



FRANKLIN TEMPLETON
INVESTMENTS

FRANKLIN FLOATING RATE II FUND

Franklin Templeton Series II Funds (Luxembourg Registered SICAV)

30 November 2011

RISK WARNING

Each investor's goals are unique: we suggest you seek guidance from a Financial Adviser. For more details on the fund's potential risks, please read the simplified prospectus.

INVESTMENT OBJECTIVE

The aim of Franklin Floating Rate II Fund is to provide investors with a high level of current income while preserving capital. To achieve this aim, the Fund focuses primarily on investing in senior secured corporate loans and corporate debt securities with floating interest rates.

MANAGEMENT TEAM

Richard Hsu, California, United States
Madeline Lam, California, United States

FUND DATA

Management Type: Fixed Income - High Yield

Benchmark:

Credit Suisse Leveraged Loan Index

Base Currency: US Dollar

Fund Launch Date: 29/05/2007

A(dis)USD 29/05/2007

A(acc)USD 29/05/2007

A(acc)EUR-H1 29/05/2007

I(dis)USD 15/11/2007

I(acc)USD 29/05/2007

I(acc)EUR-H1 29/05/2007

NAV AS OF 30/11/11

A(dis)USD USD 8.70

A(acc)USD USD 10.63

A(acc)EUR-H1 EUR 7.73

I(dis)USD USD 8.86

I(acc)USD USD 10.76

I(acc)EUR-H1 EUR 7.82

FEES

	Entry Fees (max)	Management Fees (annual)
A(dis)USD	3.00%	0.60%
A(acc)USD	3.00%	0.60%
A(acc)EUR-H1	3.00%	0.60%
I(dis)USD	3.00%	0.40%
I(acc)USD	3.00%	0.40%
I(acc)EUR-H1	3.00%	0.40%

CODES

	Bloomberg	ISIN
A(dis)USD	FFRAAUDLX	LU0291600822
A(acc)USD	FFRUAACLX	LU0291595725
A(acc)EUR-H1	FFREACHLX	LU0291599800
I(dis)USD	FFRIDISLX	LU0327774492
I(acc)USD	FFRIUAACLX	LU0291601986
I(acc)EUR-H1	FFRIEACLX	LU0291605201

PORTFOLIO SIZE AND ASSET ALLOCATION

LONG TERM POSITIONS	PORTFOLIO SIZE	EQUITY	FIXED INCOME	CASH
214	USD 130.5 million	0.11%	92.95%	6.94%

FUND FACTS

Why floating-rate loans?

- They offer the possibility of achieving relatively high yields for limited risk
- They show low correlation with stocks and bonds
- Their low duration helps insulate them against volatility
- The periodic re-setting of underlying bank loans ensures fairly steady net asset values
- They are classed as senior debt and collateralized against a company's hard assets, serving to minimize risk
- They offer recovery rates that are higher than the high-yield average

Why Franklin Floating Rate II Fund?

- It is managed by the Franklin Floating Rate Debt Group, based in California, which has a long expertise in managing floating-rate products
- The Group currently has over US\$5 billion in bank loan assets under management
- The Group includes a seasoned investment team with an average of 15 years experience in the bank loans market
- It has a focus on in-depth research plus a disciplined credit review process
- The Franklin Floating Rate Debt Group concentrates on higher credit quality end of the market (ie. senior secured debt).

PORTFOLIO COMPOSITION AS OF 30 NOVEMBER 2011

MAIN HOLDINGS

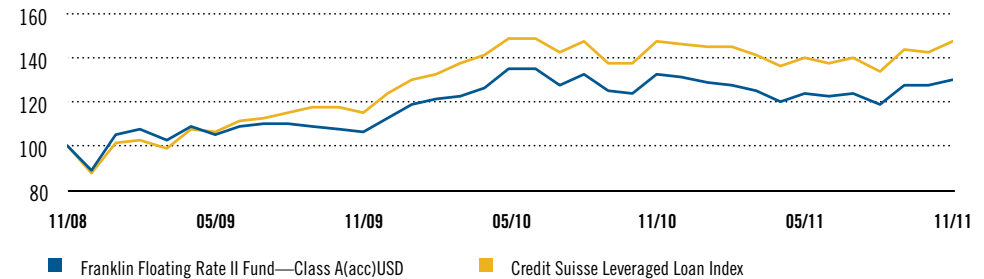
HOLDING	%
Caesars Entertainment Operating Company, Inc.	2.03
Allison Transmission	2.00
Cumulus Media Holdings Inc.	1.79
Las Vegas Sands, LLC	1.60
Federal-Mogul Corporation	1.54
Visant Corporation (Jostens)	1.46
Community Health Systems, Inc.	1.37
Gray Television, Inc	1.26
Chrysler Group LLC	1.20
Pinnacle Foods Finance, LLC	1.18

The portfolio manager for the Fund reserves the right to withhold release of information with respect to holdings that would otherwise be included in the top 10 holdings list.

INDUSTRY BREAKDOWN

INDUSTRY	%
Healthcare	9.96
Service	9.28
Broadcasting	8.86
Transportation: Automotive	8.38
Gaming/Leisure	7.53
Retail	6.11
Manufacturing	5.75
Information Technology	5.55
Diversified Media	4.72
Forest Products/Containers	4.11

CUMULATIVE PERFORMANCE OVER 3 YEARS (IN USD)**



PERFORMANCE (% IN USD)**

	1-YR	3-YRS	3-YRS*	5-YRS	5-YRS*	10-YRS	10-YRS*	3-YRS ANN.VOL.
A(acc)USD	1.53	38.05	11.35	-	-	-	-	6.70
Index	2.65	55.29	15.81	18.06	3.38	59.17	4.76	8.06

PERFORMANCE (% IN EUR-H1)*

	1-YR	3-YRS	3-YRS*	5-YRS	5-YRS*	10-YRS	10-YRS*	3-YRS ANN.VOL.
A(acc)EUR-H1	1.84	38.28	11.42	-	-	-	-	6.93
Index	-0.86	46.77	13.65	16.33	3.07	6.05	0.59	16.95

DISCLAIMER

Source for all information in this document: Franklin Templeton Investments (2011).

References to the Fund(s) of Franklin Templeton Series II Funds (FTSIIF), a Luxembourg registered SICAV, refer to the corresponding sub-fund of FTSIIF.

*Annualised performance **Performance details provided are in base currency, include reinvested dividends and are net of management fees, charges and other commissions, taxes and other relevant costs to be paid by an investor are not included in the calculations. The management fees represent the aggregate of the Maintenance charge and the Management and Company charges relating to the Fund as more fully described in the current prospectus of FTSIIF.

Past performance is no guarantee of future performance. The prices of shares and income therefrom can go down as well as up, and investors may not get back the full amount invested. When investing in a fund denominated in a foreign currency, your performance may be affected by currency fluctuations.

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