Paper Products				
[a,b,c,d]Appvion Operations, Inc.	United States	563,596	11,034,433	2.79
Trucking				
[a,b,d]Onsite Rental Group Operations Pty. Ltd.	United States	5,879,078	171,018	0.04
Total Common Stocks (Cost $50,101,361)			**12,322,816**	**3.12**
Management Investment Companies				
Asset Management & Custody Banks				
[e]Franklin Floating Rate Income Fund	United States	1,464,632	10,750,395	2.72
[e]Franklin Liberty Senior Loan ETF	United States	957,785	22,912,133	5.81
			33,662,528	8.53
Total Management Investment Companies (Cost $38,465,249)			**33,662,528**	**8.53**
		Principal Amount*		
Corporate Bonds				
Trucking				
[a,f]Onsite Rental Group Operations Pty. Ltd., PIK, 6.1%, 10/26/23	United States	10,725,759	8,881,805	2.25
Total Corporate Bonds (Cost$11,235,808)			**8,881,805**	**2.25**
[g,h]**Senior Floating Rate Interests**				
Aerospace & Defense				
AI Convoy (Luxembourg) SARL, Facility USD Term Loan,				
B, 4.65%, (6-month USD LIBOR + 3.5%), 1/18/27	Luxembourg	1,237,898	1,205,403	0.31
[f]Alloy FinCo Ltd., Facility Term Loan, 0.5%, PIK, 3/06/25	Jersey	8,767,344	3,287,754	0.83
[h]Dynasty Acquisition Co., Inc., 2020 Term Loan,				
B1, 3.808%, (3-month USD LIBOR + 3.5%), 4/06/26	United States	412,004	332,807	0.08
B2, 3.808%, (3-month USD LIBOR + 3.5%), 4/06/26	United States	221,507	178,929	0.05
[a]FGI Operating Co. LLC, Initial Term Loan, 9.5%, (3-month USD LIBOR + 7.5%), 5/17/21	United States	6,848,631	6,848,688	1.73
[a,f]FGI Operating Co. LLC, Term Loan, 12%, PIK, (3-month USD LIBOR + 11%), 5/16/22	United States	11,513,813	6,347,940	1.61
			18,201,521	4.61
Air Freight & Logistics				
XPO Logistics, Inc., 2018 Refinancing Term Loan, 2.161%, (1-month USD LIBOR + 2%), 2/24/25	United States	840,000	831,425	0.21

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

Statement of Investments, July 31, 2020

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
[g,h]**Senior Floating Rate Interests (continued)**				
Airlines				
Allegiant Travel Co., Replacement Term Loan, 3.434%, (3-month USD LIBOR + 3%), 2/05/24	United States	4,688,535	$4,231,403	1.07
JetBlue Airways Corp., Term Loan, 6.25%, (3-month USD LIBOR + 5.25%), 6/17/24	United States	439,651	434,925	0.11
Kestrel Bidco, Inc., Term Loan, 4%, (1-month USD LIBOR + 3%), 12/11/26	Canada	2,911,487	2,152,681	0.55
			6,819,009	1.73
Alternative Carriers				
Lineage Logistics LLC, Term Loan, 4%, (1-month USD LIBOR + 3%), 2/27/25	United States	795,929	783,866	0.20
Zayo Group Holdings, Inc., Initial Dollar Term Loan, 3.161%, (1-month USD LIBOR + 3%), 3/09/27	United States	698,250	680,357	0.17
			1,464,223	0.37
Apparel, Accessories & Luxury Goods Champ Acquisition Corp., First Lien, Initial Term Loan, 6.572%, (3-month USD LIBOR + 5.5%), 12/19/25	United States	1,086,005	1,053,425	0.27
Application Software				
[j]Blackboard, Inc., First Lien, Term Loan, B5, 7%, (3-month USD LIBOR + 6%), 6/30/24	United States	500,000	473,437	0.12
Ceridian HCM Holding, Inc., Initial Term Loan, 2.611%, (1-week USD LIBOR + 2.5%), 4/30/25	United States	696,456	679,480	0.17
[i,j]Epicor Software Corp., Term Loan, TBD, 7/17/27	United States	572,942	573,556	0.14
[i,j]Mitchell International, Inc., Add-on Term Loan, TBD, 1/21/21	United States	600,000	580,750	0.15
Solera LLC (Solera Finance, Inc.), Dollar Term Loan, 2.911%, (1-month USD LIBOR + 2.75%), 3/03/23	United States	498,698	491,495	0.12
Surf Holdings SARL, First Lien, Dollar Term Loan, 3.827%, (3-month USD LIBOR + 3.5%), 1/15/27	Luxembourg	1,702,410	1,666,234	0.42
Ultimate Software Group, Inc. (The), First Lien, 2020 Incremental Term Loan, 4.75%, (3-month USD LIBOR + 4%), 5/04/26	United States	381,802	382,608	0.10
[j]Ultimate Software Group, Inc. (The), First Lien, Initial Term Loan, 3.911%, (1-month USD LIBOR + 3.75%), 5/04/26	United States	648,367	643,869	0.16
[j]Veritas US, Inc., New Dollar Term Loan, B, 5.5%, (3-month USD LIBOR + 4.5%), 1/27/23	United States	498,711	480,113	0.12
			5,971,542	1.50
Asset Management & Custody Banks Russell Investments US Institutional Holdco, Inc., Initial Term Loan, 3.822%, (3-month USD LIBOR + 2.75%), 6/01/23	United States	2,258,950	2,231,418	0.56
Auto Parts & Equipment				
Adient US LLC, Initial Term Loan, 4.49%, (3-month USD LIBOR + 4.25%; 1-month USD LIBOR + 4.25%), 5/06/24	United States	3,428,280	3,390,426	0.86
Panther BF Aggregator 2 LP, First Lien, Initial Dollar Term Loan, 3.667%, (1-month USD LIBOR + 3.5%), 4/30/26	Canada	3,986,661	3,903,918	0.99
TI Group Automotive Systems LLC, Initial U.S. Term Loan, 3.25%, (1-month USD LIBOR + 2.5%), 6/30/22	United States	2,645,397	2,585,875	0.66
[i,j]TRICO Group LLC, Term Loan, B, TBD, 2/02/24	United States	631,079	607,413	0.15
			10,487,632	2.66

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

Statement of Investments, July 31, 2020

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
[g,h]**Senior Floating Rate Interests (continued)**				
Automobile Manufacturers				
Thor Industries, Inc., Initial USD Term Loan, 3.938%, (1-month USD LIBOR + 3.75%), 2/01/26	United States	2,747,883	$2,715,252	0.69
Automotive Retail				
Harbor Freight Tools USA, Inc., 2018 Initial Term Loan, 3.25%, (1-month USD LIBOR + 2.5%), 8/18/23	United States	371,085	364,326	0.09
Wand NewCo 3, Inc., First Lien, Term Loan, B1, 4.072%, (3-month USD LIBOR + 3%), 2/05/26	United States	1,485,038	1,421,460	0.36
			1,785,786	0.45
Biotechnology				
Grifols Worldwide Operations Ltd., Dollar Term Loan, B, 2.111%, (1-week USD LIBOR + 2%), 11/15/27	Ireland	2,114,631	2,076,663	0.53
Horizon Therapeutics USA, Inc., Seventh Amendment Refinancing Term Loan, 2.438%, (1-month USD LIBOR + 2.25%), 5/22/26	United States	4,604,270	4,535,206	1.15
			6,611,869	1.68
Broadcasting				
Gray Television, Inc., Term Loan, B2, 2.421%, (1-month USD LIBOR + 2.25%), 2/07/24	United States	5,764,652	5,635,668	1.43
Mission Broadcasting, Inc., Term Loan, B3, 2.421%, (1-month USD LIBOR + 2.25%), 1/17/24	United States	938,142	913,125	0.23
Nexstar Broadcasting, Inc., Term Loan, B3, 2.416%, (1-month USD LIBOR + 2.25%), 1/17/24	United States	3,655,968	3,558,474	0.90
Sinclair Television Group, Inc., Term Loan, B, 2.42%, (1-month USD LIBOR + 2.25%), 1/03/24	United States	8,115,005	7,927,345	2.01
			18,034,612	4.57
Cable & Satellite				
CSC Holdings LLC, March 2017 Refinancing Term Loan, 2.425%, (1-month USD LIBOR + 2.25%), 7/17/25	United States	7,961,824	7,716,002	1.96
WideOpenWest Finance LLC, Eighth Amendment Term Loan, B, 4.25%, (1-month USD LIBOR + 3.25%), 8/18/23	United States	541,064	534,572	0.14
			8,250,574	2.10
Casinos & Gaming				
Boyd Gaming Corp., Refinancing Term Loan, B, 2.361%, (1-week USD LIBOR + 2.25%), 9/15/23	United States	2,841,373	2,758,160	0.70
Boyd Gaming Corp., Term Loan, A, 3.25%, (1-week USD LIBOR + 2.75%), 9/15/21	United States	1,969,964	1,950,265	0.49
[h]Caesars Resort Collection LLC, Term Loan, B, 2.911%, (1-month USD LIBOR + 2.75%), 12/23/24	United States	5,045,963	4,658,055	1.18
B1, 4.715%, (3-month USD LIBOR + 4.5%; 1-month USD LIBOR + 4.5%), 7/21/25	United States	345,440	334,069	0.08
Flutter Entertainment plc, USD Term Loan, 3.808%, (3-month USD LIBOR + 3.5%), 7/10/25	Netherlands	919,019	920,053	0.23
Station Casinos LLC, Facility Term Loan, B1, 2.5%, (1-month USD LIBOR + 2.25%), 2/08/27	United States	2,323,097	2,151,768	0.55
			12,772,370	3.23

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

Statement of Investments, July 31, 2020

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
[g,h]**Senior Floating Rate Interests (continued)**				
Commodity Chemicals				
Axalta Coating Systems Dutch Holding B BV (Axalta Coating Systems U.S. Holdings, Inc.), Dollar Term Loan, B3, 2.058%, (3-month USD LIBOR + 1.75%), 6/01/24	Netherlands	2,496,912	$2,443,074	0.62
Cyanco Intermediate 2 Corp., First Lien, Initial Term Loan, 3.661%, (1-month USD LIBOR + 3.5%), 3/16/25	United States	300,000	294,625	0.08
[h]Univar Solutions USA, Inc., Term Loan,				
B3, 2.411%, (1-month USD LIBOR + 2.25%), 7/01/24	United States	1,822,270	1,794,081	0.45
B5, 2.161%, (1-month USD LIBOR + 2%), 7/01/26	United States	352,358	341,934	0.09
			4,873,714	1.24
Communications Equipment				
CommScope, Inc., Initial Term Loan, 3.411%, (1-month USD LIBOR + 3.25%), 4/06/26	United States	4,023,751	3,946,419	1.00
Construction & Engineering				
Strike LLC, Term Loan, 9.072%, (3-month USD LIBOR + 8%), 11/30/22	United States	6,431,979	5,338,542	1.35
Consumer Electronics				
Playtika Holding Corp., Term Loan, B, 7.072%, (3-month USD LIBOR + 6%), 12/10/24	United States	2,359,500	2,385,122	0.60
Data Processing & Outsourced Services				
Neustar, Inc., First Lien, Term Loan, B5, 5.572%, (3-month USD LIBOR + 4.5%), 8/08/24	United States	1,970,366	1,847,712	0.47
Pitney Bowes, Inc., Incremental Term Loan, B, 5.68%, (1-month USD LIBOR + 5.5%), 1/07/25	United States	2,370,368	2,216,294	0.56
WEX, Inc., Term Loan, B3, 2.411%, (1-month USD LIBOR + 2.25%), 5/15/26	United States	1,227,723	1,191,505	0.30
			5,255,511	1.33
Distributors				
Resideo Funding, Inc., Term Loan, A, 2.56%, (3-month USD LIBOR + 2.25%), 10/25/23	United States	7,955,000	7,930,141	2.01
Diversified Banks				
Finastra Ltd., First Lien, Dollar Term Loan, 4.5%, (3-month USD LIBOR + 3.5%), 6/13/24	United Kingdom	3,376,778	3,135,480	0.79
Diversified Capital Markets				
[i,j]Vertical Midco GmbH, USD Term Loan, TBD, 6/30/27	Germany	1,236,519	1,221,546	0.31
Diversified Support Services				
Legalzoom.com, Inc., First Lien, 2018 Term Loan, 4.661%, (1-month USD LIBOR + 4.5%), 11/21/24	United States	4,031,307	3,970,837	1.01
Electric Utilities				
EFS Cogen Holdings I LLC, Term Loan Advance, B2, 4.25%, (3-month USD LIBOR + 3.25%; 1-month USD LIBOR + 3.25%), 6/28/23	United States	1,638,838	1,625,727	0.41
Vistra Operations Co. LLC, 2018 Incremental Term Loan, 1.915%, (1-month USD LIBOR + 1.75%), 12/31/25	United States	236,701	233,742	0.06
			1,859,469	0.47

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

Statement of Investments, July 31, 2020

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
[g,h]Senior Floating Rate Interests (continued)				
Environmental & Facilities Services				
Harsco Corp., Term Loan, B2, 3.25%, (1-month USD LIBOR + 2.25%), 12/06/24	United States	373,672	$371,454	0.09
Food Distributors				
Nutraceutical International Corp., First Lien, New Term Loan, 4.25%, (1-month USD LIBOR + 3.25%), 8/23/23	United States	2,845,835	2,703,544	0.68
Food Retail				
BI-LO LLC, FILO Term Loan, 6.25%, (3-month USD LIBOR + 5.25%), 5/31/22	United States	3,500,000	3,504,375	0.89
General Merchandise Stores				
[f]99 Cents Only Stores LLC, First Lien, Term Loan, B2, 7.148%, PIK, (3-month USD LIBOR + 6.5%), 1/13/22	United States	13,194,365	11,973,887	3.03
Health Care Facilities				
Global Medical Response, Inc., 2018 New Term Loan, 5.25%, (3-month USD LIBOR + 4.25%), 3/14/25	United States	846,630	830,050	0.21
[j]Pathway Vet Alliance LLC, First Lien, Initial Term Loan, 4.161%, (1-month USD LIBOR + 4%), 3/31/27	United States	989,033	970,025	0.24
			1,800,075	0.45
Health Care Services				
DaVita, Inc., Term Loan, B1, 1.911%, (1-month USD LIBOR + 1.75%), 8/12/26	United States	1,428,802	1,405,941	0.36
[h]National Mentor Holdings, Inc., First Lien, Initial Term Loan, 4.42%, (1-month USD LIBOR + 4.25%), 3/09/26	United States	3,474,515	3,415,449	0.86
C, 4.42%, (1-month USD LIBOR + 4.25%), 3/09/26	United States	158,198	155,430	0.04
Navicure, Inc., First Lien, Initial Term Loan, 4.161%, (1-month USD LIBOR + 4%), 10/22/26	United States	997,500	979,004	0.25
Phoenix Guarantor, Inc., First Lien, Term Loan, B1, 3.425%, (1-month USD LIBOR + 3.25%), 3/05/26	United States	1,489,968	1,461,410	0.37
[j]Radiology Partners, Inc., First Lien, Term Loan, B, 5.64%, (3-month USD LIBOR + 4.25%), 7/09/25	United States	400,000	380,200	0.10
U.S. Anesthesia Partners, Inc., First Lien, Initial Term Loan, 4%, (3-month USD LIBOR + 3%), 6/23/24	United States	298,462	277,420	0.07
			8,074,854	2.05
Health Care Technology				
Inovalon Holdings, Inc., Refinancing Date Term Loan, 3.188%, (1-month USD LIBOR + 3%), 4/02/25	United States	337,554	332,771	0.08
IQVIA, Inc., Dollar Term Loan, B1, 2.5%, (1-month USD LIBOR + 1.75%), 3/07/24	United States	1,711,250	1,684,053	0.43
			2,016,824	0.51
Household Products				
Knowlton Development Corp., Inc., 2020 Initial Term Loan, 4.058%, (3-month USD LIBOR + 3.75%), 12/22/25	Canada	1,061,577	1,041,673	0.26

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

Statement of Investments, July 31, 2020

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
[g,h]**Senior Floating Rate Interests (continued)**				
Industrial Machinery				
Altra Industrial Motion Corp., Term Loan, 2.161%, (1-month USD LIBOR + 2%), 9/26/25	United States	2,868,772	$2,789,881	0.71
Navistar, Inc., Term Loan, B, 3.69%, (1-month USD LIBOR + 3.5%), 11/06/24	United States	6,101,387	5,928,516	1.50
			8,718,397	2.21
Insurance Brokers				
Alliant Holdings Intermediate LLC, 2018 Initial Term Loan, 2.911%, (1-month USD LIBOR + 2.75%), 5/09/25	United States	2,158,985	2,092,190	0.53
Integrated Telecommunication Services				
Global Tel Link, First Lien, Term Loan, 4.411%, (1-month USD LIBOR + 4.25%), 11/29/25	United States	4,809,873	4,206,633	1.07
Global Tel Link, Second Lien, Term Loan, 8.411%, (1-month USD LIBOR + 8.25%), 11/20/26	United States	3,809,967	2,705,076	0.68
West Corp., Initial Term Loan, LOAN Note, B, 5%, (3-month USD LIBOR + 4%), 10/10/24	United States	1,195,672	1,055,928	0.27
			7,967,637	2.02
Internet & Direct Marketing Retail				
[i]MH Sub I LLC (Micro Holding Corp.), First Lien, Amendment No. 2 Initial Term Loan, Internet Brands Inc Note, 4.572%, (3-month USD LIBOR + 3.5%), 9/13/24	United States	500,000	487,916	0.12
Internet Services & Infrastructure				
Go Daddy Operating Co. LLC, Term Loan, B2, 1.911%, (1-month USD LIBOR + 1.75%), 2/15/24	United States	491,768	480,089	0.12
Informatica LLC, Dollar 2020 Term Loan, 3.411%, (1-month USD LIBOR + 3.25%), 2/25/27	United States	1,456,350	1,425,857	0.36
TIBCO Software, Inc., Term Loan, B3, 3.92%, (1-month USD LIBOR + 3.75%), 6/30/26	United States	5,573,902	5,392,751	1.37
			7,298,697	1.85
IT Consulting & Other Services				
Aventiv Technologies LLC, First Lien, Initial Term Loan, 5.5%, (3-month USD LIBOR + 4.5%), 11/01/24	United States	984,849	791,572	0.20
Conduent, Inc., Term Loan, B, 2.661%, (1-month USD LIBOR + 2.5%), 12/07/23	United States	234,686	218,258	0.06
			1,009,830	0.26
Leisure Facilities				
[j,k]24 Hour Fitness Worldwide, Inc., Debtor-in-possession New Money Term Loan, 11%, 6/17/21	United States	732,917	703,601	0.18
[l]24 Hour Fitness Worldwide, Inc., Term Loan, 4.95%, (3-month USD LIBOR + 3.5%), 5/30/25	United States	9,226,139	2,091,261	0.53
			2,794,862	0.71
Leisure Products				
NASCAR Holdings LLC, Initial Term Loan, 2.922%, (1-month USD LIBOR + 2.75%), 10/19/26	United States	2,913,869	2,858,828	0.72

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

Statement of Investments, July 31, 2020

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
[g,h]Senior Floating Rate Interests (continued)				
Metal & Glass Containers				
BWay Holding Co., Initial Term Loan, 3.523%, (3-month USD LIBOR + 3.25%), 4/03/24	United States	1,097,172	$1,027,325	0.26
Movies & Entertainment				
[j]Banijay Entertainment SAS, Facility USD Term Loan, 3.912%, (1-month USD LIBOR + 3.75%), 3/04/25	France	424,000	411,280	0.10
Diamond Sports Group LLC, Term Loan, 3.42%, (1-month USD LIBOR + 3.25%), 8/24/26	United States	3,831,222	3,098,501	0.79
Lions Gate Capital Holdings LLC, Term Loan, A, 1.911%, (1-month USD LIBOR + 1.75%), 3/22/23	United States	3,752,129	3,620,804	0.92
			7,130,585	1.81
Office Services & Supplies				
Staples, Inc., 2019 Refinancing New Term Loan, B1, 5.687%, (1-month USD LIBOR + 5%), 4/16/26	United States	897,519	776,354	0.20
Oil & Gas Exploration & Production				
[l]Fieldwood Energy LLC, First Lien, Closing Date Term Loan, 6.25%, (3-month USD LIBOR + 5.25%), 4/11/22	United States	25,460,344	6,746,991	1.71
UTEX Industries, Inc., First Lien, Initial Term Loan, 8.25%, (3-month USD LIBOR + 5%), 5/21/21	United States	14,098,581	4,053,342	1.03
UTEX Industries, Inc., Second Lien, Initial Term Loan, 8.561%, (3-month USD LIBOR + 7.25%), 5/20/22	United States	128,288	16,998	0.00†
			10,817,331	2.74
Oil & Gas Storage & Transportation				
Centurion Pipeline Co. LLC, Initial Term Loan, 3.411%, (1-month USD LIBOR + 3.25%), 9/29/25	United States	1,292,592	1,246,005	0.32
Packaged Foods & Meats				
CSM Bakery Solutions LLC, Term Loan, 7.25%, 7/04/23	Netherlands	10,027,732	9,426,068	2.39
CSM Bakery Solutions Ltd., Second Lien, Term Loan, 11%, (3-month USD LIBOR + 10%), 7/05/21	United States	4,459,378	3,656,690	0.93
JBS USA Lux SA, New Term Loan, 3.072%, (3-month USD LIBOR + 2%), 5/01/26	Luxembourg	5,633,103	5,471,934	1.38
			18,554,692	4.70
Paper Packaging				
[h]Berry Global, Inc., Term Loan, W, 2.188%, (1-month USD LIBOR + 2%), 10/01/22	United States	840,881	828,151	0.21
Y, 2.188%, (1-month USD LIBOR + 2%), 7/01/26	United States	5,998,942	5,841,470	1.48
			6,669,621	1.69
Paper Products				
[c]Appvion Operations, Inc., Term Loan, 7%, (3-month USD LIBOR + 6%), 6/12/26	United States	5,595,054	5,483,153	1.39
Personal Products				
Coty, Inc., USD Term Loan, B, 2.416%, (1-month USD LIBOR + 2.25%), 4/07/25	United States	398,982	345,918	0.09
Sunshine Luxembourg VII SARL, Facility Term Loan, B1, 5.322%, (6-month USD LIBOR + 4.25%), 10/01/26	Luxembourg	2,119,350	2,112,727	0.53
			2,458,645	0.62

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

Statement of Investments, July 31, 2020

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
[g,h]**Senior Floating Rate Interests (continued)**				
Pharmaceuticals				
Bausch Health Cos., Inc., Initial Term Loan, 3.176%, (1-month USD LIBOR + 3%), 6/02/25	Canada	5,965,279	$5,879,528	1.49
Catalent Pharma Solutions, Inc., Dollar Term Loan, B2, 3.25%, (1-month USD LIBOR + 2.25%), 5/18/26	United States	1,479,522	1,475,206	0.37
Mallinckrodt International Finance SA, 2017 Term Loan, B, 3.5%, (3-month USD LIBOR + 2.75%), 9/24/24	Luxembourg	702,689	590,552	0.15
			7,945,286	2.01
Property & Casualty Insurance				
Asurion LLC, Amendment No. 14 Replacement Term Loan, B4, 3.161%, (1-month USD LIBOR + 3%), 8/04/22	United States	3,472,923	3,434,721	0.87
Asurion LLC, Replacement Term Loan, B6, 3.161%, (1-month USD LIBOR + 3%), 11/03/23	United States	141,948	140,209	0.04
Asurion LLC, Second Lien, Replacement Term Loan, B2, 6.661%, (1-month USD LIBOR + 6.5%), 8/04/25	United States	80,342	81,095	0.02
			3,656,025	0.93
Publishing				
Nielsen Finance LLC (VNU, Inc.), Term Loan, B4, 2.183%, (1-month USD LIBOR + 2%), 10/04/23	United States	1,674,046	1,633,895	0.41
Nielsen Finance LLC, Dollar Term Loan, B5, 4.75%, (1-month USD LIBOR + 3.75%), 6/04/25	United States	211,590	212,516	0.05
			1,846,411	0.46
Railroads				
Genesee & Wyoming, Inc., Initial Term Loan, 2.308%, (3-month USD LIBOR + 2%), 12/30/26	United States	643,539	632,629	0.16
Ventia Midco Pty. Ltd., 2017 Refinancing USD Term Loan, B2, 5%, (3-month USD LIBOR + 4%), 5/21/26	Australia	5,681,715	5,660,409	1.43
			6,293,038	1.59
Restaurants				
[l]NPC International, Inc., Second Lien, Initial Term Loan, 9.277%, (1-month USD LIBOR + 7.5%), 4/18/25	United States	4,842,941	121,074	0.03
Security & Alarm Services				
[j]Prime Security Services Borrower LLC, First Lien, 2019 Refinancing Term Loan, B1, 4.25%, (3-month USD LIBOR + 3.25%; 1-month USD LIBOR + 3.25%), 9/23/26	United States	500,000	492,396	0.12
Specialized Consumer Services				
[j]Sedgwick Claims Management Services, Inc. (Lightning Cayman Merger Sub Ltd.), Initial Term Loan, 3.411%, (1-month USD LIBOR + 3.25%), 12/31/25	United States	500,000	478,393	0.12
Specialized Finance				
Verscend Holding Corp., Term Loan, B, 4.661%, (1-month USD LIBOR + 4.5%), 8/27/25	United States	162,340	162,035	0.04
Specialty Chemicals				
Illuminate Buyer LLC, Term Loan, 4.308%, (3-month USD LIBOR + 4%), 6/30/27	United States	284,480	281,991	0.07

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

Statement of Investments, July 31, 2020

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
[g,h]Senior Floating Rate Interests (continued)				
Specialty Stores				
General Nutrition Centers, Inc., Debtor-in-possession New Money Term Loan, 14%, (6-month USD LIBOR + 13%), 12/23/20	United States	4,926,290	$4,950,921	1.26
General Nutrition Centers, Inc., Debtor-in-possession Roll-Up Term Loan, B2, 12.25%, 12/23/20	United States	4,926,290	4,950,921	1.25
General Nutrition Centers, Inc., FILO Term Loan, 10%, 12/23/20	United States	1,155,266	1,100,391	0.28
[i]General Nutrition Centers, Inc., Term Loan, B2, 9.5%, (1-month USD LIBOR + 8.75%), 3/04/21	United States	11,335,686	8,022,356	2.03
Michaels Stores, Inc., 2018 New Replacement Term Loan, B, 3.534%, (3-month USD LIBOR + 2.5%; 1-month USD LIBOR + 2.5%), 1/30/23	United States	904,545	863,558	0.22
PetSmart, Inc., Amended Term Loan, 5%, (3-month USD LIBOR + 4%), 3/11/22	United States	611,759	610,762	0.16
			20,498,909	5.20
Systems Software				
athenahealth, Inc., First Lien, Term Loan, B, 4.818%, (3-month USD LIBOR + 4.5%), 2/05/26	United States	468,813	463,246	0.12
DCert Buyer, Inc., First Lien, Initial Term Loan, 4.161%, (1-month USD LIBOR + 4%), 10/16/26	United States	2,584,301	2,552,803	0.65
Hyland Software, Inc., First Lien, 2018 Refinancing Term Loan, 4%, (1-month USD LIBOR + 3.25%), 7/01/24	United States	1,244,933	1,225,654	0.31
Idera, Inc., First Lien, Initial Term Loan, 5.08%, (3-month USD LIBOR + 4%), 6/28/24	United States	885,404	873,229	0.22
Ivanti Software, Inc., First Lien, Term Loan, 5.25%, (1-month USD LIBOR + 4.25%), 1/20/24	United States	399,027	386,807	0.10
Perforce Software, Inc., First Lien, New Term Loan, 3.911%, (1-month USD LIBOR + 3.75%), 7/01/26	United States	1,815,875	1,768,966	0.45
Quest Software US Holdings, Inc., First Lien, Initial Term Loan, 4.511%, (3-month USD LIBOR + 4.25%), 5/16/25	United States	645,076	631,771	0.16
[j]Vertafore, Inc., First Lien, Initial Term Loan, 3.411%, (1-month USD LIBOR + 3.25%), 7/02/25	United States	1,554,950	1,483,357	0.38
			9,385,833	2.39
Technology Hardware, Storage & Peripherals				
Amentum Government Services Holdings LLC, First Lien, Initial Term Loan, 4.161%, (1-month USD LIBOR + 4%), 1/29/27	United States	900,000	897,187	0.23
Trucking				
Avis Budget Car Rental LLC, New Term Loan, B, 2.42%, (1-month USD LIBOR + 2.25%), 8/06/27	United States	3,806,269	3,458,353	0.88
Kenan Advantage Group Holdings Corp. (The), Initial Canadian Term Loan, 4%, (1-month USD LIBOR + 3%), 7/29/22	United States	198,758	185,093	0.05

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

Statement of Investments, July 31, 2020

Franklin Floating Rate Master Series	Country	Principal Amount*	Value	% of Net Assets
[g,h]**Senior Floating Rate Interests (continued)**				
Trucking (continued)				
Kenan Advantage Group Holdings Corp. (The), Initial U.S. Term Loan, 4%, (1-month USD LIBOR + 3%), 7/29/22	United States	835,816	$778,353	0.20
[a]Onsite Rental Group Operations Pty. Ltd., Term Loan, B, 5.5%, (1-month USD LIBOR + 4.5%), 10/26/22	Australia	7,844,959	6,916,082	1.75
			11,337,881	2.88
Wireless Telecommunication Services				
T-Mobile USA, Inc., Term Loan, 3.161%, (1-month USD LIBOR + 3%), 4/01/27	United States	423,808	425,805	0.11
Total Senior Floating Rate Interests (Cost $386,756,197)			**319,848,457**	**81.03**
Asset-Backed Securities				
Specialized Finance				
[m,n]Carlyle Global Market Strategies CLO Ltd., 2015-5A, A1R, 144A, FRN, 1.592%, (3-month USD LIBOR + 1.32%), 1/20/32	United States	4,500,000	4,427,442	1.12
Total Asset-Backed Securities (Cost $4,417,426)			**4,427,442**	**1.12**

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

Statement of Investments, July 31, 2020

		Shares		
Escrows and Litigation Trusts				
[a,b]Millennium Corporate Claim Trust, Escrow Account	United States	6,589,709	—	0.00
[a,b]Millennium Lender Claim Trust, Escrow Account	United States	6,589,709	—	0.00
[a,b,c,d]Remington Outdoor Co., Inc., Litigation Units	United States	98,704	—	0.00
Total Escrows and Litigation Trusts (Cost $–)			—	0.00
Total Long Term Investments (Cost $490,976,041)			379,143,048	96.05

	Principal Amount*	Value	% of Net Assets
Short Term Investments			
[o]**Repurchase Agreements**			
Joint Repurchase Agreement, 0.075%, 8/03/20 (Maturity Value $11,020,180)			
BNP Paribas Securities Corp. (Maturity Value $6,589,076)			
Deutsche Bank Securities, Inc. (Maturity Value $1,607,183)			
HSBC Securities (USA), Inc. (Maturity Value $2,823,921)			
Collateralized by U.S. Government Agency Securities, 4% - 4.5%,			
4/15/50 - 7/20/50; U.S. Government Agency Strips, 5/15/34 - 2/15/35;			
U.S. Treasury Bonds, 7.25%, 8/15/22; and U.S. Treasury Notes, 0.125% -			
2.375%, 3/15/21 - 3/31/25 (valued at $11,244,907)	11,020,111	11,020,111	2.79
Total Repurchase Agreements (Cost $11,020,111)		11,020,111	2.79
Total Short Term Investments (Cost $11,020,111)		11,020,111	2.79
Total Investments (Cost $501,996,152)		$390,163,159	98.84
Other Assets, less Liabilities		4,557,049	1.16
Net Assets		$394,720,208	100.00

See Abbreviations on page 39.

* The principal amount is stated in U.S. dollars unless otherwise indicated.
† Rounds to less than 0.01% of net assets.
a Fair valued using significant unobservable inputs. See Note 15 regarding fair value measurements.
b Non-income producing.
c See Note 12 regarding holdings of 5% voting securities.
d See Note 9 regarding restricted securities.
e See Note 3(d) regarding investments in affiliated management investment companies.
f Income may be received in additional securities and/or cash.
g See Note 1(e) regarding senior floating rate interests.
h The coupon rate shown represents the rate at period end.
i A portion or all of the security represents an unsettled loan commitment. The coupon rate is to-be determined (TBD) at the time of the settlement and will be based upon a reference index/floor plus a spread.
j A portion or all of the security purchased on a delayed delivery basis. See Note 1(c).
k See Note 10 regarding unfunded loan commitments.
l See Note 7 regarding defaulted securities.
m 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. At July 31, 2020, the value of this security was $4,427,442, representing 1.1% of net assets.
n The coupon rate shown represents the rate inclusive of any caps or floors, if applicable, in effect at period end.
o See Note 1(b) regarding joint repurchase agreement.

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

Statement of Assets and Liabilities July 31, 2020

	For the Year ended July 31, 2020 USD
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$ 397,490,969
Cost - Controlled affiliates (Note 3d and 12)	24,162,179
Cost - Non-controlled affiliates (Note 3d and 12)	69,322,893
Cost - Unaffiliated repurchase agreements	11,020,111
Value - Unaffiliated issuers	$ 328,700,825
Value - Controlled affiliates (Note 3d and 12)	22,912,133
Value - Non-controlled affiliates (Note 3d and 12)	27,530,090
Value - Unaffiliated repurchase agreements	11,020,111
Cash	283,317
Receivables:	
Investment securities sold	12,916,798
Dividends and interest	1,344,395
Unrealized appreciation on unfunded loan commitments	365
Other assets	448
Total assets	404,708,482
Liabilities:	
Payables:	
Investment securities purchased	7,739,681
Management fees	145,954
Distributions to shareholders	1,960,419
Unrealized depreciation on unfunded loan commitments	20,158
Accrued expenses and other liabilities	122,062
Total liabilities	9,988,274
Net assets, at value	$ 394,720,208
Net assets consist of:	
Paid-in capital	$ 793,501,271
Total distributable earnings (losses)	(398,781,063)
Net assets, at value	$ 394,720,208
Shares outstanding	56,436,835
Net asset value and maximum offering price per share ($394,720,208÷56,436,835 shares outstanding)	$ 6.99

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

Statement of Operations for the year ended July 31, 2020

	For the Year ended July 31, 2020 USD
Investment income:	
Dividends:	
Unaffiliated issuers	$ 869,620
Controlled affiliates (Note 3d and 12)	948,514
Non-controlled affiliates (Note 3d and 12)	1,273,321
Interest:	
Unaffiliated issuers	34,043,752
Non-controlled affiliates (Note 3d and 12)	644,824
Total investment income	37,780,031
Expenses:	
Management fees (Note 3a)	3,387,285
Custodian fees (Note 4)	4,869
Reports to shareholders	8,478
Registration and filing fees	218
Professional fees	171,604
Trustees' fees and expenses	49,517
Other	48,967
Total expenses	3,670,938
Expense reductions (Note 4)	(7,752)
Expenses waived/paid by affiliates (Note 3d and 3e)	(278,306)
Net expenses	3,384,880
Net investment income	34,395,151
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	(61,123,580)
Controlled affiliates (Note 3d and 12)	(234,741)
Non-controlled affiliates (Note 3d and 12)	(3,716,825)
Swap contracts	(483,560)
Net realized gain (loss)	(65,558,706)
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(32,684,880)
Controlled affiliates (Note 3d and 12)	(866,325)
Non-controlled affiliates (Note 3d and 12)	3,242,515
Swap contracts	503,467
Net change in unrealized appreciation (depreciation)	(29,805,223)
Net realized and unrealized gain (loss)	(95,363,929)
Net increase (decrease) in net assets resulting from operations	$(60,968,778)

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

Statements of Changes in Net Assets

	Year Ended July 31,	
	2020	2019
Increase (decrease) in net assets:		
Operations:		
Net investment income	$ 34,395,151	$ 83,279,983
Net realized gain (loss)	(65,558,706)	(15,933,395)
Net change in unrealized appreciation (depreciation)	(29,805,223)	(52,981,926)
Net increase (decrease) in net assets resulting from operations	(60,968,778)	14,364,662
Distributions to shareholders	(39,188,896)	(81,930,270)
Capital share transactions (Note 2)	(559,801,591)	(638,298,735)
Net increase (decrease) in net assets	(659,959,265)	(705,864,343)
Net assets:		
Beginning of year	1,054,679,473	1,760,543,816
End of year	$ 394,720,208	$1,054,679,473

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

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 two 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 each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. 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 Fund may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities and exchange traded funds 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 open-end mutual funds are valued at the closing NAV. 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 Fund 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.

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

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

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Joint Repurchase Agreement (continued)

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 year end, as indicated in the Statement of Investments, had been entered into on July 31, 2020.

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 11 regarding other derivative information.

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

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (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. On July 27, 2017, the United Kingdom's Financial Conduct Authority announced its intention to cease sustaining LIBOR after 2021. There remains uncertainty regarding the future utilization of LIBOR and the nature of any replacement rate. As such, the potential effect of a transition away from LIBOR on the Fund or the Fund's investments that use or may use a floating rate based on LIBOR cannot yet be determined.

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 is recorded on the ex-dividend date. Effective September 23, 2019, the Fund's gross investment income is distributed to the owner daily and paid monthly. Prior to that date, the Fund's net investment income was distributed to the owner daily and paid monthly. Net capital gains (or losses) realized by the Fund will not be distributed. 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 or based on the ratio of number of shareholders of each Fund to the combined number of shareholders 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
Franklin Floating Rate Master Series
Notes to Financial Statements (continued)

2. SHARES OF BENEFICIAL INTEREST

At July 31, 2020, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended July 31,			
	2020		2019	
	Shares	Amount	Shares	Amount
Shares sold	3,720,913	$ 29,708,156	24,158,998	$ 204,399,612
Shares redeemed	(76,295,798)	(589,509,747)	(101,353,074)	(842,698,347)
Net increase (decrease)	(72,574,885)	$(559,801,591)	(77,194,076)	$(638,298,735)

3. TRANSACTIONS WITH AFFILIATES

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. 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 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

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
Franklin Floating Rate Master Series
Notes to Financial Statements (continued)

3. TRANSACTIONS WITH AFFILIATES (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 year ended July 31, 2020, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
Franklin Floating Rate Master Series								
Controlled Affiliates								
								Dividends
Franklin Liberty Senior Loan ETF	$27,197,447	$ —	$ (3,184,248)	$ (234,741)	$(866,325)	$22,912,133	957,785	$948,514
Non-Controlled Affiliates								
								Dividends
Franklin Floating Rate Income Fund	$29,769,605	$ —	$(15,988,401)	$(3,720,703)	$ 689,894	$10,750,395	1,464,632	$1,273,321
Total Affiliated Securities	$56,967,052	$ —	$(19,172,649)	$(3,955,444)	$(176,431)	$33,662,528		$2,221,835

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 and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) of the Fund do not exceed 0.53% based on the average net assets of the Fund. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end. Advisers may discontinue this waiver at any time upon notice to the Board.

f. Other Affiliated Transactions

At July 31, 2020, 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 their 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 year ended July 31, 2020, the custodian fees were reduced as noted in the Statement of Operations.

5. INCOME TAXES

At July 31, 2020, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$ 502,800,624
Unrealized appreciation	$ 6,917,324
Unrealized depreciation	(119,554,789)
Net unrealized appreciation (depreciation)	$(112,637,465)

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 and wash sales.

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

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short term securities) for the year ended July 31, 2020, aggregated $102,969,255 and $592,097,359, respectively.

7. CREDIT RISK AND DEFAULTED SECURITIES

At July 31, 2020, the Fund had 86.1% of its portfolio invested in high yield securities, senior secured floating rate loans, 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 defaulted securities and/or other securities for which the income has been deemed uncollectible. At July 31, 2020, the aggregate value of these securities was $16,981,682, representing 4.3% 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 securities have been identified in the accompanying Statement of Investments.

8. NOVEL CORONAVIRUS PANDEMIC

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

9. RESTRICTED SECURITIES

The Fund invests in securities that are restricted under the Securities Act of 1933 (1933 Act). Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The Fund may have registration rights for restricted securities. The issuer generally incurs all registration costs.

At July 31, 2020, investments in restricted securities, excluding securities exempt from registration under the 1933 Act, were as follows:

Principal Amount*/ Shares	Issuer	Acquisition Date	Cost	Value
Franklin Floating Rate Master Series				
563,596	[a]Appvion Operations, Inc.	6/14/18 – 4/12/19	$5,922,238	$11,034,433
5,879,078	[b]Onsite Rental Group Operations Pty. Ltd	5/21/20	–	171,018
98,704	[c]Remington Outdoor Co., Inc., Litigation Units	4/12/18-5/16/18	–	–
	Total Restricted Securities (Value is 2.83% of Net Assets)		$5,922,238	$11,205,451

*In U.S. dollars unless otherwise indicated.

[a]The Fund also invests in unrestricted securities of the issuer, valued at $5,483,153 as of July 31, 2020.

[b]The Fund also invests in unrestricted securities of the issuer, valued at $15,797,887 as of July 31, 2020.

[c]The Fund also invests in unrestricted securities of the issuer, valued at $262,109 as of July 31, 2020.

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

10. 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 July 31, 2020, unfunded commitments were as follows:

	Unfunded Commitment
Pathway Vet Alliance LLC	$78,933
24 Hour Fitness Worldwide, Inc.	1,935,197
Total	$2,014,130

11. OTHER DERIVATIVE INFORMATION

For the year ended July 31, 2020, the effect of derivative contracts in the Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Year	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Year
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Franklin Floating Rate Master Series				
Credit contracts				
	Swap contracts	$(483,560)	Swap contracts	$503,467
Total		$(483,560)		$503,467

For the year ended July 31, 2020, the average month end notional amount of swap contracts represented $7,151,231.

See Note 1(d) regarding derivative financial instruments.

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

12. HOLDINGS OF 5% VOTING SECURITIES OF PORTFOLIO COMPANIES

The 1940 Act defines "affiliated companies" to include investments in portfolio companies in which a fund owns 5% or more of the outstanding voting securities. During the year ended July 31, 2020, investments in "affiliated companies" were as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares/ Principal Amount* Held at End of Year	Investment Income
Franklin Floating Rate Master Series								
Non-Controlled Affiliates								
								Dividends
Appvion Operations, Inc.	$ 6,443,971	$–	$ –	$ –	$ 4,590,462	$11,034,433	563,596	$ –
Remington Outdoor Co., Inc.	2,227,925	–	–	–	(1,965,816)	262,109	1,048,435	–
Remington Outdoor Co., Inc., Litigation Units	–	–	–	–	–	–	98,704	–
								Interest
Appvion Operations, Inc., Term Loan, 7%, (3-month USD LIBOR + 6%), 6/12/26	8,668,314	–	(3,117,014)[a]	3,878	(72,025)	5,483,153	5,595,054	644,824
Total Affiliated Securities (Value is 4.3% of Net Assets)	$17,340,210	$–	$(3,117,014)	3,878	2,552,621	$16,779,695		$644,824

[a] May include accretion, amortization, partnership adjustments, and/or corporate actions.

13. SHAREHOLDER DISTRIBUTIONS

For the year ended July 31, 2020, the Fund made the following distributions:

Payment Date	Amount Per Share
8/29/2019	$0.042239
9/30/2019	0.040877
10/31/2019	0.044829
11/30/2019	0.040981
12/31/2019	0.044719
1/31/2020	0.042976
2/29/2020	0.036274
3/31/2020	0.024316
4/30/2020	0.040476
5/31/2020	0.034939
6/30/2020	0.036342
7/31/2020	0.035419
Total	$0.464387

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

14. CREDIT FACILITY

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling $2 billion (Global Credit Facility) which matures on February 5, 2021. 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.

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 year ended July 31, 2020, the Fund did not use the Global Credit Facility.

15. 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.

A summary of inputs used as of July 31, 2020, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Floating Rate Master Series				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$ –	$ –	$ 262,109	$ 262,109
Oil & Gas Exploration & Production	–	855,256	–	855,256
Paper Products	–	–	11,034,433	11,034,433
Trucking	–	–	171,018	171,018
Management Investment Companies	33,662,528	–	–	33,662,528
Corporate Bonds	–	–	8,881,805	8,881,805
Senior Floating Rate Interests	–	299,735,747	20,112,710	319,848,457
Asset-Backed Securities	–	4,427,442	–	4,427,442
Escrows and Litigation Trusts	–	–	–[a]	–
Short Term Investments	–	11,020,111	–	11,020,111
Total Investments in Securities	$33,662,528	$316,038,556	$40,462,075	$390,163,159
Other Financial Instruments:				
Unfunded Loan Commitments	$ –	$ 365	$ –	$ 365
Total Other Financial Instruments	–	$ 365	–	$ 365
Liabilities:				
Other Financial Instruments:				
Unfunded Loan Commitments	$ –	$ 20,158	$ –	$ 20,158
Total Other Financial Instruments	–	$ 20,158	–	$ 20,158

[a] Includes securities determined to have no value at July 31, 2020.

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

15. FAIR VALUE MEASUREMENTS (continued)

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the year. At July 31, 2020, the reconciliation is as follows:

	Balance at Beginning of Year	Purchases	Sales	Transfer Into Level 3[a]	Transfer Out of Level 3	Cost Basis Adjustments[b]	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Year	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Year End
Assets:										
Investments in Securities:										
Common Stocks										
Aerospace & Defense	$ –	$–	$ –	$ 524,218	$–	$ –	$ –	$ (262,109)	$ 262,109	$ (262,109)
Paper Products	6,443,971	–	–	–	–	–	–	4,590,462	11,034,433	4,590,462
Trucking	–	–	–	–[c]	–	–	–	171,018	171,018	171,018
Corporate Bonds Trucking	–		–	8,949,359		191,802	–	(259,356)	8,881,805	(259,356)
Senior Floating Rate Interests										
Aerospace & Defense	21,384,185	–	(3,978,246)	–	–	604,677	14,677	(4,828,665)	13,196,628	(4,814,724)
Trucking	–	–	–	7,570,386	–	(37,864)	–	(616,440)	6,916,082	(616,440)
Escrows and Litigation Trusts	–[c]	–	–	–[c]	–	(740,281)	740,281	–	–[c]	–
Total Investments in Securities	$27,828,156	$–	$(3,978,246)	$17,043,963	$–	$ 18,334	754,958	(1,205,090)	$40,462,075	(1,191,149)

[a] The investment was transferred into level 3 as a result of the unavailability of a quoted market price in an active market for identical securities and other significant observable valuation inputs.

[b] May include accretion, amortization, partnership adjustments, and/or other cost basis adjustments.

[c] Includes securities determined to have no value.

Significant unobservable valuation inputs for material Level 3 assets and/or liabilities and impact to fair value as a result of changes in unobservable valuation inputs as of July 31, 2020, are as follows:

Appendix A (continued)
Financial Statements of Franklin Floating Rate Master Trust
Franklin Floating Rate Master Series
Notes to Financial Statements (continued)
15. FAIR VALUE MEASUREMENTS (continued)

Description	Fair Value at End of Year	Valuation Technique	Unobservable Inputs	Amount /Range Weighted Average)[a]	Impact to Fair Value if Input Increases[b]
Franklin Floating Rate Master Series					
Assets:					
Investments in Securities:					
Common Stocks:					
Paper Products	$11,034,433	Discounted cash flow	Weighted average cost of capital	16.5%	Decrease[c]
			Free cash flow	$162.1 mil	Increase
			Discount for lack of marketability	20.0%	Decrease[c]
			Long term growth	0.0%	Increase
Corporate Bonds:					
Trucking	8,881,805	Discounted cash flow	Discount rate	16.7%	Decrease[c]
			Free cash flow	$10.9 mil	Increase
Senior Floating Rate Interests:					
Aerospace & Defense	6,848,688	Discounted cash flow	Discount rate	9.7%	Decrease[c]
			Free cash flow	$7.5 mil	Increase
	6,347,940	Weighted average recovery estimate	Weighted average recovery	48.3%	Increase[c]
Trucking	6,916,082	Discounted cash flow	Discount rate	12.1%	Decrease[c]
			Free cash flow	$8.8 mil	Increase
All Other Investments	433,127[d,e]				
Total	$40,462,075				

[a] Weighted based on the relative fair value of the financial instruments.

[b] Represents the directional change in the fair value that would result from a significant and reasonable increase in the corresponding input. A significant and reasonable decrease in the input would have the opposite effect. Significant impacts, if any, to fair value and/or net assets have been indicated.

[c] Represents a significant impact to fair value and net assets.

[d] Includes financial instruments with values derived using private transaction prices or non-public third party pricing information which is unobservable. May also include fair value of immaterial financial instruments developed using various valuation techniques and unobservable inputs.

[e] Includes securities determined to have no value at July 31, 2020.

16. NEW ACCOUNTING PRONOUNCEMENTS

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments in the ASU provides optional temporary financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of LIBOR and other interbank-offered based reference rates as of the end of 2021. The ASU is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of this ASU will not have a material impact on the financial statements.

17. 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.

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

ABBREVIATIONS

Currency		**Selected Portfolio**	
USD	United States Dollar	**CLO**	Collateralized Loan Obligation
		ETF	Exchange-Traded Fund
		FRN	Floating Rate Note
		LIBOR	London Inter-Bank Offered Rate
		PIK	Payment-In-Kind

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

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Floating Rate Master Trust and Shareholders of Franklin Floating Rate Master Series

Opinion on the Financial Statements
We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Franklin Floating Rate Master Series (one of the funds constituting Franklin Floating Rate Master Trust, referred to hereafter as the "Fund") as of July 31, 2020, the related statement of operations for the year ended July 31, 2020, the statement of changes in net assets for each of the two years in the period ended July 31, 2020, including the related notes, and the financial highlights for each of the five years in the period ended July 31, 2020 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of July 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended July 31, 2020 and the financial highlights for each of the five years in the period ended July 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion
These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of July 31, 2020 by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California
September 21, 2020

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

FRANKLIN TEMPLETON

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