



Franklin Floating Rate Fund PLC

Annual Report and Audited Financial Statements

For the year ended 31 July 2023

This document does not constitute an offer of shares in Franklin Floating Rate Fund plc (the “Company”). Subscriptions are only valid if made on the basis of the current Prospectus, as amended (including the Product Key Facts Statement), supplemented by the most recent audited annual report of the Company and any subsequent semi-annual report.

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Investors should note that this document may contain information on share classes that are not authorized for public distribution in Hong Kong as at 31 July 2023 and which are not available to Hong Kong investors.

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GENERAL INFORMATION

Board of Directors

Joseph Carrier (United States)
Fionnuala Doris* (Ireland)
William Jackson¹ (United Kingdom)
Joseph Keane* (Ireland)
Joseph LaRocque (United States)
Elinor Murray² (United Kingdom)
Jaspal Sagger (United Kingdom)
Jane Trust (United States)
Craig Tyle³ (United States)

*Independent Directors.

¹William Jackson resigned as a Director on 17 July 2023.

²Elinor Murray was appointed as a Director on 31 October 2023.

³Craig Tyle was appointed as a Director on 27 July 2023.

All Directors are non-executive.

Distributor

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

Legal Advisors as to Irish Law

Matheson LLP
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Depository

J.P. Morgan SE - Dublin Branch
200 Capital Dock
79 Sir John Rogerson's Quay
Dublin 2, D02 RK57
Ireland

Alternative Investment Fund Manager ("AIFM")

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

Paying and Distribution Agent

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Shareholder Services Agent

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Investment Manager

Franklin Advisers, Inc.
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CA 94403-1906
USA

Administrator

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

Secretary

Bradwell Limited
Ten Earlsfort Terrace
Dublin 2, D02 T380
Ireland

Independent Auditors

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

Registered office

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****Syndicated Bank Loan Market Overview**

During the 1-year period, US Federal Reserve (Fed) remained firmly on a hawkish rate path, intensifying recession worries and volatility in the loan market. However, loan prices rallied along with broader credit markets due to continued strength among economic indicators and investors looked toward the end of the rate hiking cycle. Technical conditions overall were supported by more moderate outflows from loan retail vehicles and low new issuance. B-rated loans trading at discounts to par outperformed higher rated loans that had been trading closer to par and that had outperformed earlier in the period.

Outflows from retail loan funds continued amid heightened risk-off sentiment in addition to expectations of weaker interest coverage and higher loan defaults. However, cash balances among investors remained relatively high, which prevented significant selling pressure as redemptions were largely manageable. Flows also moderated later in the period as investors were drawn to higher loan yields. While the pace of CLO issuance was slower than the prior period, demand from these vehicles helped to support loan prices, especially for higher quality loans trading at discounted levels.

Primary market activity increased as the period progressed, but much of the issuance was related to refinancing. A large portion of these deals focused on near-term maturities, along with an increase in amend-and-extend activity. As market conditions improved, arrangers launched more deals to finance mergers and acquisitions, in addition to more opportunistic transactions like dividend and repricing deals, but new supply remained relatively scarce. A lack of net new issuance, combined with issuers being able to issue debt in the high yield bond and private credit markets, contributed to the size of the loan market contracting, which supported technical conditions. The loan market also continued its transition to SOFR from LIBOR as new loans were based on the new benchmark rate, while other issuers completed amendments to change rates.

The default rate steadily climbed higher after reaching a record low in the prior period. Despite the average loan price increasing, expectations of an economic slowdown contributed to continued bifurcation between issuers and an elevated number trading at distressed levels. The pace of credit rating downgrades also increased and outnumbered rating upgrades. However, fundamental conditions remained generally healthy despite decelerating growth.

Investment Strategy

As the Fed has remained firmly on a hawkish rate path, we maintain our belief that rates will stay higher for longer and debt servicing pressure among the most vulnerable loan issuers will persist. However, recent market transactions, including sponsor led refinancings, create more optimism about the ability of loan issuers to manage near term maturity or cash flow headwinds. We continue to maintain an up-in-quality bias in our portfolios, including favoring higher single B issuers over lower single B or CCC issuers, as we believe longer term some of the lower quality issuers may again fall into stress. A soft-landing scenario should lead to a more generally constructive backdrop for credits, as it alleviates financial pressure especially for sub-investment grade loan issuers. Conversely, a hard-landing scenario could exacerbate the pressure points. However, to the extent that a hard landing outcome prompts the Fed to start cutting rates sooner rather than later, we expect the pivot to provide broad relief to most issuers who are facing cash flow pressures largely due to higher interest costs. In both scenarios, diligent security selection remains paramount, in our view. While we believe de-risking from the most vulnerable issuers in the near term is prudent, we remain constructive on the asset class over the medium term, especially given what we believe to be currently attractive valuations.

Manager's Discussion

During the period under review, the A (dis) share class returned 10.43%, outperforming its benchmark, the CS Leveraged Loan Index (CSLLI), which returned 9.49%. Although the fund's underweight in upper tier loans relative to the index detracted from performance, the fund's underweight in lower tier loans and overweight to middle tier loans benefited results. In the benchmark, upper tier loans returned 9.39%, middle tier loans (rated B) returned 10.22%, and lower tier loans returned 0.44% during the period. Our loan selection in service, health care, food and chemical issuers also contributed to relative performance. However, our selection in consumer durables, cable wireless, and utility issuers hindered results.

Our position in one of the largest positions in the portfolio (a rental equipment company based in Australia) became meaningfully smaller after the company entered into a definitive agreement to be sold at a premium to its trading levels. The position was also a top individual contributor to performance during the period.

Franklin Advisers, Inc.
Investment Manager
February 2023

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 2023.

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 8 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 8, 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.

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 2023 there were no occurrences of risk limits being exceeded (2022: 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.

REPORT FROM THE ALTERNATIVE INVESTMENT FUND MANAGER (UNAUDITED) (continued)**Liquidity Risk (continued)**

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 2023, the Company did not hold any assets subject to special arrangements arising from their illiquid nature (2022: None).

There were no new arrangements for managing the liquidity/liquidity risk of the Company during the year ending 31 July 2023 (2022: 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 2023 is 1.00 (or 100%) using the "commitment" method and 1.02 (or 102.0%) under the "gross" method.

There was no change to the level of leverage limit applied for AIFMD monitoring and reporting purposes since 1 August 2022.

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**

Franklin Templeton International Services S.à r.l. (“FTIS”), as qualified investor Alternative Investment Funds licensed management company (the “Management Company” or “AIFM”) has a remuneration policy (the “Policy”) in place which applies to all AIF funds (each an “AIF” and together the “AIF”) under its management. The Policy has been designed to discourage excessive risk taking, integrating in its performance management systems risk criteria specific to the business units it covers. The Policy has a governance structure aimed at preventing internal conflicts of interest. There are defined procedures in place for the creation, update, review and approval of the Policy as well as for communication and implementation of the Policy. Senior Management, Human Resources, Compliance and other functions are all involved in this process and the Policy is approved by Senior Management and the Board of Directors of the Management Company.

Fixed remuneration is defined as base salary plus other benefits which may include pension contributions, life assurance premiums or private medical insurance premiums. Levels of fixed remuneration are set with reference to job complexity, level of responsibility, performance and market benchmarking data. These levels are reviewed on a regular basis.

Variable remuneration is defined as annual bonuses, long term awards in the form of performance share grants or sales bonus payments. Levels of variable remuneration are set with reference to overall corporate and business unit performance as well as individual performance.

The full Policy is available at the registered office of the Management Company. Quantitative information relevant to the Funds is outlined below:

Total amount of fixed remuneration paid by FTIS and its delegates during the year ended 30 September 2022 ^{*, **, ***}	EUR 306,223
Total amount of variable remuneration paid by FTIS and its delegates during the year ended 30 September 2022 ^{*, **, ***}	EUR 205,611
Number of staff of FTIS and in its delegates as at 30 September 2022	549
Total amount of compensation paid by FTIS and its delegates to Senior managers during the year ended 30 September 2022 ^{*, **, ***}	EUR 155,488
Total amount paid by FTIS and its delegates to other members of staff who have a material impact on the profile of AIFM during year ended 30 September 2022 ^{*, **, ***}	EUR 32,387

*The total amount of compensation paid by FTIS has been allocated to each AIF based on their pro rata share of the average month end total net assets of FTIS for the year ended 30 September 2022.

**The total amount of compensation paid by the FTIS delegates has been allocated to each AIF based on their pro rata share of the average month end total net assets of the FTIS delegates for the year ended 30 September 2022.

***Delegates are Investment Management entities which are subject to regulatory requirements that are equally as effective as those under Articles of the European Union (Alternative Investment Fund Managers) Regulations 2013 (SI No. 257 of 2013) (the “AIFMD Regulations”).

**Franklin Templeton International Services S.à r.l.
Alternative Investment Fund Manager
August 2023**

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 2023.

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 will 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 SE - Dublin Branch.

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").

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

As at 31 July 2023, the Company has 1 active fund (2022: 1 fund) in operation. Details of its net asset value attributable to shareholders as at 31 July 2023 and 31 July 2022 are disclosed in the Statement of Financial Position and Note 5.

DIRECTORS' REPORT (continued)**Results and dividends**

The results for the year are stated on page 14 of the Financial Statements. The Directors proposed and paid total distributions of USD 20,088,000 (2022: USD 11,270,000) 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 8 to the Financial Statements.

The following non-financial risks are also relevant to the Company:

- Political and economic developments
- Cyber security risk
- Sustainability risk
- Unforeseeable event risk

Directors

The Directors of the Company are as follows:

Joseph Carrier (United States)
 Fionnuala Doris* (Ireland)
 William Jackson¹ (United Kingdom)
 Joseph Keane* (Ireland)
 Joseph LaRocque (United States)
 Elinor Murray² (United Kingdom)
 Jaspal Sagger (United Kingdom)
 Jane Trust (United States)
 Craig Tyle³ (United States)

*Independent Directors.

¹William Jackson resigned as a Director on 17 July 2023.

²Elinor Murray was appointed as a Director on 31 October 2023.

³Craig Tyle was appointed as a Director on 27 July 2023.

All Directors are non-executive.

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 2023 (2022: None). None of the Directors had any material interests in any contracts of significance, either during the year or at the year end (2022: None), in relation to the business of the Company.

Connected Parties Compliance Statement

Conditions have been imposed by the Central Bank of Ireland under Section 1.viii of the AIF Rulebook for Directors to confirm compliance with regulatory requirements in relation to transactions between the Company and a connected person.

The Directors are satisfied that (a) there are arrangements in place evidenced by written procedures to ensure that all such transactions are carried out on an arm's length basis, entered into in the ordinary course of business and on normal commercial terms, and are in the best interests of the shareholders and (b) all such transactions during the financial year complied with these obligations.

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 2023 are attached in Appendix A. The Master Trust financial statements do not form part of these Financial Statements.

DIRECTORS' REPORT (continued)**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). In December 2012 the Directors adopted and have applied the provisions of the Irish Funds Industry Association corporate governance code applicable to Irish collective investment schemes. The Company is 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

The Board of Directors of the Company (the "Board") has assessed all measures included in the voluntary Corporate Governance Code for Collective Investment Schemes and Management Companies as published by Irish Funds in December 2011 (the "Irish Funds Code"). The Board has adopted all corporate governance practices and procedures in the Irish Funds Code.

(b) Director's Compliance Statement

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations. The Directors have drawn up a compliance policy statement as defined in Section 225(3)(a) of the Companies Act 2014 and a compliance policy which refers to the arrangements and structures that are in place and which are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations. In discharging their responsibilities under Section 225, the Directors relied upon, among other things, the services provided, advice and/or representations from third parties whom the Directors believe have the requisite knowledge and experience in order to secure material compliance with the Company's relevant obligations.

(c) Political Donations

The Company did not make political donations during the year ending 31 July 2023 (2022: None).

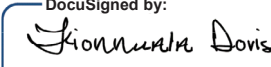
(d) Significant events during the year

See Note 15 of the Financial Statements for details of significant events affecting the Company during the year.

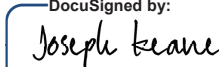
(e) Significant events since year end

See Note 17 of the Financial Statements for details of significant events affecting the Company since year end.

On behalf of the Directors

DocuSigned by:

 E75826E9C7854A7...

Director
Fionnuala Doris

DocuSigned by:

 E38DC2D0DD724BB...

Director
Joseph Keane

Date: 7 November 2023

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 2023 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 SE - Dublin Branch
200 Capital Dock
79 Sir John Rogerson's Quay
Dublin 2, D02 RK57
Ireland
Date: 7 November 2023



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 2023 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 2023;
 - the Statement of Comprehensive Income for the year then ended;
 - the Statement of Cash Flows 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 2023; and
 - the notes to the financial statements, which include a description of the significant accounting policies.
-

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

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:

- 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 2023 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.

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 6, 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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.

A handwritten signature in black ink, appearing to read 'Andrew O'Callaghan', is written over a light grey rectangular background.

Andrew O'Callaghan
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
08 November 2023

SCHEDULE OF INVESTMENTS

As at 31 JULY 2023

Investments	Holding 1 August 2022	Purchases	Sales	Holding 31 July 2023	Fair Value USD '000	% of Net Asset Value	
Investment Funds (31 July 2022: 99.65%)							
United States (31 July 2022: 99.65%)							
Franklin Floating Rate Master Trust	88,112,617	4,846,331	(38,307,948)	54,651,000	389,707	97.34	
United States total					389,707	97.34	
Total investments in Investment Funds (Cost: USD 428,620,000)					389,707	97.34	
Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Counterparty	Maturity Date	Fair Value USD '000	% of Net Asset Value
Forward Currency Contracts							
CNH	10,482,598	USD	1,455,746	J.P. Morgan	15/08/2023	13	–
CNH	53,190	USD	7,411	J.P. Morgan	15/08/2023	– ¹	–
CNH	19,680	USD	2,736	J.P. Morgan	15/08/2023	– ¹	–
EUR	25,293	USD	27,758	J.P. Morgan	15/08/2023	– ¹	–
SGD	6,797,259	USD	5,069,858	J.P. Morgan	15/08/2023	46	0.01
SGD	30,052	USD	22,440	J.P. Morgan	15/08/2023	– ¹	–
SGD	65,500	USD	49,210	J.P. Morgan	15/08/2023	– ¹	–
SGD	48,417	USD	36,378	J.P. Morgan	15/08/2023	– ¹	–
SGD	14,920	USD	11,221	J.P. Morgan	15/08/2023	– ¹	–
USD	3,063	SGD	4,055	J.P. Morgan	15/08/2023	– ¹	–
Total unrealised gain on Forward Currency Contracts (31 July 2022: 0.01%)						59	0.01
Forward Currency Contracts							
CNH	116,351	USD	16,326	J.P. Morgan	15/08/2023	– ¹	–
CNH	283,413	USD	39,775	J.P. Morgan	15/08/2023	– ¹	–
EUR	1,994	USD	2,208	J.P. Morgan	15/08/2023	– ¹	–
EUR	706,263	USD	777,458	J.P. Morgan	15/08/2023	– ¹	–
EUR	39,835	USD	44,233	J.P. Morgan	15/08/2023	(1)	–
SGD	18,400	USD	13,851	J.P. Morgan	15/08/2023	– ¹	–
SGD	49,000	USD	36,964	J.P. Morgan	15/08/2023	– ¹	–
SGD	78,965	USD	59,533	J.P. Morgan	15/08/2023	– ¹	–
SGD	22,365	USD	16,939	J.P. Morgan	15/08/2023	– ¹	–
SGD	27,509	USD	20,840	J.P. Morgan	15/08/2023	– ¹	–
SGD	32,127	USD	24,334	J.P. Morgan	15/08/2023	– ¹	–
SGD	45,700	USD	34,591	J.P. Morgan	15/08/2023	– ¹	–
SGD	84,022	USD	63,479	J.P. Morgan	15/08/2023	– ¹	–
SGD	148,026	USD	111,820	J.P. Morgan	15/08/2023	(1)	–
USD	2,809	CNH	20,171	J.P. Morgan	15/08/2023	– ¹	–
USD	6,462	SGD	8,596	J.P. Morgan	15/08/2023	– ¹	–
Total unrealised loss on Forward Currency Contracts (31 July 2022: 0.00%)²						(2)	–
Total financial assets at fair value through profit or loss					389,766	97.35	
Total financial liabilities at fair value through profit or loss					(2)	–	
Cash and cash equivalents					185	0.05	
Other assets and liabilities					10,432	2.60	
Net asset value attributable to shareholders					400,381	100.00	

¹Investments which are less than USD 500 have been rounded down to zero.²Prior year percentage of net asset value rounds to 0.00%.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2023**

	Note	Year ended 31 July 2023 USD '000	Year ended 31 July 2022 USD '000
Operating income			
Dividends income	1(f)	41,297	26,232
Bank interest income		2	–
Net gains/(losses) on financial assets/liabilities at fair value through profit or loss	2	6,283	(38,126)
Total investment income/(expense)		47,580	(11,894)
Operating expenses			
Administration fees	11	(501)	(533)
AIFM fees	11	(291)	(314)
Audit fees	3	(23)	(27)
Depositary fees	11	(46)	(60)
Directors' fees	11	(31)	(41)
Distribution fees	11	(1,202)	(1,551)
Legal fees		(46)	(159)
Shareholder maintenance fees	11	(933)	(1,075)
Other operating expenses		(103)	(42)
Total operating expenses		(3,176)	(3,802)
Net operating profit/(loss)		44,404	(15,696)
Finance costs (excluding increase/decrease in net assets attributable to shareholders from continuing operations)			
Interest expense		–	(4)
Distributions to shareholders	4	(20,088)	(11,270)
Total Finance costs (excluding increase/decrease in net assets attributable to shareholders from continuing operations)		(20,088)	(11,274)
Net profit/(loss)		24,316	(26,970)
Increase/(decrease) in net assets attributable to shareholders from continuing operations		24,316	(26,970)

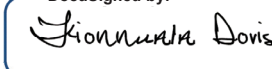
The accompanying notes form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 JULY 2023**

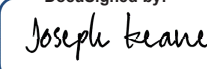
	Note	31 July 2023 USD '000	31 July 2022 USD '000
CURRENT ASSETS			
Financial assets at fair value through profit or loss	9	389,766	616,699
Cash and cash equivalents		185	155
Receivables			
Subscription of shares awaiting settlement		8,409	724
Dividends receivable		3,108	3,229
Directors' fees prepaid	11	–	2
Total current assets		401,468	620,809
CURRENT LIABILITIES			
Financial liabilities at fair value through profit or loss	9	2	4
Payables			
Redemption of shares awaiting settlement		500	1,400
Administration fees payable	11	281	175
AIFM fees payable	11	20	32
Audit fees payable	3	29	25
Depositary fees payable	11	30	51
Directors' fees payable	11	2	–
Distribution fees payable	11	85	131
Legal fees payable		24	6
Shareholder maintenance fees payable	11	64	101
Other payables		50	74
Total current liabilities (excluding net assets attributable to shareholders)		1,087	1,999
Net asset value attributable to shareholders		400,381	618,810

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

On Behalf of the Board of Directors

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Director
Fionnuala Doris

DocuSigned by:

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Director
Joseph Keane

Date: 7 November 2023

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
FOR THE YEAR ENDED 31 JULY 2023**

	Year ended 31 July 2023 USD '000	Year ended 31 July 2022 USD '000
Net assets attributable to shareholders at the beginning of the year	618,810	434,086
Increase/(decrease) in net assets attributable to shareholders from continuing operations	24,316	(26,970)
Share transactions		
Proceeds from issue of redeemable shares	82,469	468,741
Payments on redemption of redeemable shares	(325,214)	(258,675)
Net income equalisation	–	13
Dividend reinvested	–	1,615
Increase/(decrease) in net assets resulting from share transactions	(242,745)	211,694
Net assets attributable to shareholders at the end of the year	400,381	618,810

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2023**

	Year ended 31 July 2023 USD '000	Year ended 31 July 2022 USD '000
Cash flows from operating activities:		
Increase/(decrease) in net assets attributable to shareholders from continuing operations	24,316	(26,970)
<i>Adjustment for:</i>		
Dividend income	(41,295)	(26,232)
Interest income	(2)	–
Interest expense	–	4
Distributions to shareholders	20,088	11,270
Total	<u>3,107</u>	<u>(41,928)</u>
Change in financial assets at fair value through profit or loss	226,933	(186,569)
Change in cash pledged as collateral	–	50
Change in other receivables	2	30
Change in financial liabilities at fair value through profit or loss	(2)	(26)
Change in other payables	(10)	(240)
	<u>230,030</u>	<u>(228,683)</u>
Dividend received	41,416	24,413
Interest received	2	–
Net cash provided by/(used in) operating activities	<u>271,448</u>	<u>(204,270)</u>
Cash flows from financing activities		
Interest paid	–	(4)
Proceeds from issue of redeemable shares ¹	74,784	471,424
Payments for redemption of redeemable shares	(326,114)	(257,479)
Distributions paid to shareholders	(20,088)	(11,270)
Net cash (used in)/provided by financing activities	<u>(271,418)</u>	<u>202,671</u>
Net increase/(decrease) in cash and cash equivalents	30	(1,599)
Cash and cash equivalents at the beginning of the year	<u>155</u>	<u>1,754</u>
Cash and cash equivalents at the end of the year	<u>185</u>	<u>155</u>

¹Proceeds from issue of redeemable shares during the year includes dividend reinvestments of USD Nil (2022: USD 1,615,000) 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 31 JULY 2023

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 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 11).

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 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 11). 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 2023 are attached for information from page 40 onwards. The Master Trust financial statements do not form part of these financial statements.

(i) New standards, amendments and interpretations effective after 1 January 2022

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and none of these have an impact on the financial statements of the Company.

There are no new standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on 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.

(b) Significant judgements and estimates

The preparation of the financial statements in conformity with IFRS requires the Board of Directors to make estimates, assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and assumptions are based on the Board of Director’s best knowledge of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as disclosed in note 9.

Judgements

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have made an assessment of the ability of the Company to continue its operations for twelve months from the date of issue of these financial statements (“the period of assessment”) and concluded that the going concern basis is appropriate. The Directors are not aware of any material uncertainties in relation to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. The Directors anticipate the financial assets will continue to generate enough cash flows on an ongoing basis to meet the Company’s liabilities as they fall due.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

1. Accounting policies (continued)

(b) Significant judgements and estimates (continued)

Estimates

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded.

Expected Credit Losses

The Directors have assessed that impairment does not apply to financial assets classified as fair value through profit or loss. In relation to 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(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 2023 and 31 July 2022 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 (2022: 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. The Company derecognises an investment as a financial liability when the obligation specified in the contract is discharged, cancelled or expired. 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

1. Accounting policies (continued)

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

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 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 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 to 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.

(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.

(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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

1. Accounting policies (continued)

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

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 on open forward foreign currency exchange contracts which are included in the Statement of Financial Position and are detailed in the Schedules of Investments. 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 14.

(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 JP Morgan Dublin - SE Branch. Cash and cash equivalents are valued at amortised cost with a simplified expected credit loss model as they do not contain a financing component.

(l) Cash pledged as collateral

Cash pledged as collateral provided by the Company is identified as an asset on the Statement of Financial Position as Cash pledged as collateral and is not included as a component of Cash and cash equivalents.

(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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023

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 2023 and 31 July 2022 is as follows:

	Year ended 31 July 2023 USD '000	Year ended 31 July 2022 USD '000
Net realised gains/(losses) on investments		
Realised gains on investments	2,492	–
Realised losses on investments	(37,440)	(12,418)
Net realised gains/(losses) on financial derivative instruments		
Realised gains on financial derivative instruments	1,219	332
Realised losses on financial derivative instruments	(1,143)	(561)
Net change in unrealised appreciation/(depreciation) on investments		
Change in unrealised depreciation on investments	41,178	(25,541)
Net change in unrealised appreciation/(depreciation) on financial derivative instruments		
Change in unrealised appreciation on financial derivative instruments	(32)	90
Change in unrealised depreciation on financial derivative instruments	2	26
Net gains/(losses) on foreign exchange	7	(54)
Total	6,283	(38,126)

3. Audit Fees

Audit fees solely relate to statutory audit fees including out of pocket expenses incurred. There were no other fees paid to PricewaterhouseCoopers in Ireland as the statutory auditor of the Company, as no other services were provided (2022: None).

4. Distributions to holders of Redeemable Shares

The following distributions in USD were made by the Company for the year ended 31 July 2023.

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	W (dis) USD per share
1 Aug 2022	8 Aug 2022	0.032746	0.035123	0.040930	0.036229	0.440012	0.032515	0.031849	0.032036	0.032669	0.037590
1 Sep 2022	9 Sep 2022	0.038131	0.041172	0.047656	0.043023	0.518228	0.037855	0.037052	0.037277	0.038018	0.043783
3 Oct 2022	10 Oct 2022	0.043377	0.047009	0.054215	0.049348	0.592055	0.043056	0.042116	0.042378	0.043224	0.049819
1 Nov 2022	8 Nov 2022	0.043537	0.045814	0.054416	0.048107	0.588665	0.043209	0.042237	0.042507	0.043359	0.050017
1 Dec 2022	8 Dec 2022	0.046276	0.048324	0.057554	0.050713	0.606910	0.045919	0.044903	0.045149	0.046058	0.053176
3 Jan 2023	10 Jan 2023	0.052595	0.055201	0.065358	0.058083	0.694070	0.052179	0.037760	0.051281	0.052316	0.060451
1 Feb 2023	8 Feb 2023	0.050223	0.052740	0.062692	0.055532	0.663382	0.049818	0.000000	0.048935	0.049927	0.057740
1 Mar 2023	8 Mar 2023	0.049982	0.053486	0.062461	0.056419	0.672779	0.049572	0.007291	0.048668	0.049660	0.057478
3 Apr 2023	11 Apr 2023	0.052476	0.054575	0.065588	0.057984	0.691929	0.052038	0.003645	0.051064	0.052109	0.060361
1 May 2023	8 May 2023	0.045622	0.047670	0.057018	0.050966	0.607859	0.045234	0.003673	0.044373	0.045284	0.052487
1 Jun 2023	8 Jun 2023	0.058137	0.062213	0.072477	0.065248	0.779875	0.057632	0.007275	0.056498	0.057664	0.066906
3 Jul 2023	11 Jul 2023	0.054466	0.056676	0.067938	0.060736	0.726440	0.053982	0.014536	0.052892	0.053989	0.062695

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023

4. Distributions to holders of Redeemable Shares (continued)

The following distributions in USD were made by the Company for the year ended 31 July 2022.

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	W (dis) USD per share
2 Aug 2021	9 Aug 2021	0.022551	0.024841	0.027877	0.025446	0.296543	0.022435	0.022153	0.022237	0.022655	0.025807
1 Sep 2021	9 Sep 2021	0.027152	0.029445	0.033575	0.030105	0.354552	0.027008	0.026650	0.026757	0.027261	0.031082
1 Oct 2021	8 Oct 2021	0.024764	0.027357	0.030686	0.027832	0.324807	0.024629	0.024287	0.024387	0.024849	0.028356
1 Nov 2021	8 Nov 2021	0.023128	0.025388	0.028645	0.025837	0.303041	0.022998	0.022663	0.022761	0.023194	0.026488
1 Dec 2021	8 Dec 2021	0.023296	0.025704	0.028947	0.026230	0.305216	0.023163	0.022809	0.022912	0.023350	0.026689
3 Jan 2022	10 Jan 2022	0.025737	0.028072	0.031969	0.028458	0.339833	0.025601	0.025552	0.025399	0.025875	0.029470
1 Feb 2022	8 Feb 2022	0.025816	0.028203	0.032065	0.028860	0.343240	0.025660	0.025234	0.025357	0.025846	0.029592
1 Mar 2022	8 Mar 2022	0.024761	0.027107	0.030821	0.027851	0.327788	0.024607	0.024182	0.024305	0.024775	0.028389
1 Apr 2022	8 Apr 2022	0.025359	0.027286	0.031632	0.028266	0.337911	0.025198	0.024747	0.024876	0.025359	0.029082
2 May 2022	9 May 2022	0.029541	0.032783	0.036911	0.033463	0.408057	0.029348	0.028803	0.028958	0.029524	0.033886
1 Jun 2022	8 Jun 2022	0.028733	0.030493	0.035933	0.031822	0.381752	0.028540	0.027993	0.028147	0.028699	0.032967
1 Jul 2022	11 Jul 2022	0.030790	0.033454	0.038473	0.034549	0.412027	0.030578	0.029969	0.030142	0.030735	0.035336

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023

5. Redeemable Shares and Share Capital (continued)

Redeemable Shares (“RS”) (continued)

The movement in RS for the year ended 31 July 2023 is presented below:

	Balance at the beginning of the year	Issued during the year	Redeemed during the year	Balance at end of the year
Class A (acc)	13,539,778	654,552	(7,015,218)	7,179,112
Class A (dis)	25,575,668	6,249,117	(13,572,188)	18,252,597
Class A (dis) EUR-H1	132,832	55,770	(82,020)	106,582
Class A (dis) HKD	8,788,219	2,943,653	(7,694,186)	4,037,686
Class A (dis) RMB-H1	96,471	110,968	(87,591)	119,848
Class A (dis) SGD-H1	795,546	930,659	(742,565)	983,640
Class AX	6,878,923	502,955	(2,603,323)	4,778,555
Class B	40,875	966	(41,838)	3
Class C (acc)	1,020,440	100,126	(523,605)	596,961
Class C (dis)	4,932,280	421,464	(916,259)	4,437,485
Class N (acc)	5,623,481	346,593	(3,497,697)	2,472,377
Class N (dis)	1,137,366	281,566	(264,980)	1,153,952
Class W (acc)	3,298,218	325,476	(1,973,687)	1,650,007
Class W (dis)	1,181,360	77,643	(693,075)	565,928

The movement in RS for the year ended 31 July 2022 is presented below:

	Balance at the beginning of the year	Issued during the year	Redeemed during the year	Balance at end of the year
Class A (acc)	9,773,226	9,085,916	(5,319,364)	13,539,778
Class A (dis)	17,435,132	18,255,139	(10,114,603)	25,575,668
Class A (dis) EUR-H1	24,555	108,277	–	132,832
Class A (dis) HKD	3,919	9,835,693	(1,051,393)	8,788,219
Class A (dis) RMB-H1	13,883	83,338	(750)	96,471
Class A (dis) SGD-H1	1,260,567	1,315,652	(1,780,673)	795,546
Class AX	4,551,055	6,386,790	(4,058,922)	6,878,923
Class B	68,600	1,793	(29,518)	40,875
Class C (acc)	382,015	924,132	(285,707)	1,020,440
Class C (dis)	4,532,551	1,102,380	(702,651)	4,932,280
Class N (acc)	4,128,852	5,127,129	(3,632,500)	5,623,481
Class N (dis)	1,097,418	160,999	(121,051)	1,137,366
Class W (acc)	847,536	2,964,781	(514,099)	3,298,218
Class W (dis)	959,650	511,307	(289,597)	1,181,360

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023

5. Redeemable Shares and Share Capital (continued)

Net assets attributable to shareholders

		31 July 2023	31 July 2022	31 July 2021
Class A (acc)				
Net asset value	USD '000	117,802	201,430	146,998
Net asset value per share	USD	16.41	14.88	15.04
Class A (dis)				
Net asset value	USD '000	127,490	175,184	126,716
Net asset value per share	USD	6.98	6.85	7.27
Class A (dis) EUR-H1				
Net asset value	EUR '000	779	976	194
Net asset value per share	EUR	7.31	7.35	7.90
Class A (dis) HKD				
Net asset value	HKD '000	35,007	75,251	35
Net asset value per share	HKD	8.67	8.56	9.00
Class A (dis) RMB-H1				
Net asset value	RMB '000	10,951	8,854	1,324
Net asset value per share	RMB	91.37	91.78	95.35
Class A (dis) SGD-H1				
Net asset value	SGD '000	7,611	6,090	10,241
Net asset value per share	SGD	7.74	7.65	8.12
Class AX				
Net asset value	USD '000	33,073	46,782	32,904
Net asset value per share	USD	6.92	6.80	7.23
Class B				
Net asset value	USD '000	—*	272	490
Net asset value per share	USD	6.73	6.66	7.14
Class C (acc)				
Net asset value	USD '000	6,305	9,850	3,758
Net asset value per share	USD	10.56	9.65	9.84
Class C (dis)				
Net asset value	USD '000	30,069	33,039	32,472
Net asset value per share	USD	6.78	6.70	7.16
Class N (acc)				
Net asset value	USD '000	35,451	73,617	55,030
Net asset value per share	USD	14.34	13.09	13.33
Class N (dis)				
Net asset value	USD '000	7,983	7,770	8,010
Net asset value per share	USD	6.92	6.83	7.30
Class W (acc)				
Net asset value	USD '000	25,055	45,273	11,727
Net asset value per share	USD	15.18	13.73	13.84
Class W (dis)				
Net asset value	USD '000	4,552	9,290	7,983
Net asset value per share	USD	8.04	7.86	8.32

*Net asset value which is less than USD 1,000 has been rounded down to zero.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023

6. 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 (“TCA”). 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 or deemed disposal of shares for Irish tax purposes, 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 Schedule 2B of the TCA are held by the Company and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct or where the Company has been authorised by the Irish Revenue Commissioners to make gross payments in the absence of appropriate declarations; or
- a shareholder who is an exempt Irish investor (as defined in Section 739D), at the time of the chargeable event, provided the relevant declaration in accordance with Schedule 2B of the TCA, is held by the Company and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct or the Company has been authorised by the Irish Revenue Commissioners to make gross payments in the absence of appropriate declarations.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to 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.

7. 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 2023 Rate	31 July 2022 Rate
USD = 1		
CNH	7.1476	6.7511
EUR	0.9094	0.9784
HKD	7.7991	7.8500
SGD	1.3297	1.3815

8. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 JULY 2023

8. Financial risk management (continued)

Concentration and liquidity risk (continued)

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.

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”) (2022: 100%).

At 31 July 2023 and 31 July 2022, the Company invested 97.34% and 99.65% 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 13 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 the Master Fund and is susceptible to market price risk arising from uncertainties about future values of the underlying securities in the Master Fund.

The Investment Adviser has reviewed the market risk of the Company as of 31 July 2023 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 2.74% (2022: 3.74%).

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 2023 and 31 July 2022, any reasonably possible movement in interest rates would have an immaterial direct effect on the net assets attributable to holders of RS. However, any movement in interest rates may have an effect on the NAV of the Master Trust as well as the dividend income received by the Company from the Master Trust.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

8. Financial risk management (continued)

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 underlying Transfer Agent at 31 July 2023 and 31 July 2022. The Fund held defaulted securities and/or other securities for which the income has been deemed uncollectible. At 31 July 2023, the aggregate value of these securities was USD Nil (2022: USD 1,118,000), representing 0.0% (2022: 0.2%) 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. In addition the Fund held USD 598,000 (2022: USD 10,779,000) in Level 3 securities, representing 0.15% (2022: 1.75%). The securities have been identified in the accompanying Statement of Investments.

The Company has an ongoing contract with its Depository 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 SE - Dublin Branch ("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	
	2023	2022	2023	2022	2023	2022
J.P. Morgan	A+	A+	Aa1	A2	AA	AA

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 Depository (whether the securities are registered or bearer) do not form a part of J.P. Morgan's general assets. Assets are held on J.P. Morgan's system in accounts segregated from general assets of the firm. To the fullest extent permissible by law and local legislation, J.P. Morgan's sub-custodians hold assets in segregated accounts designated as holding assets belonging to clients of J.P. Morgan. Assets belonging to J.P. Morgan or to its sub-custodians cannot be deposited into these accounts.

Cash held by J.P. Morgan is not segregated 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 2023, none (2022: 0.2%) 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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

8. Financial risk management (continued)

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 1,532,000, USD 851,000 and USD 5,607,000 (2022: USD 1,521,000, USD 1,215,000 and USD 11,492,000) 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.

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.

9. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023

9. Fair value estimation (continued)

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 (2022: None).

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 2023:

	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	–	389,707	–	389,707
Unrealised gains on forward currency contracts	–	59	–	59
Total	–	389,766	–	389,766
Financial liabilities at fair value through profit or loss:				
Unrealised losses on forward currency contracts	–	(2)	–	(2)
Total	–	(2)	–	(2)

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 2022:

	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	–	616,607	–	616,607
Unrealised gains on forward currency contracts	–	92	–	92
Total	–	616,699	–	616,699
Financial liabilities at fair value through profit or loss:				
Unrealised losses on forward currency contracts	–	(4)	–	(4)
Total	–	(4)	–	(4)

The leveling applicable to the Master Trust can be found in the Master Trust financial statements, as at 31 July 2023 USD 598,000 (2022: USD 10,779,000) representing 0.15% (2022: 1.75%) was classified as Level 3 securities.

Cash and cash equivalents, cash pledged as collateral, and other short-term investments in an active market are categorized as Level 1.

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

10. 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 2023 are included in Schedule of investments on page 13.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

11. Significant agreements and related party transactions (continued)

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 2023 and 31 July 2022, 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, transfer agency, shareholder servicing and shareholder maintenance

Franklin Templeton International Services S.à r.l. is the AIFM and Principal Distributor for the Company.

There were no expenses cap reimbursement received from the AIFM during the year (31 July 2022: USD Nil). As at 31 July 2023, the Company was not due any expense cap reimbursement (31 July 2022: USD Nil) from the AIFM.

Franklin Templeton International Services S.à r.l. is entitled to receive a fee up to 0.06% 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 291,000 (31 July 2022: USD 314,000) of which USD 20,000 (31 July 2022: USD 32,000) was payable at 31 July 2023.

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 to the fee of 0.06% per annum above to which it is entitled under the AIFM Agreement, the Distributor (or such other person as the Distributor may from time to time appoint to defray distribution costs incurred by the Distributor) is entitled to receive a fee of up to 50 basis points of the average daily NAV of Class AX Shares, a fee of up to 1.05% per annum of the average daily NAV of Class B Shares, a fee of up to 1.10% per annum of the average daily NAV of Class C (acc) Shares and Class C (dis) Shares, a fee of up to 1% per annum of the average daily NAV of Class N (acc) Shares and Class N (dis) Shares. These fees shall be accrued daily and paid monthly in arrears.

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

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

During the year the Company incurred distribution fees of USD 1,202,000 (2022: USD 1,551,000) of which USD 1,201,000 (2022: USD 1,547,000) were earned by the Distributor and USD 1,000 (2022: USD 4,000) were earned by SG. Fees payable were USD 85,000 (2022: USD 131,000) and USD Nil (2022: USD Nil) at 31 July 2023 to the Distributor and SG, respectively.

The Distributor earned shareholder maintenance fees of USD 933,000 (2022: USD 1,075,000) of which USD 64,000 (2022: USD 101,000) was payable at 31 July 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023

11. Significant agreements and related party transactions (continued)

AIFM, Distributor, transfer agency, shareholder servicing and shareholder maintenance (continued)

The following distribution fees were incurred by the Company for the years ended 31 July 2023 and 31 July 2022.

Class	Annual Fee	Year ended	Year ended
		31 July 2023	31 July 2022
		USD '000	USD '000
AX	0.50%	179	228
B	1.05%	1	4
C (acc)	1.10%	93	78
C (dis)	1.10%	344	365
N (acc)	1.00%	509	795
N (dis)	1.00%	76	81
		1,202	1,551

The following shareholder maintenance fees were incurred by the Company for the years ended 31 July 2023 and 31 July 2022.

Class	Annual Fee	Year ended	Year ended
		31 July 2023	31 July 2022
		USD '000	USD '000
A (acc)	0.30%	462	576
A (dis)	0.30%	429	469
A (dis) EUR – H1	0.30%	3	1
A (dis) HKD	0.30%	22	8
A (dis) RMB – H1	0.30%	4	1
A (dis) SGD – H1	0.30%	13	19
B	0.25%	–	1
		933	1,075

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 were no CDSC payable for the year ended 31 July 2023 (31 July 2022: USD Nil). 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%

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.

The Company will pay a fee of up to 0.60% per annum of the average daily Net Asset Value of the Company in respect of accounting, NAV calculation, fund administration, transfer agency and shareholder services. Franklin Templeton International Services S.à r.l. will receive 0.05% of these fees for shareholder servicing. During the year the Company incurred fees of USD 262,000 (31 July 2022: USD 292,000) of which USD 32,000 was payable at 31 July 2023 (31 July 2022: USD 5,000) to Franklin Templeton International Services S.à r.l.

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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

11. Significant agreements and related party transactions (continued)

Franklin Floating Rate Master Trust (continued)

The Master Trust is an open-ended investment company, which was incorporated in November 1999. At the year end 31 July 2023 and year end 31 July 2022 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 2022: 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 up to 0.60% per annum of the average daily Net Asset Value of the Company in respect of accounting, NAV calculation, fund administration, tax reporting services in respect of VAT returns, transfer agency and shareholder services. These fees shall be accrued daily and paid monthly in arrears.

During the year the Administrator earned fees of USD 501,000 (2022: USD 533,000) of which USD 281,000 (2022: USD 175,000) was payable at 31 July 2022.

Depositary

The Depositary, J.P. Morgan Bank SE – Dublin Branch charges a fee of up to 0.025% per annum of the average daily Net Asset Value of the Company for the provision of safekeeping, settlement and trustee services for the Company. These fees are accrued daily and paid monthly in arrears.

During the year the Depositary earned fees of USD 46,000 (2022: USD 60,000) of which USD 30,000 (2022: USD 51,000) was payable at 31 July 2023.

Directors

William Jackson resigned as a Director of the Company on 17 July 2023.

Craig Tyle was appointed as a Director of the Company on 27 July 2023.

The non-independent Directors of the Company, Joseph LaRocque and Joesph Carrier, from 3 October 2022 with his cessation of employment with Franklin Templeton and the independent Directors, Fionnuala Doris and Joseph Keane, will be entitled to receive an annual fee of approximately EUR 6,000 each, calculated based on the pro rata share of their time commitment to the Company. The non-independent Directors of the Company, William Jackson, Jaspal Sagger, Jane Trust and Craig Tyle will not be entitled to receive an annual fee.

Significant shareholders

There is 1 shareholder with significant holdings (at least 20%) of the Fund as at 31 July 2023 (31 July 2022: 1 shareholder).

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

12. Transaction costs

In order to achieve its investment objective, the Company may incur transaction 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 2023 (2022: None).

13. Soft commissions

There have been no soft commission arrangements affecting the Company during the year (2022: None).

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JULY 2023**

14. Contingent liabilities

There are no contingent liabilities as of 31 July 2023 (2022: None).

15. Significant events during the year

During the year, Russia continued military operations in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine may increase market volatility and the economic risk of investing in securities in these countries and other impacted countries within the region. Due to the sanctions, actions by governments, developments in Ukraine itself and other circumstances, the Manager continues to assess the impact on valuation and liquidity and will take any potential actions needed, in accordance with the Funds' valuation policies and procedures.

On 3 October 2022 Joseph Carrier ceased full-time employment with Franklin Templeton Investments. Mr. Carrier continues to act as a non-executive Director of the Company and from 3 October 2022 is remunerated in line with the other non-executive Directors of the Company.

On 21 December 2022, an updated Prospectus was issued by the Company and noted by the Central Bank.

Effective 1 March 2023, there was an Amendment to the Fee Agreement for the provision of Fund Accounting services by the Administrator, to include the provision of tax reporting services in respect of VAT returns.

On 17 July 2023, Mr. William Jackson resigned as a Director of the Company.

On 27 July 2023, Mr. Craig Tyle was appointed as a Director of the Company.

There have been no other significant events during the year

16. Statement of Changes in the Portfolio

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

17. Significant events since year end

On 31 October 2023, Elinor Murray was appointed as a Director of the Company.

There have been no other significant events since year end.

18. Authorisation of the financial statements

The financial statements were authorised for issue by the Board of Directors on 7 November 2023.

**ADDITIONAL DISCLOSURES
FOR THE YEAR ENDED 31 JULY 2023**

Sustainable Finance Disclosure Regulations (“SFDR”) disclosures (Unaudited)

The Company is classified as an Article 6 Fund under Regulation (EU) 2019/2088 of European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

The investments underlying the Fund do not consider the EU criteria for environmentally sustainable economic activities.

Appendix A: Performance Record

	Financial Period	Highest net asset value per unit	Lowest net asset value per unit
Class A (acc)	31.07.2023	USD16.41	USD14.65
Class A (acc)	31.07.2022	USD15.47	USD14.49
Class A (acc)	31.07.2021	USD15.07	USD13.67
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 (dis)	31.07.2023	USD6.98	USD6.67
Class A (dis)	31.07.2022	USD7.31	USD6.71
Class A (dis)	31.07.2021	USD7.30	USD6.82
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) EUR-H1	31.07.2023	EUR7.45	EUR6.29
Class A (dis) EUR-H1	31.07.2022	EUR9.18	EUR7.08
Class A (dis) EUR-H1	31.07.2021	EUR7.94	EUR7.47
Class A (dis) EUR-H1	31.07.2020	EUR8.54	EUR7.07
Class A (dis) EUR-H1	31.07.2019	EUR9.21	EUR8.56
Class A (dis) EUR-H1	31.07.2018	EUR9.61	EUR9.21
Class A (dis) EUR-H1	31.07.2017	EUR9.79	EUR9.53
Class A (dis) EUR-H1	31.07.2016	EUR9.85	EUR9.01
Class A (dis) EUR-H1	31.07.2015	EUR10.05	EUR9.85
Class A (Dis) HKD	31.07.2023	HKD8.67	HKD8.28
Class A (Dis) HKD	31.07.2022	HKD9.14	HKD8.38
Class A (Dis) HKD	31.07.2021	HKD9.03	HKD8.42
Class A (Dis) HKD	31.07.2020	HKD10.01	HKD7.95
Class A (dis) RMB-H1	31.07.2023	RMB99.12	RMB87.09
Class A (dis) RMB-H1	31.07.2022	RMB103.23	RMB89.92
Class A (dis) RMB-H1	31.07.2021	RMB95.48	RMB88.00
Class A (dis) RMB-H1	31.07.2020	RMB103.72	RMB82.31
Class A (dis) RMB-H1	31.07.2019	RMB108.55	RMB103.88
Class A (dis) RMB-H1	31.07.2018	RMB108.50	RMB107.17

Appendix A: (continued)

Performance Record (continued)

	Financial Period	Highest net asset value	Lowest net asset value per unit
Class A (dis) RMB-H1	31.07.2017	RMB108.24	RMB101.66
Class A (dis) RMB-H1	31.07.2016	RMB101.94	RMB94.51
Class A (dis) RMB-H1	31.07.2015	RMB101.44	RMB99.98
Class A (dis) SGD-H1	31.07.2023	SGD7.77	SGD6.91
Class A (dis) SGD-H1	31.07.2022	SGD8.39	SGD7.37
Class A (dis) SGD-H1	31.07.2021	SGD8.15	SGD7.63
Class A (dis) SGD-H1	31.07.2020	SGD9.19	SGD7.21
Class A (dis) SGD-H1	31.07.2019	SGD9.71	SGD9.21
Class A (dis) SGD-H1	31.07.2018	SGD9.92	SGD9.67
Class A (dis) SGD-H1	31.07.2017	SGD10.05	SGD9.74
Class A (dis) SGD-H1	31.07.2016	SGD9.92	SGD9.16
Class A (dis) SGD-H1	31.07.2015	SGD10.09	SGD9.92
Class AX	31.07.2023	USD6.93	USD6.62
Class AX	31.07.2022	USD7.26	USD6.66
Class AX	31.07.2021	USD7.26	USD6.79
Class AX	31.07.2020	USD8.16	USD6.41
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 B	31.07.2023	USD6.78	USD6.47
Class B	31.07.2022	USD7.15	USD6.52
Class B	31.07.2021	USD7.17	USD6.75
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 C (acc)	31.07.2023	USD10.56	USD9.49
Class C (acc)	31.07.2022	USD10.07	USD9.41
Class C (acc)	31.07.2021	USD9.86	USD9.01
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

Appendix A: (continued)

Performance Record (continued)

	Financial Period	Highest net asset value	Lowest net asset value per unit
Class C (acc)	31.07.2017	USD10.03	USD9.98
Class C (dis)	31.07.2023	USD6.83	USD6.51
Class C (dis)	31.07.2022	USD7.18	USD6.56
Class C (dis)	31.07.2021	USD7.20	USD6.76
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 N (acc)	31.07.2023	USD14.34	USD12.88
Class N (acc)	31.07.2022	USD13.65	USD12.76
Class N (acc)	31.07.2021	USD13.36	USD12.20
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 (dis)	31.07.2023	USD6.96	USD6.64
Class N (dis)	31.07.2022	USD7.32	USD6.69
Class N (dis)	31.07.2021	USD7.33	USD6.88
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 W (acc)	31.07.2023	USD15.18	USD13.52
Class W (acc)	31.07.2022	USD14.26	USD13.37
Class W (acc)	31.07.2021	USD13.86	USD12.55
Class W (acc)	31.07.2020	USD14.06	USD11.41
Class W (acc)	31.07.2019	USD14.05	USD13.60
Class W (acc)	31.07.2018	USD13.87	USD13.49
Class W (acc)	31.07.2017	USD13.55	USD12.75
Class W (acc)	31.07.2016	USD12.76	USD11.71

Appendix A: (continued)

Performance Record (continued)

	Financial Period	Highest net asset value	Lowest net asset value per unit
Class W (acc)	31.07.2015	USD12.54	USD12.04
Class W (acc)	31.07.2014	USD12.30	USD11.91
Class W (dis)	31.07.2023	USD8.04	USD7.66
Class W (dis)	31.07.2022	USD8.38	USD7.70
Class W (dis)	31.07.2021	USD8.35	USD7.79
Class W (dis)	31.07.2020	USD9.31	USD7.33
Class W (dis)	31.07.2019	USD9.73	USD9.28
Class W (dis)	31.07.2018	USD9.88	USD9.66
Class W (dis)	31.07.2017	USD9.90	USD9.60
Class W (dis)	31.07.2016	USD9.82	USD9.02
Class W (dis)	31.07.2015	USD10.11	USD9.77
Class W (dis)	31.07.2014	USD10.19	USD10.09

Appendix B:

Franklin Floating Rate Master Trust

Annual Report and Audited Financial Statements

For the year ended 31 July 2023

Franklin Floating Rate Master Series

This annual report for the Franklin Floating Rate Master Series covers the fiscal year ended July 31, 2023.

Fund Overview

Q. What were the overall market conditions during the Fund's reporting period?

A. During the one-year period under review, the U.S. Federal Reserve (Fed) remained firmly on a hawkish rate path, intensifying recession worries and volatility in the loan market. However, loan prices rallied along with broader credit markets due to continued strength among economic indicators and investors looked toward the end of the rate hiking cycle. Technical conditions overall were supported by more moderate outflows from loan retail vehicles and low new issuance. B-rated loans trading at discounts to par outperformed higher-rated loans that had been trading closer to par and that had outperformed earlier in the period.

Q. How did we respond to these changing market conditions?

A. As rates are expected to stay higher for longer, we anticipated issuers that were more leveraged with cyclical and secularly challenged business models would undergo higher amounts of distress. Accordingly, we looked to de-risk our portfolio from lower-quality issuers in cyclical industries and those that we believed to have weaker interest coverage following rate hikes. During the period, we reduced our weightings in riskier middle tier and lower tier loans.

Portfolio Composition

7/31/23

	% of Total Net Assets
Senior Floating Rate Interests	83.7%
Common Stocks	5.3%
Corporate Bonds	5.0%
Management Investment Companies	2.4%
Other*	0.2%
Short-Term Investments & Other Net Assets	3.4%

*Categories within the Other category are listed in full in the Fund's Schedule of Investments (SOI), which can be found later in this report.

Q. What were the leading contributors to performance?

A. During the one-year period, our loan selection in service, health care, food and chemical issuers contributed to relative performance. Our allocation to equity received from prior restructurings benefited results. Our overweight in loan allocation to the aerospace and retail industries and underweight in the broadcasting segment contributed to performance. The Fund's underweight in lower-tier loans and overweight to middle-tier loans relative to the index benefited results.

Q. What were the leading detractors from performance?

A. Our allocation to cash was a leading detractor from performance. Our loan selection in consumer durables, cable wireless, and utility issuers as well as our underweight allocation to the housing and energy industries detracted from performance. The Fund's underweight in upper-tier loans relative to the index also hindered results.

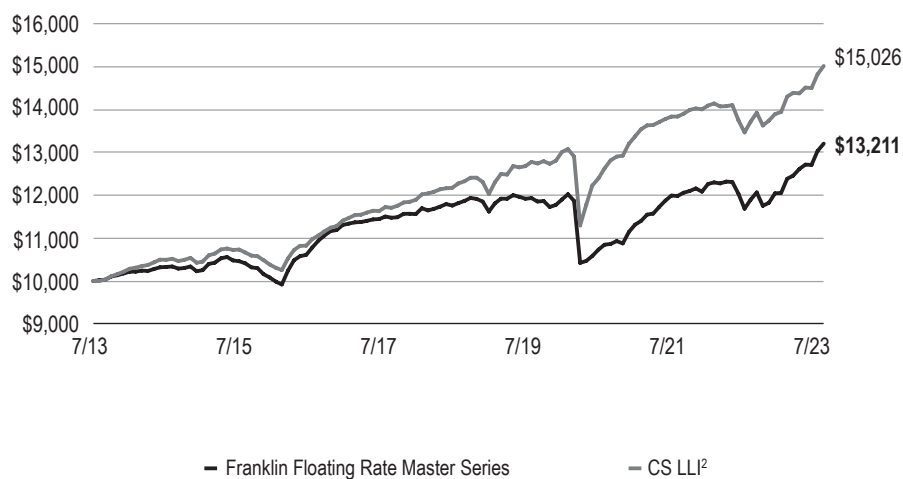
Q. Were there any significant changes to the Fund during the reporting period?

A. One of the largest positions in the portfolio (a rental equipment company based in Australia) became meaningfully smaller after the company entered into a definitive agreement to be sold at a premium to its trading levels. The position was also a top contributor to performance during the period.

Total Return Index Comparison for a Hypothetical \$10,000 Investment¹

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.

7/31/13–7/31/23



Performance as of 7/31/23¹

	Average Annual Total Return ³
1-Year	+11.00%
5-Year	+2.25%
10-Year	+2.82%

1. Gross expenses are the Fund's total annual operating expenses as of the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect voluntary fee waivers, expense caps and/or reimbursements. Voluntary waivers may be modified or discontinued at any time without notice.

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 Baa/BB+ or Ba1/BBB+ by Moody's or S&P.

3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.

See www.franklintempletondatasources.com for additional data provider information.

Your Fund's Expenses

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

Actual Fund Expenses

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

Hypothetical Example for Comparison with Other Funds

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

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

Beginning Account Value 2/1/23	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Annualized Expense Ratio ²
	Ending Account Value 7/31/23	Expenses Paid During Period 2/1/23–7/31/23 ^{1,2}	Ending Account Value 7/31/23	Expenses Paid During Period 2/1/23–7/31/23 ^{1,2}	
\$1,000	\$1,066.20	\$2.71	\$1,022.17	\$2.65	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 181/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses.

Financial Highlights

Franklin Floating Rate Master Series

	Year Ended July 31,				
	2023	2022	2021	2020	2019
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$7.00	\$7.38	\$6.99	\$8.18	\$8.54
Income from investment operations ^a :					
Net investment income	0.567 ^b	0.292 ^b	0.301 ^b	0.415	0.460
Net realized and unrealized gains (losses)	0.165	(0.341)	0.417	(1.141)	(0.378)
Total from investment operations	0.732	(0.049)	0.718	(0.726)	0.082
Less distributions from:					
Net investment income	(0.602)	(0.331)	(0.328)	(0.464)	(0.442)
Net asset value, end of year	\$7.13	\$7.00	\$7.38	\$6.99	\$8.18
Total return	11.00%	(0.73)%	10.51%	(9.13)%	0.98%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.56%	0.57%	0.61%	0.58%	0.55%
Expenses net of waiver and payments by affiliates ^c	0.53%	0.53%	0.53%	0.53%	0.53%
Net investment income	8.11%	4.01%	4.19%	5.41%	5.29%
Supplemental data					
Net assets, end of year (000's)	\$389,707	\$616,607	\$430,129	\$394,720	\$1,054,679
Portfolio turnover rate	11.36%	32.84%	74.82%	16.80%	27.92% ^d

^aThe 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.

^bBased on average daily shares outstanding.

^cBenefit of expense reduction rounds to less than 0.01%.

^dExcludes the value of portfolio activity as a result of in-kind transactions.

Schedule of Investments, July 31, 2023

Franklin Floating Rate Master Series

	Country	Shares	Value	% of Net Assets
Common Stocks				
Industrial Machinery & Supplies & Components				
^a UTEX Industries, Inc.	United States	120,386	\$7,985,625	2.05
Leisure Facilities				
^a 24 Hour Fitness Worldwide, Inc.	United States	104,009	14,873	0.00
Oil & Gas Exploration & Production				
^b Quaternorth Energy Holding, Inc.	United States	111,779	12,812,668	3.29
Total Common Stocks (Cost \$23,022,766)			20,813,166	5.34
Management Investment Companies				
Asset Management & Custody Banks				
^c Franklin Senior Loan ETF	United States	281,166	6,781,724	1.74
Invesco Senior Loan ETF	United States	117,471	2,466,891	0.64
			9,248,615	2.38
Total Management Investment Companies (Cost \$9,697,977)			9,248,615	2.38
Preferred Stocks				
Leisure Facilities				
^a 24 Hour Fitness Worldwide, Inc.	United States	246,320	6,158	0.00 [†]
Total Preferred Stocks (Cost \$332,425)			6,158	0.00[†]
Warrants				
Warrants				
Industrial Machinery & Supplies & Components				
^{a,d} UTEX Industries, Inc., 2/20/49	United States	321	571	0.00 [†]
Total Warrants (Cost \$—)			571	0.00[†]
Principal Amount*				
Corporate Bonds				
Air Freight & Logistics				
^e Rand Parent LLC, Senior Secured Note, 144A, 8.5%, Note, 144A, 2/15/30	United States	600,000	565,091	0.14
Broadcasting				
^e Univision Communications, Inc., Senior Secured Note, 144A, 5.125%, 2/15/25	United States	400,000	392,437	0.10
Cable & Satellite				
^e Directv Financing LLC / Directv Financing Co-Obligor, Inc., Senior Secured Note, 144A, 5.875%, 8/15/27	United States	1,100,000	993,986	0.25
^e Radiate Holdco LLC / Radiate Finance, Inc., Senior Secured Note, 144A, 4.5%, 9/15/26	United States	600,000	488,256	0.13
			1,482,242	0.38
Cargo Ground Transportation				
^e First Student Bidco, Inc. / First Transit Parent, Inc., Senior Secured Note, 144A, 4%, 7/31/29	United States	500,000	424,215	0.11
Casinos & Gaming				
^e International Game Technology plc, Senior Secured Note, 144A, 5.25%, 1/15/29	United States	400,000	380,375	0.10
Communications Equipment				
^e CommScope, Inc., Senior Secured Note, 144A, 4.75%, 9/01/29	United States	692,300	534,190	0.14

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
Corporate Bonds (continued)				
Construction Materials				
^e Cemex SAB de CV, Senior Bond, 144A, 5.2%, 9/17/30.	Mexico	750,000	\$709,339	0.18
Diversified Chemicals				
^e SCIH Salt Holdings, Inc., Senior Secured Note, 144A, 4.875%, 5/01/28.	United States	1,100,000	985,635	0.25
Environmental & Facilities Services				
^e GFL Environmental, Inc., Senior Secured Note, 144A, 3.5%, 9/01/28.	Canada	900,000	801,835	0.21
Health Care Services				
^e MPH Acquisition Holdings LLC, Senior Secured Note, 144A, 5.5%, 9/01/28.	United States	453,000	395,278	0.10
^e RP Escrow Issuer LLC, Senior Secured Note, 144A, 5.25%, 12/15/25.	United States	800,000	546,413	0.14
			941,691	0.24
Independent Power Producers & Energy Traders				
^e Calpine Corp., Senior Secured Note, 144A, 4.5%, 2/15/28.	United States	1,100,000	1,010,802	0.26
Integrated Telecommunication Services				
^e Altice France SA, Senior Secured Note, 144A, 5.125%, 7/15/29.	France	800,000	561,020	0.14
Senior Secured Note, 144A, 5.5%, 10/15/29.	France	1,270,000	902,922	0.23
			1,463,942	0.37
Investment Banking & Brokerage				
^e Jane Street Group / JSG Finance, Inc., Senior Secured Note, 144A, 4.5%, 11/15/29.	United States	800,000	702,619	0.18
Metal, Glass & Plastic Containers				
^e Ardagh Packaging Finance plc / Ardagh Holdings USA, Inc., Senior Secured Note, 144A, 4.125%, 8/15/26.	United States	900,000	843,897	0.22
Movies & Entertainment				
^e Banjay Entertainment SASU, Senior Secured Note, 144A, 5.375%, 3/01/25.	France	500,000	489,202	0.12
Multi-line Insurance				
^e Acrisure LLC / Acrisure Finance, Inc., Senior Secured Note, 144A, 4.25%, 2/15/29.	United States	529,400	456,953	0.12
Office Services & Supplies				
Pitney Bowes, Inc., Senior Bond, 4.625%, 3/15/24.	United States	314,000	308,249	0.08
Oil & Gas Storage & Transportation				
Cheniere Energy, Inc., Senior Secured Note, 4.625%, 10/15/28. . .	United States	450,000	422,789	0.11
Paper & Plastic Packaging Products & Materials				
^e Pactiv Evergreen Group Issuer LLC / Pactiv Evergreen Group Issuer, Inc., Senior Secured Note, 144A, 4.375%, 10/15/28.	United States	375,000	331,882	0.09
^e Pactiv Evergreen Group Issuer, Inc. / Pactiv Evergreen Group Issuer LLC, Senior Secured Note, 144A, 4%, 10/15/27.	United States	800,000	721,236	0.18
			1,053,118	0.27
Passenger Airlines				
^e American Airlines Inc/AA Advantage Loyalty IP Ltd., Senior Secured Note, 144A, 5.5%, 4/20/26.	United States	906,857	894,149	0.23

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
Corporate Bonds (continued)				
Passenger Airlines (continued)				
^g Delta Air Lines, Inc. / SkyMiles IP Ltd., Senior Secured Note, 144A, 4.5%, 10/20/25.	United States	938,000	\$919,677	0.24
^e United Airlines, Inc., Senior Secured Note, 144A, 4.375%, 4/15/26..	United States	1,165,000	1,104,254	0.28
			<u>2,918,080</u>	<u>0.75</u>
Security & Alarm Services				
^e Allied Universal Holdco LLC / Allied Universal Finance Corp., Senior Secured Note, 144A, 6.625%, 7/15/26	United States	1,000,000	955,835	0.24
Specialized Consumer Services				
^e WW International, Inc., Senior Secured Note, 144A, 4.5%, 4/15/29	United States	1,200,000	853,104	0.22
Specialty Chemicals				
^e ASP Unifrax Holdings, Inc., Senior Secured Note, 144A, 5.25%, 9/30/28	United States	645,200	481,555	0.13
Wireless Telecommunication Services				
^e Vmed O2 UK Financing I plc, Senior Secured Bond, 144A, 4.25%, 1/31/31	United Kingdom	360,000	298,429	0.08
Total Corporate Bonds (Cost \$37,773,526)			19,475,624	5.00
^fSenior Floating Rate Interests				
^gAdvertising				
Clear Channel Outdoor Holdings, Inc., Term Loan, B, 8.933%, (1-month SOFR + 3.5%), 8/21/26	United States	859,518	834,807	0.21
MH Sub I LLC (Micro Holding Corp.), First Lien, 2020 June New Term Loan, 9.183%, (1-month SOFR + 3.75%), 9/13/24	United States	175,750	176,043	0.04
First Lien, 2023 May Incremental CME Term Loan, 9.352%, (1-month SOFR + 4.25%), 5/03/28	United States	1,200,168	1,159,194	0.30
			<u>2,170,044</u>	<u>0.55</u>
Aerospace & Defense				
^{g,h} Alloy FinCo Ltd., Term Loan, B, 14%, PIK, (3-month USD LIBOR + 0.5%), 3/06/25	United Kingdom	4,767,588	4,470,805	1.15
^gAir Freight & Logistics				
Kenan Advantage Group, Inc. (The), CME Term Loan, B-2, 9.727%, (6-month SOFR + 4.428%), 3/24/26	United States	328,125	328,947	0.09
U.S. Term Loan, B1, 9.477%, (6-month SOFR + 4.178%), 3/24/26	United States	2,030,881	2,032,333	0.52
Rand Parent LLC, First Lien, CME Term Loan, B, 9.492%, (3-month SOFR + 4.25%), 3/17/30	United States	2,279,958	2,195,884	0.56
			<u>4,557,164</u>	<u>1.17</u>
^gAirport Services				
First Student Bidco, Inc., Initial Term Loan, B, 8.501%, (3-month SOFR + 3%), 7/21/28. . .	United States	1,776,097	1,733,115	0.44
Initial Term Loan, C, 8.501%, (3-month SOFR + 3%), 7/21/28	United States	665,733	649,622	0.17
LaserShip, Inc., First Lien, Initial Term Loan, 10.131%, (3-month SOFR + 4.5%), 5/07/28	United States	2,723,831	2,345,219	0.60
			<u>4,727,956</u>	<u>1.21</u>

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
^fSenior Floating Rate Interests (continued)				
Alternative Carriers				
^g Zayo Group Holdings, Inc., Initial Dollar Term Loan, 8.433%, (1-month SOFR + 3%), 3/09/27	United States	623,553	\$478,165	0.12
Aluminum				
^{g,j} Arsenal AIC Parent LLC, CME Term Loan, B, 9.879%, (1-month SOFR + 4.5%), 8/18/30	United States	588,730	589,036	0.15
^gApparel, Accessories & Luxury Goods				
Champ Acquisition Corp., First Lien, Initial Term Loan, 10.71%, (3-month USD LIBOR + 5.5%), 12/19/25	United States	1,522,676	1,524,199	0.39
Tory Burch LLC, Initial Term Loan, B, 8.933%, (1-month SOFR + 3.5%), 4/16/28	United States	576,979	564,807	0.15
			<u>2,089,006</u>	<u>0.54</u>
^gApplication Software				
ⁱ Central Parent, Inc., Initial CME Term Loan, B, 9.492%, (3-month SOFR + 4.25%), 7/06/29	United States	914,057	915,529	0.24
Cloudera, Inc., First Lien, Initial CME Term Loan, 8.952%, (1-month SOFR + 3.75%), 10/08/28	United States	1,711,248	1,673,463	0.43
Cornerstone OnDemand, Inc., First Lien, Initial Term Loan, 9.253%, (3-month SOFR + 3.75%), 10/16/28	United States	887,949	824,962	0.21
ECI Macola/MAX Holding LLC, First Lien, Initial Term Loan, 9.253%, (3-month SOFR + 3.75%), 11/09/27	United States	1,422,930	1,419,002	0.36
Epicor Software Corp., Term Loan, C, 8.683%, (1-month SOFR + 3.25%), 7/30/27	United States	2,324,470	2,312,615	0.59
Genesys Cloud Services Holdings I LLC, 2020 Initial Dollar CME Term Loan, 9.356%, (1-month SOFR + 4%), 12/01/27	United States	4,093,964	4,094,742	1.05
GoTo Group, Inc., First Lien, Initial Term Loan, 9.943%, (1-month SOFR + 4.75%), 8/31/27	United States	2,156,561	1,380,684	0.36
IGT Holding IV AB, CME Term Loan, B2, 8.712%, (3-month SOFR + 3.4%), 3/31/28	Sweden	504,178	501,236	0.13
Mitchell International, Inc., First Lien, Initial Term Loan, 9.183%, (1-month SOFR + 3.75%), 10/15/28	United States	1,268,542	1,251,823	0.32
Second Lien, Initial Term Loan, 11.933%, (1-month SOFR + 6.5%), 10/15/29	United States	142,857	128,571	0.03
Polaris Newco LLC, First Lien, Dollar Term Loan, 9.538%, (3-month SOFR + 4%), 6/02/28	United States	2,181,140	2,063,740	0.53
UKG, Inc., First Lien, 2021-2 Incremental CME Term Loan, 8.618%, (3-month SOFR + 3.25%), 5/04/26	United States	1,415,284	1,409,665	0.36
First Lien, Initial CME Term Loan, 9.219%, (3-month SOFR + 3.75%), 5/04/26	United States	1,613,424	1,613,432	0.42
			<u>19,589,464</u>	<u>5.03</u>
^gAsset Management & Custody Banks				
Edelman Financial Engines Center LLC (The), First Lien, 2021 Initial Term Loan, 9.183%, (1-month SOFR + 3.75%), 4/07/28	United States	1,538,726	1,519,492	0.39
Russell Investments US Institutional Holdco, Inc., 2025 CME Term Loan, 8.919%, (1-month SOFR + 3.5%), 5/30/25	United States	336,181	311,136	0.08
			<u>1,830,628</u>	<u>0.47</u>
Automobile Manufacturers				
^g American Trailer World Corp., First Lien, Initial CME Term Loan, 9.169%, (1-month SOFR + 3.75%), 3/03/28	United States	2,570,567	2,402,670	0.62

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
Senior Floating Rate Interests (continued)				
Automotive Parts & Equipment				
Adient US LLC, CME Term Loan, B1, 8.683%, (1-month SOFR + 3.25%), 4/10/28	United States	1,497,760	\$1,501,661	0.39
Clarios Global LP, First Lien, 2023 CME Term Loan, 9.069%, (1-month SOFR + 3.75%), 5/06/30	United States	587,084	587,744	0.15
DexKo Global, Inc., First Lien, 2023 Incremental CME Term Loan, 9.601%, (3-month SOFR + 4.25%), 10/04/28	United States	394,737	384,952	0.10
First Lien, Closing Date Term Loan, 9.253%, (3-month SOFR + 3.75%), 10/04/28	United States	1,339,430	1,297,465	0.33
First Brands Group LLC, 2022-II Incremental CME Term Loan, 10.246%, (6-month SOFR + 5%), 3/30/27	United States	1,270,807	1,258,105	0.32
First Lien, 2021 CME Term Loan, 10.881%, (6-month SOFR + 5%), 3/30/27	United States	2,789,372	2,764,966	0.71
Second Lien, 2021 Term Loan, 13.602%, (3-month SOFR + 8.5%), 3/30/28	United States	1,871,447	1,739,276	0.45
Highline Aftermarket Acquisition LLC, First Lien, Initial Term Loan, 9.919%, (1-month SOFR + 4.5%), 11/09/27	United States	230,461	225,420	0.06
TI Group Automotive Systems LLC, Refinancing U.S. Term Loan, 8.683%, (1-month SOFR + 3.25%), 12/16/26	United States	1,572,106	1,571,123	0.40
			11,330,712	2.91
Automotive Retail				
RealTruck Group, Inc., Initial Term Loan, 9.183%, (1-month SOFR + 3.75%), 1/31/28	United States	2,376,837	2,242,320	0.57
Brewers				
City Brewing Co. LLC, First Lien, Closing Date Term Loan, 9.07%, (3-month SOFR + 3.5%), 4/05/28	United States	2,220,415	1,441,427	0.37
Broadcasting				
Gray Television, Inc., Term Loan, D, 8.227%, (1-month SOFR + 3%), 12/01/28	United States	1,661,051	1,641,434	0.42
iHeartCommunications, Inc., New Term Loan, 8.433%, (1-month SOFR + 3%), 5/01/26	United States	833,333	753,958	0.19
Nexstar Media, Inc., Term Loan, B4, 7.933%, (1-month SOFR + 2.5%), 9/18/26	United States	485,655	486,223	0.13
Univision Communications, Inc., First Lien, Initial Term Loan, B, 8.443%, (1-month SOFR + 3.25%), 1/31/29	United States	884,008	876,052	0.23
			3,757,667	0.97
Building Products				
Cornerstone Building Brands, Inc., CME Term Loan, B, 8.572%, (1-month SOFR + 3.25%), 4/12/28	United States	935,900	908,529	0.23
Cable & Satellite				
CSC Holdings LLC, March 2017 Refinancing Term Loan, 7.586%, (1-month USD LIBOR + 2.25%), 7/17/25	United States	2,908,455	2,785,572	0.72
Radiate Holdco LLC, Amendment No. 6 Term Loan, B, 8.683%, (1-month SOFR + 3.25%), 9/25/26	United States	2,824,918	2,388,228	0.61
Virgin Media Bristol LLC, Term Loan, Q, 8.586%, (1-month SOFR + 3.25%), 1/31/29	United States	1,788,848	1,768,393	0.45
			6,942,193	1.78
Cargo Ground Transportation				
PECF USS Intermediate Holding III Corp., Initial Term Loan, 9.683%, (1-month SOFR + 4.25%), 12/15/28	United States	2,109,685	1,703,054	0.44

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
†Senior Floating Rate Interests (continued)				
Casinos & Gaming				
9Bally's Corp., Term Loan, B, 8.576%, (3-month SOFR + 3.25%), 10/02/28	United States	2,997,631	\$2,960,431	0.76
9Caesars Entertainment, Inc., 2023 Incremental CME Term Loan, B, 8.452%, (1-month SOFR + 3.25%), 2/06/30	United States	1,242,142	1,244,471	0.32
9Fertitta Entertainment LLC, Initial CME Term Loan, B, 9.319%, (1-month SOFR + 4%), 1/27/29	United States	2,032,857	2,014,490	0.52
9Flutter Entertainment plc, Third Amendment CME Term Loan, 2028 B, 8.753%, (3-month SOFR + 3.25%), 7/22/28	Ireland	420,551	421,394	0.11
1jOntario Gaming GTA LP, CME Term Loan, B, TBD, 7/20/30	Canada	788,357	789,342	0.20
9Penn National Gaming, Inc., CME Term Loan, B, 7.952%, (1-month SOFR + 2.75%), 5/03/29	United States	1,357,790	1,357,790	0.35
9Raptor Acquisition Corp., First Lien, Term Loan, B, 9.52%, (3-month SOFR + 4%), 11/01/26	United States	1,575,749	1,577,230	0.40
9Scientific Games Holdings LP, First Lien, Initial Dollar CME Term Loan, 8.768%, (3-month SOFR + 3.5%), 4/04/29	United States	2,631,301	2,602,712	0.67
9Scientific Games International, Inc., Initial CME Term Loan, B, 8.302%, (1-month SOFR + 3%), 4/14/29	United States	1,689,907	1,689,772	0.43
			<u>14,657,632</u>	<u>3.76</u>
Commodity Chemicals				
9Cyanco Intermediate 2 Corp., Initial CME Term Loan, 9.915%, (1-month SOFR + 4.75%), 7/10/28	United States	1,990,715	1,988,227	0.51
Communications Equipment				
9CommScope, Inc., Initial Term Loan, 8.683%, (1-month SOFR + 3.25%), 4/06/26	United States	2,619,717	2,446,489	0.63
Construction & Engineering				
USIC Holdings, Inc., First Lien, Initial Term Loan, 8.933%, (1-month SOFR + 3.5%), 5/12/28	United States	1,827,077	1,769,497	0.45
Zekelman Industries, Inc., 2020 Term Loan, 7.378%, (1-month SOFR + 2%), 1/24/27	United States	888,467	886,001	0.23
			<u>2,655,498</u>	<u>0.68</u>
Construction Machinery & Heavy Transportation Equipment				
9ASP Blade Holdings, Inc., Initial Term Loan, 9.433%, (1-month SOFR + 4%), 10/13/28	United States	2,530,533	2,266,928	0.58
Diversified Banks				
9Finastra Ltd., First Lien, Dollar Term Loan, 9.231%, (3-month USD LIBOR + 3.5%), 6/13/24	United Kingdom	997,210	968,994	0.25
Diversified Chemicals				
Ineos Quattro Holdings UK Ltd., 2030 Dollar CME Term Loan, B, 8.952%, (1-month SOFR + 3.75%), 3/14/30	United Kingdom	543,478	540,082	0.14
INEOS US Finance LLC, 2027-II Dollar CME Term Loan, 9.169%, (1-month SOFR + 3.75%), 11/08/27	Luxembourg	518,700	515,406	0.13
LSF11 A5 Holdco LLC, CME Term Loan, 8.933%, (1-month SOFR + 3.5%), 10/15/28	United States	1,254,671	1,244,741	0.32
Lummus Technology Holdings V LLC, 2021 Refinancing Term Loan, B, 8.933%, (1-month SOFR + 3.5%), 6/30/27	United States	827,541	824,495	0.21
SCIH Salt Holdings, Inc., First Lien, Incremental Term Loan, B1, 9.631%, (3-month SOFR + 4%), 3/16/27	United States	1,864,292	1,846,292	0.47
			<u>4,971,016</u>	<u>1.27</u>

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
Senior Floating Rate Interests (continued)				
Diversified Financial Services				
⁹ Mercury Borrower, Inc., First Lien, Initial Term Loan, 8.933%, (1-month SOFR + 3.5%), 8/02/28	United States	2,211,568	\$2,182,541	0.56
Diversified Support Services				
Amentum Government Services Holdings LLC, First Lien, CME Term Loan, 3, 9.222%, (1-month SOFR + 4%), 2/15/29	United States	3,483,819	3,379,305	0.87
CCI Buyer, Inc., First Lien, Initial CME Term Loan, 9.242%, (3-month SOFR + 4%), 12/17/27	United States	1,789,928	1,755,624	0.45
Indicor LLC, First Lien, Initial Dollar CME Term Loan, 9.742%, (3-month SOFR + 4.5%), 11/22/29	United States	455,740	456,245	0.12
Spin Holdco, Inc., Initial Term Loan, 9.23%, (3-month USD LIBOR + 4%), 3/04/28	United States	3,197,897	2,725,312	0.70
			8,316,486	2.14
Drug Retail				
⁹ GNC Holdings, Inc., Second Lien, Term Loan, 11.182%, (1-month USD LIBOR + 6%), 10/07/26	United States	4,566,702	4,239,406	1.09
Education Services				
KUEHG Corp., Initial CME Term Loan, 10.242%, (3-month SOFR + 5%), 6/12/30	United States	1,500,000	1,495,043	0.38
Learning Care Group (US) No. 2, Inc., First Lien, Initial Term Loan, 8.607%, (1-month SOFR + 3.25%; 3-month SOFR + 3.25%), 3/13/25	United States	418,806	418,741	0.11
			1,913,784	0.49
Environmental & Facilities Services				
Covanta Holding Corp., 2023 Incremental CME Term Loan, B, 8.202%, (1-month SOFR + 3%), 11/30/28	United States	338,266	338,848	0.09
2023 Incremental CME Term Loan, C, 8.202%, (1-month SOFR + 3%), 11/30/28	United States	25,370	25,414	0.00 [†]
Madison IAQ LLC, Term Loan, 8.302%, (3-month USD LIBOR + 3.25%), 6/21/28	United States	1,662,190	1,633,509	0.42
			1,997,771	0.51
Food Retail				
⁹ Shearer's Foods LLC, First Lien, Refinancing CME Term Loan, 8.933%, (1-month SOFR + 3.5%), 9/23/27	United States	1,004,595	997,759	0.25
Health Care Equipment				
Medline Borrower LP, Initial Dollar Term Loan, 8.683%, (1-month SOFR + 3.25%), 10/23/28	United States	1,860,392	1,843,798	0.47
US Radiology Specialists, Inc. (US Outpatient Imaging Services, Inc.), Closing Date Term Loan, 10.452%, (1-month SOFR + 5.25%), 12/15/27	United States	613,454	588,916	0.15
			2,432,714	0.62
Health Care Facilities				
ADMI Corp., Amendment No. 4 Refinancing Term Loan, 8.808%, (1-month SOFR + 3.375%), 12/23/27	United States	1,927,862	1,828,028	0.47
Amendment No. 5 Incremental Term Loan, 8.967%, (1-month SOFR + 3.75%), 12/23/27	United States	380,908	363,122	0.09
Aveanna Healthcare LLC, First Lien, 2021 Extended Term Loan, 9.226%, (3-month USD LIBOR + 3.75%), 7/17/28	United States	1,261,275	1,088,973	0.28
Charlotte Buyer, Inc., First Lien, Initial CME Term Loan, B, 10.427%, (1-month SOFR + 5.25%), 2/11/28	United States	941,935	925,847	0.24

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
†Senior Floating Rate Interests (continued)				
‡Health Care Facilities (continued)				
FINThrive Software Intermediate Holdings, Inc.,				
First Lien, Initial Term Loan, 9.433%, (1-month SOFR + 4%), 12/18/28	United States	1,460,332	\$1,230,330	0.32
Second Lien, Initial Term Loan, 11.943%, (1-month SOFR + 6.75%), 12/17/29	United States	357,038	214,446	0.05
Medical Solutions Holdings, Inc., First Lien, Initial Term Loan, 8.614%, (3-month SOFR + 3.25%), 11/01/28.	United States	1,965,661	1,889,000	0.48
Pacific Dental Services LLC, Term Loan, 8.92%, (1-month SOFR + 3.5%), 5/05/28	United States	730,680	730,497	0.19
Pathway Vet Alliance LLC, First Lien, 2021 Replacement Term Loan, 9.183%, (1-month SOFR + 3.75%), 3/31/27	United States	1,209,020	1,084,442	0.28
US Radiology Specialists, Inc. (US Outpatient Imaging Services, Inc.), Closing Date Term Loan, 9.875%, (1-month USD LIBOR + 5.25%), 12/15/27	United States	1,685,970	1,681,140	0.43
			<u>11,035,825</u>	<u>2.83</u>
‡Health Care Services				
CNT Holdings I Corp., First Lien, Initial CME Term Loan, 8.8%, (3-month SOFR + 3.5%), 11/08/27.	United States	2,015,931	2,013,763	0.52
eResearchTechnology, Inc., First Lien, Initial CME Term Loan, 9.933%, (1-month SOFR + 4.5%), 2/04/27	United States	1,065,197	1,035,686	0.27
MPH Acquisition Holdings LLC, Initial Term Loan, 9.726%, (3-month SOFR + 4.25%), 9/01/28	United States	1,917,845	1,811,165	0.47
National Mentor Holdings, Inc.,				
First Lien, Initial CME Term Loan, 9.153%, (1-month SOFR + 3.75%; 3-month SOFR + 3.75%), 3/02/28	United States	1,851,948	1,481,558	0.38
First Lien, Initial Term Loan, C, 9.092%, (3-month SOFR + 3.75%), 3/02/28	United States	64,046	51,237	0.01
Phoenix Guarantor, Inc., First Lien, Term Loan, B3, 8.717%, (1-month SOFR + 3.5%), 3/05/26	United States	1,594,010	1,586,702	0.41
Radiology Partners, Inc., First Lien, CME Term Loan, B, 9.683%, (1-month SOFR + 4.25%), 7/09/25	United States	2,002,299	1,477,446	0.38
U.S. Anesthesia Partners, Inc., First Lien, Initial Term Loan, 9.477%, (1-month SOFR + 4.25%), 10/01/28.	United States	2,207,265	2,078,846	0.53
Waystar Technologies, Inc., First Lien, Initial Term Loan, 9.433%, (1-month SOFR + 4%), 10/22/26	United States	3,827,366	3,832,170	0.98
			<u>15,368,573</u>	<u>3.95</u>
Health Care Technology				
‡athenahealth Group, Inc., Initial CME Term Loan, 8.805%, (1-month SOFR + 3.5%), 2/15/29	United States	3,962,727	3,855,753	0.99
Heavy Electrical Equipment				
‡AZZ, Inc., Initial CME Term Loan, 9.669%, (1-month SOFR + 4.25%), 5/13/29.	United States	607,358	609,311	0.16
‡Home Improvement Retail				
Park River Holdings, Inc., First Lien, Initial Term Loan, 8.522%, (3-month SOFR + 3.25%), 12/28/27	United States	353,027	341,598	0.09
White Cap Supply Holdings LLC, Initial Closing Date CME Term Loan, 8.852%, (1-month SOFR + 3.75%), 10/19/27.	United States	966,729	964,863	0.25
			<u>1,306,461</u>	<u>0.34</u>
‡Homefurnishing Retail				
Evergreen AcqCo 1 LP, Initial CME Term Loan, 10.753%, (3-month SOFR + 5.25%), 4/26/28	United States	1,160,410	1,160,701	0.30

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
Senior Floating Rate Interests (continued)				
Homefurnishing Retail (continued)				
Restoration Hardware, Inc., 2022 Incremental CME Term Loan, 8.669%, (1-month SOFR + 3.25%), 10/20/28	United States	792,756	\$776,108	0.20
			1,936,809	0.50
Hotels, Resorts & Cruise Lines				
Hilton Grand Vacations Borrower LLC, Initial Term Loan, 8.433%, (1-month SOFR + 3%), 8/02/28	United States	3,087,453	3,091,791	0.79
Household Products				
Energizer Holdings, Inc., 2020 Term Loan, 7.656%, (1-month SOFR + 2.25%), 12/22/27	United States	597,999	598,561	0.15
Housewares & Specialties				
Astro One Acquisition Corp., First Lien, Term Loan, B, 11.231%, (3-month USD LIBOR + 5.5%), 9/15/28	United States	1,367,061	893,716	0.23
Hunter Douglas Holding BV, CME Term Loan, B1, 8.666%, (3-month SOFR + 3.5%), 2/26/29	Netherlands	991,496	947,127	0.24
			1,840,843	0.47
Human Resource & Employment Services				
CCR Parent, Inc., First Lien, Initial Term Loan, 9.183%, (1-month SOFR + 3.75%), 3/06/28	United States	1,666,751	1,637,583	0.42
CHG Healthcare Services, Inc., First Lien, Initial Term Loan, 8.683%, (1-month SOFR + 3.25%), 9/29/28	United States	1,426,490	1,425,427	0.36
			3,063,010	0.78
Independent Power Producers & Energy Traders				
Calpine Construction Finance Co. LP, Term Loan, TBD, 1/01/30	United States	800,000	795,400	0.20
Talen Energy Supply LLC				
Initial CME Term Loan, B, 9.59%, (3-month SOFR + 4.5%), 5/17/30	United States	208,677	208,677	0.06
Initial CME Term Loan, C, 9.59%, (3-month SOFR + 4.5%), 5/17/30	United States	169,101	169,101	0.04
			1,173,178	0.30
Industrial Machinery & Supplies & Components				
Tiger Acquisition LLC, First Lien, Initial CME Term Loan, 8.452%, (1-month SOFR + 3.25%), 6/01/28	United States	2,227,324	2,197,567	0.56
TK Elevator Midco GmbH, USD Term Loan, B1, 8.602%, (6-month SOFR + 3.5%), 7/30/27	Germany	1,600,578	1,596,680	0.41
			3,794,247	0.97
Insurance Brokers				
Alliant Holdings Intermediate LLC				
New CME Term Loan, B5, 8.722%, (1-month SOFR + 3.5%), 11/05/27	United States	684,471	683,971	0.18
New Term Loan, B4, 8.92%, (1-month USD LIBOR + 3.5%), 11/05/27	United States	1,681,563	1,679,335	0.43
AssuredPartners, Inc.				
2020 February Refinancing Term Loan, 8.933%, (1-month SOFR + 3.5%), 2/12/27	United States	2,370,736	2,359,249	0.61
2022-2 CME Term Loan, 9.569%, (1-month SOFR + 4.25%), 2/12/27	United States	313,421	314,075	0.08
HUB International Ltd.				
2022 Incremental CME Term Loan, 9.072%, (3-month SOFR + 4%), 11/10/29	United States	2,654,494	2,663,055	0.68

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
^fSenior Floating Rate Interests (continued)				
^gInsurance Brokers (continued)				
ⁱ HUB International Ltd., (continued)				
2023 Refinancing CME Term Loan, 9.584%, (3-month SOFR + 4.25%), 6/20/30	United States	340,909	\$342,730	0.09
			<u>8,042,415</u>	<u>2.07</u>
Integrated Telecommunication Services				
^g Global Tel*Link Corp.,				
First Lien, CME Term Loan, 9.769%, (3-month SOFR + 4.25%), 11/29/25	United States	4,462,913	4,205,938	1.08
Second Lien, CME Term Loan, 15.519%, (3-month SOFR + 10%), 11/29/26	United States	2,479,737	1,981,310	0.51
			<u>6,187,248</u>	<u>1.59</u>
Interactive Home Entertainment				
^g Playtika Holding Corp., Term Loan, B1, 8.183%, (1-month SOFR + 2.75%), 3/13/28				
	United States	1,727,904	1,724,275	0.44
^gInternet Services & Infrastructure				
Arches Buyer, Inc., Refinancing CME Term Loan, 8.669%, (1-month SOFR + 3.25%), 12/06/27				
	United States	973,895	947,190	0.24
ⁱ Barracuda Parent LLC, First Lien, Initial CME Term Loan, 9.869%, (3-month SOFR + 4.5%), 8/15/29				
	United States	1,656,153	1,630,665	0.42
Go Daddy Operating Co. LLC (GD Finance Co., Inc.), Amendment No. 6 CME Term Loan, 7.819%, (1-month SOFR + 2.5%), 11/09/29				
	United States	268,492	269,202	0.07
Hunter Holdco 3 Ltd., First Lien, Initial Dollar Term Loan, 9.592%, (3-month SOFR + 4.25%), 8/19/28				
	United Kingdom	872,334	873,424	0.22
Thrasio LLC, Initial Term Loan, 12.503%, (3-month SOFR + 7%), 12/18/26				
	United States	881,909	731,985	0.19
			<u>4,452,466</u>	<u>1.14</u>
^gInvestment Banking & Brokerage				
Citadel Securities LP,				
2021 CME Term Loan, 7.717%, (1-month SOFR + 2.5%), 2/02/28	United States	766,988	763,847	0.20
CME Term Loan, B1, 8.217%, (1-month SOFR + 3%), 2/02/28				
	United States	476,400	476,698	0.12
Deerfield Dakota Holding LLC, First Lien, Initial Dollar CME Term Loan, 8.992%, (3-month SOFR + 3.75%), 4/09/27				
	United States	978,361	943,966	0.24
Jane Street Group LLC, Dollar Term Loan, 8.183%, (1-month SOFR + 2.75%), 1/26/28				
	United States	1,316,237	1,315,000	0.34
Osmosis Buyer Ltd., 2022 Refinancing CME Term Loan, B, 8.944%, (1-month SOFR + 3.75%), 7/31/28				
	United Kingdom	1,824,351	1,803,599	0.46
			<u>5,303,110</u>	<u>1.36</u>
^gIT Consulting & Other Services				
Aptean Acquiror, Inc., First Lien, Initial CME Term Loan, 9.452%, (1-month SOFR + 4.25%), 4/23/26				
	United States	1,287,389	1,277,612	0.33
Aventiv Technologies LLC,				
First Lien, Initial Term Loan, 10.231%, (3-month USD LIBOR + 4.5%), 11/01/24	United States	4,340,924	3,526,740	0.90
Second Lien, Initial Term Loan, 13.981%, (3-month USD LIBOR + 8.25%), 11/01/25	United States	125,000	99,922	0.03
Gainwell Acquisition Corp., First Lien, Term Loan, B, 9.342%, (3-month SOFR + 4%), 10/01/27				
	United States	3,366,720	3,317,061	0.85
Peraton Corp., First Lien, Term Loan, B, 9.169%, (1-month SOFR + 3.75%), 2/01/28				
	United States	3,398,348	3,377,907	0.87

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
Senior Floating Rate Interests (continued)				
IT Consulting & Other Services (continued)				
Sitel Worldwide Corp., Initial Dollar Term Loan, 9.183%, (1-month SOFR + 3.75%), 8/28/28	France	1,696,002	\$1,683,495	0.43
			13,282,737	3.41
Leisure Facilities				
^{9h} 24 Hour Fitness Worldwide, Inc., Tranche 1 Term Loan, 10.529%, PIK, (3-month USD LIBOR + 5%), 12/29/25	United States	8,378,546	1,437,738	0.37
Leisure Products				
Hercules Achievement, Inc. (Varsity Brands Holding Co., Inc.), First Lien, Initial Term Loan, 8.933%, (1-month SOFR + 3.5%), 12/16/24	United States	490,130	481,771	0.12
Motion Acquisition Ltd., Term Loan, B1, 8.788%, (3-month SOFR + 3.25%), 11/12/26	United Kingdom	529,240	528,027	0.14
Term Loan, B2, 8.788%, (3-month SOFR + 3.25%), 11/12/26	United Kingdom	75,449	75,277	0.02
			1,085,075	0.28
Life Sciences Tools & Services				
⁹ⁱ CON plc, CME Term Loan, 7.753%, (3-month SOFR + 2.25%), 7/03/28	United States	1,253,119	1,255,751	0.32
U.S. CME Term Loan, 7.753%, (3-month SOFR + 2.25%), 7/03/28	United States	312,215	312,871	0.08
			1,568,622	0.40
Metal, Glass & Plastic Containers				
^{9j} Mauser Packaging Solutions Holding Co., Initial CME Term Loan, 9.141%, (1-month SOFR + 4%), 8/14/26	United States	1,546,125	1,545,909	0.40
Movies & Entertainment				
AMC Entertainment Holdings, Inc., Term Loan, B1, 8.202%, (1-month USD LIBOR + 3%), 4/22/26	United States	635,077	497,081	0.13
Banjay Entertainment SAS, USD Term Loan, B, 8.963%, (1-month SOFR + 3.85%), 3/01/28	France	692,754	692,865	0.18
William Morris Endeavor Entertainment LLC (IMG Worldwide Holdings LLC), First Lien, Term Loan, B1, 7.95%, (1-month SOFR + 2.75%), 5/18/25	United States	553,536	553,574	0.14
			1,743,520	0.45
Multi-line Insurance				
^{9k} Acrisure LLC, First Lien, 2020 Term Loan, 8.933%, (1-month USD LIBOR + 3.5%), 2/15/27	United States	2,151,212	2,101,637	0.54
First Lien, 2021-1 Additional Term Loan, 9.183%, (1-month USD LIBOR + 3.75%), 2/15/27	United States	768,913	755,699	0.20
First Lien, 2021-2 Additional Term Loan, 9.683%, (1-month USD LIBOR + 4.25%), 2/15/27	United States	757,692	753,590	0.19
			3,610,926	0.93
Multi-Sector Holdings				
^{9l} Belfor Holdings, Inc., First Lien, CME Term Loan, B2, 9.569%, (1-month SOFR + 4.25%), 4/06/26	United States	207,024	207,283	0.05
Office Services & Supplies				
^{9m} Pitney Bowes, Inc., Refinancing CME Term Loan, B, 9.433%, (1-month SOFR + 4%), 3/17/28	United States	4,507,580	4,192,049	1.07

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
†Senior Floating Rate Interests (continued)				
‡Other Specialty Retail				
Great Outdoors Group LLC, Term Loan, B2, 9.183%, (1-month SOFR + 3.75%), 3/06/28	United States	1,414,178	\$1,412,849	0.36
Michaels Cos., Inc. (The), Term Loan, B, 9.753%, (3-month SOFR + 4.25%), 4/15/28	United States	1,471,324	1,360,607	0.35
Petco Health & Wellness Co., Inc., First Lien, Initial CME Term Loan, 8.753%, (3-month SOFR + 3.25%), 3/03/28	United States	1,619,979	1,616,787	0.41
PetSmart LLC, Initial CME Term Loan, 9.169%, (1-month SOFR + 3.75%), 2/11/28	United States	1,971,248	1,973,002	0.51
Staples, Inc., 2019 Refinancing New Term Loan, B1, 10.299%, (3-month USD LIBOR + 5%), 4/16/26	United States	1,107,353	953,891	0.24
ⁱ 2019 Refinancing New Term Loan, B-2, 9.799%, (3-month USD LIBOR + 4.5%), 9/12/24	United States	300,000	296,839	0.08
Woof Holdings, Inc., First Lien, Initial Term Loan, 9.17%, (1-month SOFR + 3.75%), 12/21/27	United States	2,416,583	2,338,044	0.60
			<u>9,952,019</u>	<u>2.55</u>
‡Packaged Foods & Meats				
^g Primary Products Finance LLC, CME Term Loan, B, 9.397%, (3-month SOFR + 4%), 4/01/29	United States	682,759	681,967	0.17
‡Paper & Plastic Packaging Products & Materials				
Charter Next Generation, Inc., First Lien, 2021 Initial Term Loan, 9.183%, (1-month SOFR + 3.75%), 12/01/27	United States	1,900,485	1,894,679	0.48
Kleopatras Finco SARL, USD CME Term Loan, B, 10.104%, (1-month SOFR + 4.725%), 2/12/26	Luxembourg	1,715,030	1,630,350	0.42
Pactiv Evergreen, Inc., U.S. CME Term Loan, B3, 8.683%, (1-month SOFR + 3.25%), 9/24/28	United States	573,024	572,737	0.15
			<u>4,097,766</u>	<u>1.05</u>
‡Passenger Airlines				
AAdvantage Loyalty IP Ltd. (American Airlines, Inc.), Initial Term Loan, 10.338%, (3-month SOFR + 4.75%), 4/20/28	United States	1,438,092	1,491,416	0.38
Air Canada, Term Loan, 8.839%, (3-month USD LIBOR + 3.5%), 8/11/28	Canada	1,270,348	1,272,616	0.33
Kestrel Bidco, Inc., Term Loan, 8.251%, (3-month SOFR + 3%), 12/11/26	Canada	1,455,101	1,425,701	0.37
United Airlines, Inc., Term Loan, B, 9.292%, (3-month SOFR + 3.75%), 4/21/28	United States	2,025,738	2,032,069	0.52
			<u>6,221,802</u>	<u>1.60</u>
‡Passenger Ground Transportation				
^g Avis Budget Car Rental LLC, CME Term Loan, C, 8.919%, (1-month SOFR + 3.5%), 3/16/29	United States	385,025	385,587	0.10
‡Personal Care Products				
Conair Holdings LLC, First Lien, Initial Term Loan, 9.288%, (3-month SOFR + 3.75%), 5/17/28	United States	3,209,132	3,061,367	0.79
Sunshine Luxembourg VII SARL, Term Loan, B3, 9.092%, (3-month USD LIBOR + 3.75%), 10/01/26	Luxembourg	3,007,956	3,007,791	0.77
			<u>6,069,158</u>	<u>1.56</u>
‡Pharmaceuticals				
Grifols Worldwide Operations Ltd., Dollar Tranche Term Loan, B, 7.414%, (3-month SOFR + 2%), 11/15/27	Spain	800,000	790,820	0.21
Jazz Pharmaceuticals plc, Initial Dollar Term Loan, 8.933%, (1-month SOFR + 3.5%), 5/05/28	United States	3,002,344	3,002,554	0.77

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
Senior Floating Rate Interests (continued)				
Pharmaceuticals (continued)				
Organon & Co., Dollar Term Loan, 8.257%, (1-month SOFR + 3%), 6/02/28	United States	1,878,239	\$1,875,544	0.48
Perrigo Co. plc, Initial CME Term Loan, B, 7.669%, (1-month SOFR + 2.25%), 4/20/29	United States	1,217,824	1,213,257	0.31
PetVet Care Centers LLC, First Lien, 2021 First Lien Replacement Term Loan, 8.919%, (1-month SOFR + 3.5%), 2/14/25	United States	1,948,505	1,908,727	0.49
			<u>8,790,902</u>	<u>2.26</u>
Property & Casualty Insurance				
Asurion LLC,				
New CME Term Loan, B10, 9.419%, (1-month SOFR + 4%), 8/19/28	United States	895,489	859,978	0.22
New CME Term Loan, B11, 9.669%, (1-month SOFR + 4.25%), 8/19/28	United States	343,966	330,494	0.08
New Term Loan, B8, 8.788%, (1-month USD LIBOR + 3.25%), 12/23/26	United States	979,273	955,652	0.24
Second Lien, New Term Loan, B3, 10.683%, (1-month SOFR + 5.25%), 1/31/28	United States	2,652,263	2,368,087	0.61
Second Lien, New Term Loan, B4, 10.683%, (1-month SOFR + 5.25%), 1/20/29	United States	2,248,036	1,974,753	0.51
			<u>6,488,964</u>	<u>1.66</u>
Publishing				
Cengage Learning, Inc., First Lien, Term Loan, B, 10.323%, (3-month SOFR + 4.75%), 7/14/26	United States	3,870,623	3,836,098	0.99
McGraw-Hill Education, Inc., Initial CME Term Loan, 10.099%, (1-month SOFR + 4.75%; 6-month SOFR + 4.75%), 7/28/28	United States	2,964,251	2,887,181	0.74
			<u>6,723,279</u>	<u>1.73</u>
Real Estate Services				
Cushman & Wakefield US Borrower LLC, 2023-1 Refinancing CME Term Loan, 8.669%, (1-month SOFR + 3.25%), 1/31/30	United States	600,000	582,000	0.15
Research & Consulting Services				
Dun & Bradstreet Corp. (The), Initial Term Loan, 8.434%, (1-month SOFR + 3.25%), 2/06/26	United States	807,219	808,139	0.21
Restaurants				
Dave & Buster's, Inc., Covenant-Lite CME Term Loan, 9%, (3-month SOFR + 3.75%), 6/29/29	United States	494,700	495,318	0.13
Flynn Restaurant Group LP, First Lien, 2021 CME Term Loan, 9.683%, (1-month SOFR + 4.25%), 11/22/28	United States	2,035,480	2,031,032	0.52
IRB Holding Corp., 2022 Replacement CME Term Loan, B, 8.419%, (1-month SOFR + 3%), 12/15/27	United States	917,502	913,891	0.23
Whatabrands LLC, Initial Term Loan, B, 8.683%, (1-month SOFR + 3.25%), 8/03/28	United States	1,083,018	1,079,974	0.28
			<u>4,520,215</u>	<u>1.16</u>
Security & Alarm Services				
Allied Universal Holdco LLC, Initial U.S. Dollar CME Term Loan, 9.169%, (1-month SOFR + 3.75%), 5/12/28	United States	1,478,293	1,427,292	0.37
APX Group, Inc., Initial Term Loan, 8.62%, (1-month SOFR + 3.25%; 3-month SOFR + 2.25%), 7/10/28	United States	707,121	707,287	0.18

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
^fSenior Floating Rate Interests (continued)				
^gSecurity & Alarm Services (continued)				
Prime Security Services Borrower LLC, First Lien, 2021 Refinancing Term Loan, B1, 7.977%, (1-month SOFR + 2.75%), 9/23/26	United States	2,303,823	\$2,304,065	0.59
			4,438,644	1.14
Semiconductor Materials & Equipment				
^g MKS Instruments, Inc., Initial Dollar CME Term Loan, B, 8.155%, (1-month SOFR + 2.75%), 8/17/29	United States	496,250	496,367	0.13
^gSoft Drinks & Non-alcoholic Beverages				
Naked Juice LLC, First Lien, Initial CME Term Loan, 8.592%, (1-month SOFR + 3.25%; 3-month SOFR + 3.25%), 1/24/29 . . .	United States	719,566	681,544	0.17
Triton Water Holdings, Inc., First Lien, Initial Term Loan, 8.753%, (3-month SOFR + 3.25%), 3/31/28	United States	1,554,550	1,506,771	0.39
			2,188,315	0.56
^gSpecialized Consumer Services				
Pre-Paid Legal Services, Inc., First Lien, Initial Term Loan, 9.183%, (1-month SOFR + 3.75%), 12/15/28	United States	568,241	561,209	0.14
Sedgwick Claims Management Services, Inc., 2023 CME Term Loan, 9.069%, (1-month SOFR + 3.75%), 2/24/28	United States	2,776,509	2,770,511	0.71
WW International, Inc., Initial Term Loan, 8.933%, (1-month SOFR + 3.5%), 4/13/28	United States	760,362	574,389	0.15
			3,906,109	1.00
^gSpecialized Finance				
Red Planet Borrower LLC, Initial CME Term Loan, 9.169%, (1-month SOFR + 3.75%), 10/02/28	United States	1,402,017	1,268,825	0.33
Verscend Holding Corp., Term Loan, B1, 9.433%, (1-month SOFR + 4%), 8/27/25	United States	2,721,895	2,723,882	0.70
			3,992,707	1.03
^gSpecialty Chemicals				
ASP Unifrax Holdings, Inc., First Lien, USD CME Term Loan, 9.142%, (3-month SOFR + 3.75%), 12/12/25	United States	3,396,210	3,056,827	0.79
CPC Acquisition Corp., First Lien, Initial Term Loan, 9.253%, (3-month SOFR + 3.75%), 12/29/27	United States	1,033,845	818,681	0.21
Hexion Holdings Corp., First Lien, Initial CME Term Loan, 9.779%, (3-month SOFR + 4.5%), 3/15/29	United States	2,574,000	2,434,039	0.62
Second Lien, Initial CME Term Loan, 12.843%, (1-month SOFR + 7.438%), 3/15/30	United States	837,209	683,719	0.18
INEOS Styrolution Group GmbH, 2026 Dollar Term Loan, B, 8.183%, (1-month SOFR + 2.75%), 1/29/26	United Kingdom	1,333,141	1,324,809	0.34
PMHC II, Inc., Initial CME Term Loan, B, 9.698%, (3-month SOFR + 4.25%), 4/23/29	United States	3,912,875	3,632,439	0.93
			11,950,514	3.07
^gSystems Software				
DCert Buyer, Inc., First Lien, Initial CME Term Loan, 9.264%, (3-month SOFR + 4%), 10/16/26	United States	3,824,076	3,814,516	0.98
Second Lien, First Amendment Refinancing Term Loan, 12.264%, (3-month SOFR + 7%), 2/19/29	United States	2,050,664	1,920,580	0.49
Hyland Software, Inc., ⁱ First Lien, 2018 Refinancing Term Loan, 8.933%, (1-month SOFR + 3.5%), 7/01/24	United States	2,106,801	2,102,851	0.54

Franklin Floating Rate Master Series (continued)

	Country	Principal Amount*	Value	% of Net Assets
Senior Floating Rate Interests (continued)				
^g Systems Software (continued)				
Hyland Software, Inc. (continued)				
Second Lien, 2021 Refinancing Term Loan, 11.683%, (1-month SOFR + 6.25%), 7/07/25	United States	980,303	\$975,401	0.25
Idera, Inc., First Lien, CME Term Loan, B1, 8.963%, (1-month SOFR + 3.75%), 3/02/28	United States	1,381,687	1,355,780	0.35
Ivanti Software, Inc.,				
First Lien, 2021 Specified Refinancing Term Loan, 9.758%, (3-month SOFR + 4.25%), 12/01/27	United States	913,927	771,816	0.20
First Lien, First Amendment Term Loan, 9.538%, (3-month SOFR + 4%), 12/01/27	United States	92,157	77,739	0.02
McAfee Corp., CME Term Loan, B1, 8.963%, (1-month SOFR + 3.75%), 3/01/29	United States	2,739,266	2,658,061	0.68
Precisely Software, Inc., First Lien, Third Amendment Term Loan, 9.863%, (3-month USD LIBOR + 4.25%), 4/24/28	United States	855,829	821,673	0.21
Quest Software US Holdings, Inc., First Lien, Initial CME Term Loan, 9.445%, (3-month SOFR + 4.25%), 2/01/29	United States	1,283,259	1,049,289	0.27
Sovos Compliance LLC, First Lien, Initial Term Loan, 9.933%, (1-month SOFR + 4.5%), 8/11/28	United States	1,215,540	1,184,186	0.30
			16,731,892	4.29
Technology Hardware, Storage & Peripherals				
^g Magenta Buyer LLC, First Lien, Initial Term Loan, 10.631%, (3-month SOFR + 5%), 7/27/28	United States	2,370,628	1,804,972	0.46
Total Senior Floating Rate Interests (Cost \$340,202,662)			326,155,138	83.69
		Shares/Units		
Escrows and Litigation Trusts				
^{a,d} Millennium Corporate Claim Trust, Escrow Account	United States	6,589,709	—	0.00
^{a,d} Millennium Lender Claim Trust, Escrow Account	United States	6,589,709	—	0.00
^{a,b,d} Onsite Rental Group Operations Pty. Ltd., Escrow Account	Australia	5,879,078	597,306	0.15
Total Escrows and Litigation Trusts (Cost \$603,709)			597,306	0.15
Total Long Term Investments (Cost \$395,286,624)			376,296,578	96.56

Franklin Floating Rate Master Series (continued)

Short Term Investments

	Principal Amount*	Value	% of Net Assets
Repurchase Agreements			
^k Joint Repurchase Agreement, 5.24%, 8/01/23 (Maturity Value \$9,078,863)			
BNP Paribas Securities Corp. (Maturity Value \$1,946,327)			
Deutsche Bank Securities, Inc. (Maturity Value \$4,407,697)			
HSBC Securities (USA), Inc. (Maturity Value \$2,724,839)			
Collateralized by U.S. Government Agency Securities, 2.5% - 4.5%, 10/20/27 - 10/20/51; U.S. Government Agency Strips, 11/15/37 - 8/15/52; U.S. Treasury Bonds, 3.13%, 8/15/44; U.S. Treasury Bonds, Index Linked, 0.13%, 4/15/25; and U.S. Treasury Notes, 0.25% - 4.25%, 11/15/24 - 7/31/30 (valued at \$9,260,217)	9,077,541	\$9,077,541	2.33
Total Repurchase Agreements (Cost \$9,077,541)		9,077,541	2.33
Total Short Term Investments (Cost \$9,077,541)		9,077,541	2.33
Total Investments (Cost \$404,364,165)		\$385,374,119	98.89
Other Assets, less Liabilities		4,332,612	1.11
Net Assets		\$389,706,731	100.00

See Abbreviations on page 33.

* The principal amount is stated in U.S. dollars unless otherwise indicated.

† Rounds to less than 0.1% of net assets.

^a Non-income producing.

^b See Note 8 regarding holdings of 5% voting securities.

^c See Note 3(d) regarding investments in affiliated management investment companies.

^d Fair valued using significant unobservable inputs. See Note 12 regarding fair value measurements.

^e Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At July 31, 2023, the aggregate value of these securities was \$18,744,586, representing 4.8% of net assets.

^f See Note 1(d) regarding senior floating rate interests.

^g The coupon rate shown represents the rate inclusive of any caps or floors, if applicable, in effect at period end.

^h Income may be received in additional securities and/or cash.

ⁱ A portion or all of the security purchased on a delayed delivery basis. See Note 1(c).

^j 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.

^k See Note 1(b) regarding joint repurchase agreement.

Statement of Assets and Liabilities

July 31, 2023

	Franklin Floating Rate Master Series
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$376,956,022
Cost - Non-controlled affiliates (Note 3d and 8)	18,330,602
Cost - Unaffiliated repurchase agreements	9,077,541
	<hr/>
Value - Unaffiliated issuers	\$356,104,880
Value - Non-controlled affiliates (Note 3d and 8)	20,191,698
Value - Unaffiliated repurchase agreements	9,077,541
Cash	4,308,841
Receivables:	
Investment securities sold	6,296,470
Dividends and interest	3,136,015
	<hr/>
Total assets	399,115,445
	<hr/>
Liabilities:	
Payables:	
Investment securities purchased	5,999,447
Management fees	191,800
Trustees' fees and expenses	456
Distributions to shareholders	3,103,326
Unrealized depreciation on unfunded loan commitments (Note 11)	8,967
Accrued expenses and other liabilities	104,718
	<hr/>
Total liabilities	9,408,714
	<hr/>
Net assets, at value	\$389,706,731
	<hr/>
Net assets consist of:	
Paid-in capital	\$801,163,112
Total distributable earnings (losses)	(411,456,381)
	<hr/>
Net assets, at value	\$389,706,731
	<hr/>
Shares outstanding	54,651,000
	<hr/>
Net asset value and maximum offering price per share (\$389,706,731÷54,651,000 shares outstanding)	\$7.13
	<hr/>

Statement of Operations

for the year ended July 31, 2023

	Franklin Floating Rate Master Series
Investment income:	
Dividends: (net of foreign taxes of \$8,654)	
Unaffiliated issuers	\$186,127
Non-controlled affiliates (Note 3d and 8)	1,931,759
Interest:	
Unaffiliated issuers	39,946,002
Total investment income	<u>42,063,888</u>
Expenses:	
Management fees (Note 3a)	2,580,993
Professional fees	100,207
Trustees' fees and expenses	6,826
Other	<u>24,562</u>
Total expenses	2,712,588
Expense reductions (Note 4)	(747)
Expenses waived/paid by affiliates (Note 3d and 3e)	<u>(132,206)</u>
Net expenses	2,579,635
Net investment income	<u>39,484,253</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	(23,422,222)
Non-controlled affiliates (Note 3d and 8)	(1,368,099)
Foreign currency transactions	194,474
Net realized gain (loss)	<u>(24,595,847)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	28,030,208
Non-controlled affiliates (Note 3d and 8)	4,417,506
Unfunded loan commitments	<u>188,377</u>
Net change in unrealized appreciation (depreciation)	32,636,091
Net realized and unrealized gain (loss)	<u>8,040,244</u>
Net increase (decrease) in net assets resulting from operations	<u>\$47,524,497</u>

Statements of Changes in Net Assets

	Franklin Floating Rate Master Series	
	Year Ended July 31, 2023	Year Ended July 31, 2022
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$39,484,253	\$22,843,645
Net realized gain (loss)	(24,595,847)	(4,946,490)
Net change in unrealized appreciation (depreciation)	32,636,091	(29,588,121)
Net increase (decrease) in net assets resulting from operations	47,524,497	(11,690,966)
Distributions to shareholders	(41,294,993)	(26,268,504)
Capital share transactions (Note 2)	(233,130,208)	224,438,230
Net increase (decrease) in net assets	(226,900,704)	186,478,760
Net assets:		
Beginning of year	616,607,435	430,128,675
End of year	\$389,706,731	\$616,607,435

Notes to Financial Statements

Franklin Floating Rate Master Series

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. The Trust follows the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, Financial Services – Investment Companies (ASC 946) and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP), including, but not limited to, ASC 946. 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 Board has designated the Fund's investment manager as the valuation designee and has responsibility for oversight of valuation. The investment manager is assisted by the Fund's administrator in performing this responsibility, 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. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. 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.

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, 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

Franklin Floating Rate Master Series (continued)**1. Organization and Significant Accounting Policies** (continued)**b. Joint Repurchase Agreement** (continued)

more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at year end, as indicated in the Schedule of Investments, had been entered into on July 31, 2023.

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.

d. 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, the London Interbank Offered Rate (LIBOR) or the Senior Overnight Financing Rate (SOFR). 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.

e. 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.

f. 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. Paydown gains and losses are recorded as an adjustment to interest income in the Statement of Operations. The Fund may receive other income from investments in senior secured corporate loans or unfunded commitments, including amendment fees, consent fees or commitment fees. These fees are recorded as income when received by the Fund. Facility fees are recognized as income over the expected term of the loan. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. The Fund's gross investment income is 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.

Franklin Floating Rate Master Series (continued)

1. Organization and Significant Accounting Policies (continued)

f. Security Transactions, Investment Income, Expenses and Distributions (continued)

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.

g. 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.

h. 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.

2. Shares of Beneficial Interest

At July 31, 2023, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended July 31, 2023		Year Ended July 31, 2022	
	Shares	Amount	Shares	Amount
Shares sold	4,408,454	\$30,884,222	44,481,719	\$328,383,729
Shares redeemed	(37,870,071)	(264,014,430)	(14,617,312)	(103,945,499)
Net increase (decrease)	(33,461,617)	\$(233,130,208)	29,864,407	\$224,438,230

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 Trust 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

Franklin Floating Rate Master Series (continued)

3. Transactions with Affiliates (continued)

a. Management Fees

The Fund pays an investment management fee, calculated daily and paid monthly, 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

For the year ended July 31, 2023, the gross effective investment management fee rate was 0.530% of the Fund's average daily net assets.

b. Administrative Fees

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

c. Transfer Agent Fees

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

d. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of 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, 2023, 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								
Non-Controlled Affiliates								
								Dividends
Franklin Floating Rate Income Fund . . .	\$3,541,365	\$—	\$(3,615,240)	\$(862,940)	\$936,815	\$—		\$144,845
Franklin Senior Loan ETF	13,667,837	—	(6,993,457)	(505,159)	612,503	6,781,724	281,166	722,659
Total Affiliated Securities	\$17,209,202	\$—	\$(10,608,697)	\$(1,368,099)	\$1,549,318	\$6,781,724		\$867,504

Franklin Floating Rate Master Series (continued)

3. Transactions with Affiliates (continued)

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 interest expense, 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, 2023, 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 previously entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended July 31, 2023, the custodian fees were reduced as noted in the Statement of Operations. Effective July 10, 2023, earned credits, if any, will be recognized as income.

5. Income Taxes

At July 31, 2023, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	\$405,190,420
Unrealized appreciation	\$4,393,290
Unrealized depreciation	(24,209,591)
Net unrealized appreciation (depreciation)	\$(19,816,301)

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

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended July 31, 2023, aggregated \$52,890,001 and \$272,659,050, respectively.

7. Credit Risk

At July 31, 2023, the Fund had 86.0% of its portfolio invested in high yield securities, senior secured floating rate loans, or other securities rated below investment grade and unrated securities. 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.

Franklin Floating Rate Master Series (continued)**8. 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. Additionally, as defined in the 1940 Act, an investment is deemed to be a “Controlled Affiliate” of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated companies’ outstanding shares or has the power to exercise control over management or policies of such company. During the year ended July 31, 2023, 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 Held at End of Year	Investment Income
Franklin Floating Rate Master Series								
Non-Controlled Affiliates								
							Dividends	
Onsite Rental Group Operations Pty. Ltd.	\$—	\$603,709	\$—	\$—	\$(6,403)	\$597,306	5,879,078	\$—
Quaternorth Energy Holding, Inc.	12,337,607	—	(2,399,530) ^a	—	2,874,591	12,812,668	111,779	1,064,255
Total Affiliated Securities (Value is 3.4% of Net Assets)	\$12,337,607	\$603,709	\$(2,399,530)	\$—	\$2,868,188	\$13,409,974		\$1,064,255

^aMay include accretion, amortization, partnership adjustments, and/or corporate actions.

9. Shareholder Distributions

For the year ended July 31, 2023, the Fund made the following distributions:

Payment Date	Amount Per Share
8/31/2022	\$0.038958
9/30/2022	0.044271
10/31/2022	0.044248
11/30/2022	0.047111
12/30/2022	0.055289
1/31/2023	0.049488
2/28/2023	0.050916
3/31/2023	0.053625
4/28/2023	0.050007
5/31/2023	0.056272
6/30/2023	0.055747
7/31/2023	0.056337
Total	\$0.602269

10. 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 \$2.675 billion (Global Credit Facility) which matures on February 2, 2024. 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.

Franklin Floating Rate Master Series (continued)

10. Credit Facility (continued)

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, 2023, the Fund did not use the Global Credit Facility.

11. 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 Schedule of Investments.

At July 31, 2023, unfunded commitments were as follows:

Borrower	Unfunded Commitment
Franklin Floating Rate Master Series	
athenahealth Group, Inc.	\$488,041
	<u>\$488,041</u>

12. Fair Value Measurements

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

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

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

A summary of inputs used as of July 31, 2023, in valuing the Fund's assets and liabilities 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	\$—	\$20,813,166	\$—	\$20,813,166
Management Investment Companies	9,248,615	—	—	9,248,615
Preferred Stocks	—	6,158	—	6,158
Warrants	—	—	571	571
Corporate Bonds:				
Air Freight & Logistics	—	565,091	—	565,091
Broadcasting	—	392,437	—	392,437
Cable & Satellite	—	1,482,242	—	1,482,242
Cargo Ground Transportation	—	424,215	—	424,215

Franklin Floating Rate Master Series (continued)

12. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Floating Rate Master Series (continued)				
Assets: (continued)				
Investments in Securities:				
Corporate Bonds:				
Casinos & Gaming	\$—	\$380,375	\$—	\$380,375
Communications Equipment	—	534,190	—	534,190
Construction Materials	—	709,339	—	709,339
Diversified Chemicals	—	985,635	—	985,635
Environmental & Facilities Services	—	801,835	—	801,835
Health Care Services	—	941,691	—	941,691
Independent Power Producers & Energy Traders	—	1,010,802	—	1,010,802
Integrated Telecommunication Services	—	1,463,942	—	1,463,942
Investment Banking & Brokerage	—	702,619	—	702,619
Metal, Glass & Plastic Containers	—	843,897	—	843,897
Movies & Entertainment	—	489,202	—	489,202
Multi-line Insurance	—	456,953	—	456,953
Office Services & Supplies	—	308,249	—	308,249
Oil & Gas Storage & Transportation	—	422,789	—	422,789
Paper & Plastic Packaging Products & Materials	—	1,053,118	—	1,053,118
Passenger Airlines	—	2,918,080	—	2,918,080
Passenger Ground Transportation	—	—	—	—
Security & Alarm Services	—	955,835	—	955,835
Specialized Consumer Services	—	853,104	—	853,104
Specialty Chemicals	—	481,555	—	481,555
Wireless Telecommunication Services	—	298,429	—	298,429
Senior Floating Rate Interests	—	326,155,138	—	326,155,138
Escrows and Litigation Trusts	—	—	597,306 ^a	597,306
Short Term Investments	—	9,077,541	—	9,077,541
Total Investments in Securities	\$9,248,615	\$375,527,627	\$597,877	\$385,374,119
Liabilities:				
Other Financial Instruments:				
Unfunded Loan Commitments	\$—	\$8,967	\$—	\$8,967
Total Other Financial Instruments	\$—	\$8,967	\$—	\$8,967

^a Includes financial instruments determined to have no value.

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, 2023, the reconciliation is as follows:

Franklin Floating Rate Master Series (continued)

12. Fair Value Measurements (continued)

	Balance at Beginning of Year	Purchases ^a	Sales ^b	Transfer Into Level 3	Transfer Out of Level 3	Net Accretion (Amortiza- tion)	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
Franklin Floating Rate Master Series										
Assets:										
Investments in Securities:										
Passenger Ground Transportation	\$— ^c	\$—	\$— ^c	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Warrants										
Industrial Machinery & Supplies & Components	3,866	—	—	—	—	—	—	(3,295)	571	(3,295)
Corporate Bonds										
Passenger Ground Transportation	9,656,220	—	(12,160,743)	—	—	646,224	(1,722,959)	3,581,258	—	—
Senior Floating Rate Interests										
Household Products . . .	1,118,494	—	(310,842)	—	—	—	(8,589,137)	7,781,485	—	—
Escrows and Litigation Trusts	— ^c	603,709	—	—	—	—	—	(6,403)	597,306 ^c	(6,403)
Total Investments in Securities	\$10,778,580	\$603,709	\$(12,471,585)	\$—	\$—	\$646,224	\$(10,312,096)	\$11,353,045	\$597,877	\$(9,698)

^a Purchases include all purchases of securities and securities received in corporate actions.

^b Sales include all sales of securities, maturities, paydowns and securities tendered in corporate actions.

^c Includes financial instruments determined to have no value.

13. New Accounting Pronouncements

In March 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021 and December 2022, the FASB issued ASU No. 2021-01 and ASU No. 2022-06, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and 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 for certain LIBOR settings and 2023 for the remainder. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2024. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

14. 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.

Franklin Floating Rate Master Series (continued)

Abbreviations

Currency

USD United States Dollar

Selected Portfolio

CME Chicago Mercantile Exchange

ETF Exchange-Traded Fund

LIBOR London Interbank Offered Rate

PIK Payment-In-Kind

SOFR Secured Overnight Financing Rate

TBD To Be Determined

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 schedule 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, 2023, the related statement of operations for the year ended July 31, 2023, the statements of changes in net assets for each of the two years in the period ended July 31, 2023, including the related notes, and the financial highlights for each of the five years in the period ended July 31, 2023 (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, 2023, 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, 2023 and the financial highlights for each of the five years in the period ended July 31, 2023 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, 2023 by correspondence with the custodian, transfer agent 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 20, 2023

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

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/Legg Mason 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 ¹	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	119	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).				
Terrence J. Checki (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2018	29	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); member of the board of directors of Council of the Americas (2007-present) and the Tallberg Foundation (2018-present); 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).				
Mary C. Choksi (1950) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	119	Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present); and formerly , Avis Budget Group Inc. (car rental) (2007-2020).
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).				

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 ¹	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	119	Hess Corporation (exploration of oil and gas) (1993-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); Santander Holdings USA (holding company) (2019-present); and formerly , Canadian National Railway (railroad) (2001-2021), White Mountains Insurance Group, Ltd. (holding company) (2004-2021), 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).

J. Michael Luttig (1954) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	119	Boeing Capital Corporation (aircraft financing) (2006-2010).
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Principal Occupation During at Least the Past 5 Years:

Counselor and Special Advisor to the CEO and Board of Directors of The Coca-Cola Company (beverage company) (2021-present); 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 (2019-2020); 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).

Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	119	Graham Holdings Company (education and media organization) (2011-2021); The Southern Company (energy company) (2014-2020; previously 2010-2012) and Cbeyond, Inc. (business communications provider) (2010-2012).
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Principal Occupation During at Least the Past 5 Years:

Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and **formerly**, Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-2020); 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).

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 ¹	Other Directorships Held During at Least the Past 5 Years
Valerie M. Williams (1956) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2021	110	Omnicom Group, Inc. (advertising and marketing communications services) (2016-present), DTE Energy Co. (gas and electric utility) (2018-present), Devon Energy Corporation (exploration and production of oil and gas) (2021-present); and formerly , WPX Energy, Inc. (exploration and production of oil and gas) (2018-2021).

Principal Occupation During at Least the Past 5 Years:

Director of various companies; and **formerly**, Regional Assurance Managing Partner, Ernst & Young LLP (public accounting) (2005-2016) and various roles of increasing responsibility at Ernst & Young (1981-2005).

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 ¹	Other Directorships Held During at Least the Past 5 Years
Gregory E. Johnson² (1961) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Chairman of the Board since January 2023 and Trustee since 2007	129	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 certain funds in the Franklin Templeton/Legg Mason fund complex; Vice Chairman, Investment Company Institute; and **formerly**, Chief Executive Officer (2013-2020) and President (1994-2015) Franklin Resources, Inc.

Rupert H. Johnson, Jr.³ (1940) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2013	119	None
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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 certain funds in the Franklin Templeton/Legg Mason fund complex.

Reema Agarwal (1974) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2019	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Senior Vice President, Franklin Advisers, Inc.; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

Ted P. Becker (1951) 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since June 2023	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Vice President, Global Compliance of Franklin Templeton (since 2020); Chief Compliance Officer of Legg Mason Partners Fund Advisor, LLC (since 2006); Chief Compliance Officer of certain funds associated with Legg Mason & Co. or its affiliates (since 2006); **formerly**, Director of Global Compliance at Legg Mason (2006 to 2020); Managing Director of Compliance of Legg Mason & Co. (2005 to 2020).

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 ¹	Other Directorships Held During at Least the Past 5 Years
Sonal Desai, Ph.D. (1963) 620 Eighth Avenue New York, NY 10018	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 certain funds in the Franklin Templeton/Legg Mason fund complex.				
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 certain funds in the Franklin Templeton/Legg Mason fund complex; and formerly , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
Susan Kerr (1949) 280 Park Avenue New York, NY 10017	Vice President – AML Compliance	Since 2021	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Compliance Analyst, Franklin Templeton; Chief Anti-Money Laundering Compliance Officer, Legg Mason & Co., or its affiliates; Anti Money Laundering Compliance Officer; Senior Compliance Officer, LMIS; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Christopher Kings (1974) One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 2022	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Fund Administration & Reporting; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Secretary	Vice President since 2015 and Secretary since June 2023	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				

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.

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

2. 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.

3. 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 a major shareholder of Resources, which is the parent company of the Fund's investment manager and distributor.

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 served as a director of Avis Budget Group, Inc. (2007 to 2020) 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

Interested Board Members and Officers (continued)

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.

Shareholder Information

BOARD APPROVAL OF INVESTMENT MANAGEMENT AGREEMENTS

FRANKLIN FLOATING RATE MASTER TRUST

Franklin Floating Rate Master Series

(Fund)

March 27, 2023 15(c) Meeting

At a meeting held on March 27, 2023 (March 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 the period May 1, 2023 through June 30, 2023 (Stub Period). The Independent Trustees noted that the Fund’s annual contract review was historically held at the February Board meeting and that management proposed to move the contract review to the May Board meeting. The Independent Trustees further noted management’s explanation that, to effect this change, the Board needed to consider the renewal of the Fund’s Management Agreement prior to its current April 30, 2023 expiration date. The Independent Trustees also noted that management would ask them to consider the continuation of the Management Agreement again at the May Board meeting for the 12-month period beginning July 1, 2023. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of the Management Agreement for the Stub Period.

In considering the continuation of the Management Agreement, the Board reviewed and considered information provided by the Manager at the March 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 March Meeting, the Independent Trustees held a virtual contract renewal meeting at which the Independent Trustees first conferred amongst themselves and Independent Trustee counsel about contract renewal matters; and then met with management to request additional information that the Independent Trustees reviewed and considered prior to and at the March Meeting. 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 (Factors).

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 the Management Agreement is in the best 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 acknowledged management’s continued development of strategies to address areas of heightened concern in the mutual fund industry, including various regulatory initiatives and continuing geopolitical concerns.

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 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 technological innovation and advancement and investments to promote alternative investing.

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, 2022. 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 income return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the three- and five-year periods was below the median of its Performance Universe, but for the one- and 10-year periods was above the median of its Performance Universe. The Board noted that the Fund does not offer its shares to the public and the Fund's investor was exclusively an offshore Irish feeder fund. After consideration of the above, the Board concluded that the Fund's performance was acceptable.

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 or semi-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 and Class L 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 15 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 also noted that the Fund's actual total expense ratio reflected a fee waiver from management. After consideration of the above, the Board concluded that the Management Rate charged to the Fund is reasonable.

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, 2022, 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 methodology has remained consistent with that used in the Fund's profitability report presentations from prior years. The Board also noted that PricewaterhouseCoopers

LLP, auditor to FRI and certain FT funds, has been engaged by the Manager to periodically 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 management's outsourcing of certain operations, which effort has required considerable up-front 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.

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 the Stub Period.

May 24, 2023 15(c) Meeting

At a meeting held on May 24, 2023 (May Meeting), the Board reviewed and approved the Management Agreement for an additional twelve-month period beginning July 1, 2023. The Board noted its review and consideration of the information it received in connection with both the March Meeting and the May Meeting. In particular, the Board reviewed and considered information provided in response to a follow-up set of requests for information submitted to the Manager by Independent Trustee counsel on behalf of the Independent Trustees, which included information on Fund performance for the one-, three- and five-year periods ended March 31, 2023 and the other Factors. The Board noted the Fund's recent improving absolute and relative annualized income return for the three- and five-year periods. The Board determined that the conclusions it made at the March Meeting had not changed. 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 twelve-month period beginning July 1, 2023.

Liquidity Risk Management Program

Each Fund 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 for the Franklin Templeton and Legg Mason Funds 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 Securities and Exchange Commission ("SEC") (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 SEC (on a non-public basis).

The Director of Liquidity Risk within the Investment Risk Management Group (the "IRMG") is the appointed 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 Franklin Templeton and Legg Mason products and portfolios. The ILC includes representatives from Franklin Templeton's Risk, Trading, Global Compliance, Legal, Investment Compliance, Investment Operations, Valuation Committee, Product Management and Global Product Strategy.

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 time required to settle a sale of the investment 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 level of Highly Liquid Investments and did not experience any HLIM shortfalls.

At meetings of the Funds' Board of Trustees held in May 2023, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2022. 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.

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 Schedule of Investments

The Trust, on behalf of the Fund, files a complete schedule 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.