

富蘭克林坦伯頓法人機構專用基金-國際股票系列
Templeton Institutional Funds – International Equity Series
年度財務報告中文簡譯本

2023 年 12 月 31 日

本基金年報中文簡譯本僅供參考。
中文簡譯本之內容與英文年報若有歧異，以英文年報之內容為準。

富蘭克林坦伯頓法人機構專用基金-國際股票系列

財務重點

	2023	2022	2021	2020	2019
Primary 股					
每單位股份操作績效					
(針對持續全年流通在外之股份)					
期初淨資產價值	\$10.19	\$11.96	\$15.22	\$15.54	\$14.87
來自投資操作之收益 ^a ：					
淨投資收益 ^b	0.49 ^c	0.26	0.26	1.03 ^d	0.64
淨實現及未實現利得（損失）	1.77	(1.40)	0.55	(0.32)	1.06
來自投資操作之收益總額	2.26	(1.14)	0.81	0.71	1.70
扣除配息來自：					
淨投資收益	(0.90)	(0.10)	(1.46)	(0.67)	(1.02)
淨實現利得	(0.64)	(0.53)	(2.61)	(0.36)	(0.01)
配息總額	(1.54)	(0.63)	(4.07)	(1.03)	(1.03)
期末淨資產價值	\$10.91	\$10.19	\$11.96	\$15.22	\$15.54
總報酬	22.84%	(9.23)%	5.75%	5.30%	11.57%
對應平均淨資產比率					
費用未扣除關係企業支付款項減免	0.92%	0.87%	0.94%	0.87%	0.82%
費用扣除關係企業支付款項減免	0.88%	0.83%	0.91%	0.84%	0.82% ^e
淨投資收益	4.31% ^c	2.35%	1.64%	7.51% ^d	4.13%
補充資料					
期末淨資產(000's)	\$127,735	\$196,051	\$386,291	\$447,139	\$1,695,980
投資組合資金週轉率	18.18% ^f	46.42%	44.73%	89.34%	36.83% ^f

a. 視與基金所獲取的收益以及/或是基金投資市值的變動相關的基金股份出售與購回的時間點，於此期間內流通在外股份所顯示的金額可能與此期間的經營業績表所實現的金額無關聯。

b. 以每日平均流通在外股數為基礎。

c. 每股淨投資收益包含約\$0.23美元的每股收益，該收益與調整歐盟對某些基金持股的回收額有關。若不計此金額，淨投資收益與平均淨資產的比率將為2.34%。

d. 每股淨投資收益包含約\$0.77美元的每股收益，該收益與調整歐盟對某些基金持股的回收額有關。若不計此金額，淨投資收益與平均淨資產的比率將為1.86%，且總報酬將為(0.03)%。

e. 關係企業支付或減免款項的利益四捨五入到小於0.01%。

f. 不包括因實物贖回而交付的投資組合證券的價值。見附註3f。

富蘭克林坦伯頓法人機構專用基金-國際股票系列

資產負債表

2023年12月31日

資產：

證券投資：

成本 - 非關係企業上市公司 \$89,731,931

成本 - 非控制關係企業上市公司(附註 3d) 2,770,035

價值 - 非關係企業上市公司(包括證券借出\$1,907,463) \$123,584,134

價值 - 非控制關係企業上市公司(附註 3d) 2,770,035

外幣價值(成本\$515,079) 520,215

應收款項：

證券投資銷售款 672

股本銷售款 186,546

股利 3,441,248

歐盟稅款回收(附註 1e) 190,421

經紀商保證金：

期貨合約 77,410

期貨合約變動保證金 1,279

資產合計 130,771,960

負債：

應付款項：

股本贖回款 9,788

管理費用 75,990

股務代理機構費用 3,369

專業人士費用 63,632

董事酬金與費用 39

美國國稅局對於歐盟稅款支付之結算協議費(附註 1e) 2,357,023

依證券借出的返還支付(附註 1d) 221,250

預提費用及其他負債 169,881

負債合計 2,900,972

淨資產價值 \$127,870,988

淨資產包含：

實收資本 \$95,797,264

可分配收入總額(虧損) 32,073,724

淨資產價值 \$127,870,988

Primary 股

淨資產價值 \$127,735,385

流通在外股份 11,706,955

每股淨資產價值 \$10.91

富蘭克林坦伯頓法人機構專用基金-國際股票系列

經營業績表

截至 2023 年 12 月 31 日止之年度

投資收益：

股利：(扣除外國稅額\$340,101)：

非關係企業上市公司 \$5,546,052

非控制關係企業上市公司(附註 3d) 175,401

利息：

非關係企業上市公司 3,479

來自借出證券的收益：

非關係企業上市公司(扣除費用和退還) 1,369

非控制關係企業上市公司(附註 3d) 1,814

其他收益(附註 1e) 3,579,654

扣除：美國國稅局對於歐盟稅款支付之結算協議費(附註 1e) (74,993)

總投資收益 9,232,776

費用：

管理費用(附註 3a) 1,378,756

股務代理機構費用：(附註 3c)

Primary 股 43,788

Service 股 16

保管機構費用 13,358

股東報告書費用 4,802

註冊與申報費用 42,709

專業人士費用 105,796

董事酬金與費用 25,680

其他 25,686

總費用 1,640,591

由關係企業減免/支付的費用(附註 3d 及 3e) (76,558)

淨費用 1,564,033

淨投資收益 7,668,743

實現與未實現利得(損失)：

淨實現利得(損失)來自：

投資：*

非關係企業上市公司 20,082,779

外幣交易 (69,947)

期貨合約 96,065

淨實現利得(損失) 20,108,897

淨未實現溢價(折價)變動在：

投資：

非關係企業上市公司 3,844,172

以外幣計價之其他資產與負債換算 163,871

期貨合約 148,858

淨未實現溢價(折價)變動 4,156,901

淨實現與未實現利得(損失) 24,265,798

淨資產在營運操作上的淨增加(減少) \$31,934,541

*包括來自因實物贖回的收益(附註 3f)

\$8,468,998

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淨資產變動表

	截至 12 月 31 日止之年度	
	2023	2022
淨資產增加(減少)：		
營運操作：		
淨投資收益	\$7,668,743	\$6,213,919
淨實現利得(損失)	20,108,897	12,372,227
淨未實現溢價(折價)變動	4,156,901	(49,923,932)
淨資產在營運操作上的淨增加(減少)	31,934,541	(31,337,786)
對股東配息：		
Primary 股	(17,093,312)	(12,095,509)
Service 股	(18,325)	(7,083)
對股東的配息總額	(17,111,637)	(12,102,592)
股本交易(附註 2)：		
Primary 股	(83,129,418)	(146,821,378)
Service 股	3,731	(376,524)
股本交易總額	(83,125,687)	(147,197,902)
淨資產的增加(減少)	(68,302,783)	(190,638,280)
淨資產：		
年度期初	196,173,771	386,812,051
年度期末	\$127,870,988	\$196,173,771

富蘭克林坦伯頓法人機構專用基金-國際股票系列

財務報告附註

1. 組織結構與重要會計政策

坦伯頓法人機構基金（簡稱本信託）是依據美國 1940 年投資公司法案（簡稱為 1940 法案）註冊成立的開放式投資公司，其包括兩檔個別基金（富蘭克林坦伯頓法人機構專用基金—國際股票系列為其中之一）。本基金遵循美國財務會計準則委員會(FASB)所認定之 Accounting Standards Codification Topic 946（財務服務：投資公司（ASC946））且採用美國一般公認會計原則（U.S. GAAP）之專業會計和報導指南，包括但不限於 ASC946。富蘭克林坦伯頓法人機構專用基金—國際股票系列提供兩種股份類別：Primary 股與 Service 股。各股份類別的首次銷售手續費、或有遞延銷售手續費、對單一股份具影響之事件的投票權、轉換權益、不同約定之分銷費用及股務代理機構費用皆有所不同。

本基金重要會計政策摘要如下：

a. 財務工具評價

本基金為每日以公平價值(fair value)評價投資的財務工具。公平價值是市場參與者於秩序交易中，賣出資產或轉移負債於衡量日所被買賣參與者接受的價格。本基金在每個營業日的美東時間下午四點或紐約證券交易所(NYSE)正常排定的收盤時間計算每股淨資產價值(NAV)，以較早者為準。在信託董事會(董事會)所核准的政策及程序下，董事會已指定基金的投資經理為評價指定人，並負責監督評價。投資經理在基金管理人的協助下履行此職責，亦包括領導跨職能評價委員會(the Valuation Committee(VC))。本基金得以利用獨立定價服務、來自證券和財務工具的交易商所提供的報價及其他市場資訊來決定公平價值。

在證券交易所或那斯達克交易系統掛牌之股票以及衍生性金融商品是分別以最後公告售價或當日官方收盤價格計價。外國證券是以證券主要交易之外國證券交易所或是東部時間下午四點的收盤價估值，其價格將以外國證券依每個營業日當日東部時間下午四點的收盤匯率被轉換成美元後的價值而定。店頭市場交易證券其估值則不超過最近一次的買賣報價範圍。同時在多個市場或多個交易所進行交易的證券，其估值則以最具廣度和代表性之市場的報價為準。某些股權證券是以類似證券的基本特徵或關係為評價基礎。

債權證券通常是在店頭市場而不在證券交易所進行交易。本基金的定價服務是使用多種評價技術來決定其公平價值。於交易活絡的市場，定價服務可能利用市場基礎法（market-based approach），即使用證券交易公司的報價來決定公平價值。於交易不活絡或有所限制的市場，定價服務亦使用財產評價模型（proprietary valuation model），其考量了市場特性（例如：基準收益率曲線、信用價差、估計違約率、預期市場利率變動性、票券利率、本金付款期待時間、擔保品及其他獨特的證券特性）來評估相關的現金流量，並再用折現法計算公平價值。外幣計價的證券係以東部時間下午四點的匯率轉換至美元，以決定外國債權證券之價值。

投資於開放式共同基金是以結算後的淨資產價值評價。

當財務工具缺乏可以信賴或是無法獲得市場價格時，本基金採用一些程序來決定其公平價值。在這些程序下，本基金主要使用市場基礎法（market-based approach），即使用相關或可比較之資產或負債、近期交易、市場乘數及其他相關資訊來決定投資之公平價值。收益基礎衡量法（income-based valuation approach）也可用於投資之預期未來現金流量折價以計算公平價值。由於處分投資的限制的本質或是存續期間，可能也使用折價來計算。由於此類投資評價固有的不確定性，其公平價值與交易市場的價格可能會有顯著的差異。

於外國證券交易所及店頭交易市場掛牌證券的交易，可能早於東部時間下午四點時間。此外，某些外國市場的交易並不會發生在每一個基金的營業日內。有時候，在外國證券交易完畢與

年度財務報告/附屬的財務報表附註是財務報表的一部份

富蘭克林坦伯頓法人機構專用基金-國際股票系列

1. 組織結構與重要會計政策(承續前文)

a. 財務工具評價(承續前文)

東部時間下午四點之間的時間裡發生的事件可能對本基金所持有之投資組合證券價值的可信度造成影響。因此，由外國市場收盤後所決定之基金組合證券價格與東部時間下午四點最近的價格間，可能會產生差異。為了最小化這些潛在的差異，本基金得採用獨立定價服務將本基金投資組合證券的價值調整至東部時間下午四點最新指標的公平價值。截至 2023 年 12 月 31 日，部分證券已使用公平價值程序來定價，在這種情況下，這些證券被分類為公平價值衡量層級中的等級 2，稱為「市場公平價值」，更多說明請參閱附註「公平價值衡量」。

當申報期間的最後一日為非營業日時，某些外國市場是在基金的淨值未被計算時營業，此可能造成基金投資組合證券的價值在申報期間的最後營業日及最後日曆日間所有差異。任何因外國市場開市所造成之顯著證券價值變動將被基金為反映財務申報目的而進行調整和反映。

b. 外幣轉換

投資組合中以外幣結算的證券以及其他資產與負債，是在估值日以這類外幣對美元的匯率轉換成美元來定價。本基金可能簽訂外匯契約協助以外幣計價的交易。以外幣結算之證券的申購與銷售，收益與費用項目是以在交易日生效的匯率轉換成美元來定價。以外幣計價之投資組合證券、資產及負債包含這些外幣相對於美元價值下跌的風險。有時候，事件的發生可能影響外幣對美元匯率的可獲得性或可信度。若有此類事件發生，將以本基金董事會所建立並核准之程序來確定該匯率的公平價值。

本基金並不會單獨報告由於持有證券的市價變動而引起的外幣匯率變動的結果。這類的變動已包含在經營業績表中的淨實現與未實現投資利得或損失中。

已實現的匯兌利得或損失來自於外幣銷售、在證券的交易日與交割日之間所實現的貨幣利得或損失及股利、利息、外國預扣稅的紀錄金額與其實際交付的等值美元金額之間的差異。淨未實現匯兌利得或損失來自於在報告期末除所持有的投資證券之外，以外幣結算之資產與負債的外幣匯率變動。

c. 衍生性金融商品

本基金投資於衍生性金融商品係為了管理風險或是增加對不同的其他投資或市場之曝險。衍生性金融商品為依標的資產或其名目金額為基礎之金融契約，其無須原始投資金額或其原始淨投資金額小於一般對市場因素改變有相似反應的投資金額，及其需要或允許淨額交割。衍生性金融商品存在許多風險，包含交易對手可能無法履行基於契約條款之義務、難於次級市場變現之可能性、以及/或是於市場波動時使本基金之利得或損失曝險於超過資產負債表所列金額之可能性。這些契約在本期間之已實現利得和損失及未實現溢價及折價皆已列示於經營業績表中。

擔保品要求依衍生性金融商品種類而不同。抵押品或初始保證金要求由經紀商或交易所外匯交易和設定集中清算衍生品。初始保證金存放在交易所，可以是現金和/或證券的形式。

本基金買入或賣出交易所交易之期貨契約主要係為了管理曝險於股票價格風險。期貨合約是本基金與交易對手之間在未來日期以指定價格買賣資產的協議。所需初始保證金由本基金質押，公允價值依照每日保證金變動核算作為應付或應收並記載於在資產負債表中。

請參照附註 6 有關其他衍生性金融商品資訊之說明。

富蘭克林坦伯頓法人機構專用基金-國際股票系列

1. 組織結構與重要會計政策(承續前文)

d. 證券借貸

本基金參與一項代理機構基礎之證券借貸計劃以賺取額外的收益。本基金收取相當於所借出證券之公平價值至少 102%的金額之現金擔保品和/或美國政府與機構證券擔保品。在此借貸的存續期間內擔保品的金額不低於該借出證券公平價值(在基金各營業日結束時評定)的 100%，任何因證券價值變動而須追加的擔保品必須於次一營業日交付給本基金。與其他基金存入聯合現金帳戶的擔保品習慣被投資於富蘭克林顧問公司(其為本基金的關係企業)所管理的貨幣市場基金裡。此外，本基金持有\$1,850,551 美元在美國政府及機構證券質押作為擔保品。這些證券在基金託管人的獨立帳戶中作為抵押品持有。基金不能再質押或轉售這些作為抵押品持有的證券。因此，非現金抵押品不包括在資產負債表中。本基金收取來自現金擔保品的投資收益，以及從借貸者收取出借費用與回扣。來自借出證券的收益，扣除支付予證券借貸機構以及/或是第三方供應商的費用，已分別記錄於經營業績表中。本基金承擔有關現金擔保品投資與證券借出的市場風險，以及代理機構違反其對本基金義務的風險。如果借貸者違反其應返還借出證券的義務，本基金有權利運用所收取的擔保品於公開市場再買回這些證券。證券借貸機構已同意賠償本基金由第三方借入者產生的違約風險。

e. 所得稅及遞延稅

按照基金政策，本基金必須符合美國稅務法對於投資公司的規定，對股東分配幾乎所有的應稅收益與淨實現利益以免於繳納聯邦所得稅及特許權稅，因此無需預提美國聯邦所得稅。

本基金在外國管轄區域的投資所收取的收益、證券售出的資本利得以及一些外匯交易可能須繳納外國稅捐。如有外國稅捐，其金額將依據本基金所投資之外國市場實施的稅務法規與稅率申報。如外國對淨實現利得加以課稅，本基金將記錄預估的遞延稅賦義務，其金額相當於當證券在評價日交易須支付的稅額。

由於遍及歐盟一些國家的幾個訴訟案件結果，本基金已經為以前在這些國家所賺取股利的代扣稅款申報追加的回收稅款(歐盟回收)。已認可收益，若有的話，這些歐盟回收金額是以其他收益反映於經營業績表中，而任何相關應收款項，若有的話，是以歐盟稅款回收反映於資產負債表中。而與以上相關之費用也將反映在經營業績表的其他費用上。當這些訴訟的最終裁決、取得這些回收稅款的可能性以及付款的可能時間安排尚存有不確定性時，則無金額得以被反映於財務報表中。就美國所得稅目的，本基金所收取的歐盟回收稅款，若有的話，將減少外國稅捐金額而使本基金股東得在個人所得稅申報單中作為減稅或抵免。如果本基金在一個財政年度收到的歐盟回收款項超過本基金支付的外國預扣稅，並且本基金之前已將其轉嫁給其股東的外國稅款用於作為股東收入的抵免或扣除納稅申報表後，本基金將與美國國稅局 (IRS) 簽訂結算協議，以代表本基金的股東支付相關的納稅義務。本基金已決定與 IRS 達成一項結算協議，並在經營業績表中將估計費用計為收益的減項。

只有當稅務機關基於稅項的技術優勢進行依據美國一般公認會計原則(U.S.GAAP)審查時認為不明確稅項低於 50%的可能性將持續的情況下，本基金才會承認不明確稅項的賦稅利益。截至 2023 年 12 月 31 日止及所有開放稅賦年度，本基金認為沒有因被要求於納稅申報表所揭有關不明確稅項之納稅申報(或預計在未來進行納稅申報)之未承認賦稅利益而產生的負債。開放稅賦年度為基於稅賦管轄權之法定時效限制下仍須接受審查的年度。

f. 證券交易、投資收益、費用及配息

證券交易是在交易日作入帳。證券交易之已實現利得或損失則決定於特定基礎。利息收入與預估費用則每日計提。利息收入包括債券折價及溢價攤銷。股利收入是在除息日入帳，除了

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1. 組織結構與重要會計政策(承續前文)

f. 證券交易、投資收益、費用及配息(承續前文)

某些來自外國證券的股利是在本基金接獲除息日通知才立即認定。對股東的配息是在除息日入帳並且依據所得稅法(稅基)確定。以稅基所決定的可分配盈餘可能不同於依照一般美國公認會計準則所紀錄的盈餘。這些差異可能是永久或是暫時的。在資本帳戶中,永久性差異將被重新分類以反映其稅賦特性。這些重新分類對淨資產或是經營業績並不會造成影響。暫時性差異則不用重新分類,因為差異在後續期間將會迴轉。

本信託所招致的共同費用,將依個別基金的淨資產佔本信託的聯合總淨資產的比率來配置到個別基金,或是根據每個基金的股東人數與信託的總股東人數的比率。個別基金單獨招致的費用將直接記錄在招致此費用的基金帳內。

已實現與未實現利得與損失以及淨投資收益,不包含股份等級特定費用,是依照個別股份等級的淨資產之相對比重而每日分配到個別股份等級。股份等級的費用差異可能導致各股份等級每股配息款項的差異。

g. 會計估計

管理階層依照美國一般公認的會計準則編制財務報表時需要做出會計估計與假設。這些會計估計與假設會影響於財務報表日的資產與負債金額以及在財務報表期間的收入與費用金額。實際結果可能與估計值不同。

h. 保證及賠償

在本信託的組織文件規定下,本信託同意免除其主管與董事在某些超越其職責範圍而發生的負債責任。此外,在正常業務狀況下,本信託代表本基金與服務提供機構簽訂契約也包含責任免除條款。本信託在這些免責條款下的最大風險是未知的,因為涉及未來可能對本信託發生的被訴訟索賠。目前,本信託預期損失的風險是很小的。

2. 實益權益股份

截至 2023 年 12 月 31 日,本基金授權發行無數量管制的股份(無股票面值)。本基金股份的交易如下表:

	截至 12 月 31 日止之年度		截至 12 月 31 日止之年度	
	2023		2022	
	股份	金額	股份	金額
Primary 股:				
股份銷售	1,390,671	\$15,553,199	5,546,145	\$61,560,957
配息轉入再投資之股份發行	1,536,843	16,457,252	1,197,455	11,551,000
股份實物贖回(附註3f)	(5,437,954)	(59,545,598)	—	—
股份贖回	(5,026,589)	(55,594,271)	(19,788,709)	(219,933,335)
淨增加(減少)	(7,537,029)	\$(83,129,418)	(13,045,109)	\$(146,821,378)

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3. 與關係企業的交易

富蘭克林公司作為控股公司，與其各附屬公司合稱為富蘭克林坦伯頓基金集團。本基金的部分主管與董事也是下列附屬公司的主管以及/或是董事：

附屬公司	與本基金的關係
Templeton Investment Counsel, LLC (TIC)	投資經理公司
Franklin Templeton Investments Corp. (FTIC)	投資經理公司
Franklin Templeton Services, LLC (FT Services)	行政經理公司
Franklin Distributors, LLC (Distributors)	主辦承銷商
Franklin Templeton Investor Services, LLC (Investor Services)	股務代理機構

a. 管理費用

自 2023 年 5 月 1 日起生效，本基金按基金的平均每日淨資產價值，每日計算並每月支付 TIC 的投資管理費用，詳如下表所示：

年化費率	淨資產
0.775%	不超過（含）五億美元
0.755%	超過五億美元，不超過（含）十億美元
0.735%	超過十億美元，不超過（含）五十億美元
0.715%	超過五十億美元，不超過（含）一百億美元
0.695%	超過一百億美元，不超過（含）一百五十億美元
0.675%	超過一百五十億美元

在 2023 年 5 月 1 日之前，本基金按基金的平均每日淨資產價值，其每日及每月計算，支付 TIC 的投資管理費用，詳如下表所示：

年化費率	淨資產
0.775%	不超過（含）十億美元
0.755%	超過十億美元，不超過（含）五十億美元
0.735%	超過五十億美元，不超過（含）一百億美元
0.715%	超過一百億美元，不超過（含）一百五十億美元
0.695%	超過一百五十億美元，不超過（含）二百億美元
0.675%	超過二百億美元

截至 2023 年 12 月 31 日，有效年化投資管理費率為基金平均每日淨資產的 0.775%。

b. 行政費用

依據與 TIC 的契約，FT Services 對本基金提供行政管理服務。按本基金的每日平均淨資產由 TIC 支付行政管理服務費用，其並不是本基金額外的費用。

c. 股務代理機構費用

每個基金股份為 Investor Services 執行對股東服務職責，每月計算並按月支付股務代理機構費用。自 2023 年 10 月 1 日起生效，Investor Services 所獲取的費用為固定利潤基礎，並根據相對資產及相對交易配置於各基金。在 2023 年 10 月 1 日之前，費用係基於年化資產基礎費用的 0.016% 加上交易基礎費用。此外，每個基金股份償付 Investor Services 的墊付款項以及支付予第三方的股東服務費用。這些支付予第三方費用將以各個股份淨資產總額的相對比例為基礎每日預提並配置於各該股份。

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3. 與關係企業的交易(承續前文)

c. 服務代理機構費用(承續前文)

截至 2023 年 12 月 31 日，本基金支付服務代理機構的費用已標示於經營業績表中，其中 \$42,532 美元是用以支付 Investor Services。

Service 股將支付不超過 0.15% 每日平均淨資產的次服務代理機構費用。

d. 投資於關係企業管理投資公司

本基金投資於一家或數家關係企業管理投資公司。根據 1940 年法案的定義，當基金直接或間接擁有附屬基金 25% 或更多的已發行股份或有權對管理行使控制權時，該投資被視為基金的「控制關係企業」。本基金的投資目的不是對管理或政策施加控制影響。本基金可減免投資於關係企業管理投資公司的資產所對應的管理費用已標示於經營業績表中，但金額不超過每一個關係企業直接或間接所支付的管理費用和行政費用。在截至 2023 年 12 月 31 日止之年度，本基金投資在關係企業管理投資公司明細如下：

	期初 價值	申購	銷售	已實現 利得 (虧損)	未實現溢價 (折價) 淨變動	期末 價值	期末 持有股數	投資 收益
非控制關係上 市公司								
Institutional Fiduciary Trust-Money Market Portfolio, 5.034%.	\$7,572,866	\$51,888,401	\$(56,912,482)	\$—	\$—	\$2,548,785	2,548,785	<u>股利</u> \$175,401
Institutional Fiduciary Trust-Money Market Portfolio, 5.034%.	\$—	\$409,831	\$(188,581)	\$—	\$—	\$221,250	221,250	<u>來自借出 證券收益</u> \$1,814
關係企業證券 證券合計	<u>\$7,572,866</u>	<u>\$52,298,232</u>	<u>\$(57,101,063)</u>	<u>\$—</u>	<u>\$—</u>	<u>\$2,770,035</u>		<u>\$177,215</u>

e. 豁免及費用報酬豁免及費用報酬

TIC 已提前簽訂協定，在 2024 年 4 月 30 日之前，將國際股票系列的投資管理費限制在基金平均日淨資產的 0.74%。本基金會計年度結束後不會重新收回已豁免或已支付的總費用。

f. 其他關聯交易

截至 2023 年 12 月 31 日止年度，路易斯安那州警察退休系統（退休計畫）自國際股票系列基金贖回。因此，本基金在 2023 年 10 月 20 日將投資組合證券和現金以實物形式轉移至退休計畫，其中包括 \$8,468,998 美元的已實現淨收益。此類收益不對基金徵稅，也未分配於剩餘股東，並從累計已實現淨收益重新分類為實收資本。

4. 所得稅

就稅務目的，資本虧損得用來抵銷未來的資本利得。

截至 2023 年 12 月 31 日和 2022 年 12 月 31 日止年度配息的稅收如下：

	2023	2022
所支付之配息來自：		
一般收益	\$12,062,977	\$2,738,576
長期資本利得	5,048,660	9,364,016
	<u>\$17,111,637</u>	<u>\$12,102,592</u>

年度財務報告/附屬的財務報表附註是財務報表的一部份

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4. 所得稅(承續前文)

基於所得稅目的，於 2023 年 12 月 31 日，本基金之投資成本、淨未實現溢價(折價)及未分配一般收益如下表所示：

投資成本	\$94,497,731
未實現溢價	\$37,059,568
未實現折價	(5,121,973)
淨未實現溢價(折價)	\$31,937,595
可分配收益：	
未分配一般收益	\$59,840

收益以及/或是資本利得在帳面基礎與稅賦基礎上有所不同，主要是因為對外幣交易、沖銷性交易、歐盟稅款回收、被動式國外投資公司股份以及衍生金融工具和實物交易的處理不同而影響分配的特性所致。

本基金利用稅務會計實務處理部分從股本贖回款的收益作為來自淨投資收益和已實現資本利得分配。

根據美國一般公認會計原則，資本帳間的永久性差異應被重新分類，以反映其稅收特性。截至 2023 年 12 月 31 日止年度，此類重新分類如下：

實收資本.....	\$10,858,711
可分配盈餘(損失)合計.....	\$(10,858,711)

5. 投資交易

截至 2023 年 12 月 31 日止之年度內買入與賣出（不包括短期證券和實物交易）的交易額分別為\$30,783,671 美元及\$64,426,825 美元。

截至 2023 年 12 月 31 日，有關借出證券交易，本基金因借出投資收取現金擔保品如下：

借出證券交易^a:

股權投資^b \$221,250

a. 此協議可隨時終止。

b. 此類交易的已確認負債總額包括於資產負債表中應付款項之依證券借出的返還支付裡。

6. 其他衍生性金融商品資訊

截至 2023 年 12 月 31 日，本基金對衍生性金融商品合約的投資反映在資產負債表中如下所示：

未列入避險工具的衍生性商品合約	衍生性工具之資產		衍生性工具之負債	
	資產負債表位置	公平價值	資產負債表位置	公平價值
股權契約				
	期貨合約的變動保證金	\$81,157 ^a	期貨合約變動保證金	\$—
總計		\$81,157		\$—

a. 該金額反映了投資報表中報告的期貨合約累計升值(折價)。期末應收/應付的變動保證金僅於資產負債表中單獨報告。先前變動保證金之變動於收到或付款時記載為現金。

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6. 其他衍生性金融商品資訊(承續前文)

截至 2023 年 12 月 31 日止年度，衍生金融商品合約在經營績效表中之影響如下：

未計入避險工具之 衍生性商品契約	於經營業績表位置	年度淨實現利得 (損失)	於經營業績表位置	年度未實現溢 價(折價)淨變動
	淨實現利得(損失)來自：		未實現溢價(折價)淨變動：	
股權契約	期貨合約	\$96,065	期貨合約	\$148,858
合計		<u>\$96,065</u>		<u>\$148,858</u>

截至 2023 年 12 月 31 日年度，期貨合約的平均月末名目金額為 \$2,098,438 美元。

有關衍生性金融商品，請參見附註 1(c)。

7. 集中風險

投資於外國證券可能含有特定風險，須考量的因素也與投資美國證券的一般相關事項不同，例如貨幣價值的波動及當地與地區經濟、政治及社會情況的變動等，該因素可能導致大幅度的市場波動。國外地區目前政治和金融的不確定性可能會增加市場的波動，以及在外國投資證券的經濟風險。此外，個別外國證券的流動性可能低於美國證券。

8. 信用工具

本基金與富蘭克林坦伯頓基金集團所管理的其他美國註冊以及外國投資基金（全體地，以下稱「全體借用人」）共同簽定一項於 2024 年 2 月 2 日到期之貸款總額為 26.75 億美元的優先無擔保聯合全球信用貸款（以下稱「全球信用工具」）。全球信用工具其為一項資金來源，以提供予全體借用人因應暫時與緊急目的，包括有能力去應付未來無預期或不尋常的大量贖回需求。自 2024 年 2 月 2 日起生效，全體借用人已續訂貸款總額為 26.75 億美元的全球信用工具，其到期日為 2025 年 1 月 31 日。

依據全球信用工具條款，本基金除了應負擔所動用任何貸款的利息，以及由本基金所產生的其他成本之外，尚須依據本基金佔全體借用人淨資產總額的相對持份比例，分攤履行及維持全球信用工具所產生的費用及支出，包括全球信用工具未使用部分的 0.15% 年度承諾費用。這些費用已反映於經營業績表的其他費用裡。截至 2023 年 12 月 31 日，本基金並未動用全球信用工具貸款。

9. 公平價值衡量

本基金採用公平價值的等級，其係用來區別從獨立來源所取得的市場資料（可觀察信息）與基金自行的市場假設（不可觀察信息）。這些信息被用於決定基金投資的價值，並得概述於以下之公平價值的等級：

- 等級 1—用同一證券的現行活躍市場報價
- 等級 2—其他重要的明顯信息（包括對於相類似證券的報價、利率、預付款項速度及信用風險等）
- 等級 3—重要的不可觀察信息（包括基金以自行假設決定投資的公平價值）

用以評價證券的信息或方法，不一定表示與投資該證券有關的風險或流動性。

富蘭克林坦伯頓法人機構專用基金-國際股票系列

9. 公平價值衡量(承續前文)

截至2023年12月31日，在對以公平價值計量的基金資產和負債進行估值時使用的輸入等級概要如下：

資產：	等級1	等級2	等級3	合計
證券投資：				
股權投資：				
比利時	\$—	\$1,964,465	\$—	\$1,964,465
加拿大	3,163,049	—	—	3,163,049
智利	—	2,287,157	—	2,287,157
中國	1,807,352	—	—	1,807,352
法國	—	12,958,583	—	12,958,583
德國	—	16,648,876	—	16,648,876
匈牙利	1,262,075	—	—	1,262,075
愛爾蘭	—	2,102,144	—	2,102,144
日本	—	25,509,012	—	25,509,012
荷蘭	—	7,883,261	—	7,883,261
南韓	—	6,017,960	—	6,017,960
西班牙	—	1,962,114	—	1,962,114
瑞士	—	2,367,082	—	2,367,082
台灣	—	2,402,822	—	2,402,822
泰國	—	1,043,194	—	1,043,194
英國	2,959,548	22,562,353	—	25,521,901
美國	2,384,299	6,298,788	—	8,683,087
託管和訴訟信託	—	—	— ^a	—
短期投資	2,770,035	—	—	2,770,035
證券投資總額	\$14,346,358	\$112,007,811 ^b	\$—	\$126,354,169
其他金融工具：				
期貨合約	\$81,157	\$—	\$—	\$81,157
其他金融工具總額	\$81,157	\$—	\$—	\$81,157

^a 包括於被確定為無價值的證券。

^b 包括價值\$ 112,007,811 美元的外國證券，由於應用了市場公平價值程序，這些證券被歸類為等級 2。有關更多資訊，請參閱金融工具估值說明。

當年初和/或年末存在重大的等級 3 資產和/或負債時，將列示使用等級 3 輸入值來確定公平價值的對帳。

10. 期後事項

本基金已評量截至本財報公告日期間的期後事項，確定除已在財務報表中階露的事項外，沒有發生其他應行揭露的事件。

交易對手縮寫

FHLB Federal Home Loan Banks 聯邦住宅貸款銀行

富蘭克林坦伯頓法人機構專用基金-國際股票系列

翻譯自獨立註冊會計師事務所簽證英文報告原文

致富蘭克林坦伯頓法人機構專用基金—國際股票系列的全體董事與股東

財務報告之意見

我們已查核富蘭克林坦伯頓法人機構專用基金—國際股票系列（以下簡稱「基金」）前附截至 2023 年 12 月 31 日之包括投資明細表在內的資產負債表、截至 2023 年 12 月 31 日之相關經營業績表、截至 2023 年 12 月 31 日之兩年的淨資產變動表（包括相關附註）以及截至 2023 年 12 月 31 日之五年的財務重點（以下簡稱「財務報表」）。我們認為，財務報表在所有重大方面，公允反映了基金於 2023 年 12 月 31 日的財務狀況、年度的經營成果、截至 2023 年 12 月 31 日之兩年的淨資產變動情況，以及截至 2023 年 12 月 31 日之五年各期末的財務重點，並符合美國公認會計準則的規定。

意見之基礎

這些財務報表的編制是基金管理者的責任。我們的責任是在我們查核的基礎上對這些財務報表表示意見。我們是公開發行會計公司，在公開發行公司會計監督委員會（美國）（PCAOB）註冊，並且被要求必須獨立於基金，符合美國聯邦證券法、美國證券交易委員會和 PCAOB 的適用規則和條例。

我們依據 PCAOB 的標準對這些財務報表進行查核。這些準則要求我們計劃與執行查核工作，以合理確信這些財務報表是否不存在重大誤述，無論是由於錯誤還是欺詐。

我們的查核工作包括評估財務報表重大誤述風險的執程序，無論是由於錯誤或是欺詐，以及執行應對這些風險的程序。這些程序包括在抽查的基礎上檢查支持財務報表金額與相關財務公開的證據。我們的查核工作也包括在評價管理當局在編制財務報表時採用的會計政策和作出的重大會計估計，以及評價財務報表的整體表達。我們的查核工作包括於 2023 年 12 月 31 日與保管銀行、服務代理商及經紀商確認的證券餘額狀況；當沒有收到經紀商的答覆時，我們執行了其他審計程序。我們相信，我們執行的審計程序為所表示的意見提供了合理的基礎。

PricewaterhouseCoopers LLP 會計師事務所

舊金山，加州

2024 年 2 月 20 日

自 1948 年以來，我們一直擔任富蘭克林坦伯頓基金集團多家投資公司的審計人員。

所附財務報表並非意圖顯現其財務立場和營運結果符合美國以外地區接受的一般會計原則之標準。

這些財務報表之查核的標準、程序和實務運作為美國當地接受和應用。

This version of our report is a translation from the original report, which was prepared in English. In all matters of interpretation of information, views or opinions, the original English language version of our report takes precedence over this translation.

中文簡譯本之內容與英文年報若有歧異，以英文年報之內容為準。

ANNUAL REPORT

TEMPLETON INSTITUTIONAL FUNDS

December 31, 2023



FRANKLIN
TEMPLETON

Foreign Smaller Companies Series

International Equity Series

The Securities and Exchange Commission has adopted new regulations that will result in changes to the design and delivery of annual and semiannual shareholder reports beginning in July 2024.

If you have previously elected to receive shareholder reports electronically, you will continue to do so and need not take any action.

Otherwise, paper copies of the Fund's shareholder reports will be mailed to you beginning in July 2024. If you would like to receive shareholder reports and other communications from the Fund electronically instead of by mail, you may make that request at any time by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, enrolling at franklintempleton.com.

You may access franklintempleton.com by scanning the code below.



Not FDIC Insured | May Lose Value | No Bank Guarantee

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Visit **ftinstitutional.com** for fund updates, to access your account, or to find helpful financial planning tools.

Foreign Smaller Companies Series

This annual report for Foreign Smaller Companies Series (Fund) covers the fiscal year ended December 31, 2023.

Fund Overview

Q. What is the Fund's investment strategy?

A. The Fund seeks Long-term capital growth. When choosing equity investments for the Fund, we apply a bottom-up, value-oriented, long-term approach, focusing on the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. We also consider a company's price/earnings ratio, profit margins and liquidation value.

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

A. International small-cap equities, as measured by the Fund's benchmark, the MSCI All Country World Index (ACWI) ex USA Small Cap Index-NR, posted a positive total return for the 12 months ended December 31, 2023. The month of December 2023 was noticeably stronger for small caps. While inflation remained elevated in most parts of the world, it moderated substantially, bolstering equities. This inflationary pressure led many of the world's central banks to tighten monetary policy, driving interest rates significantly higher and pressuring economic growth. However, tightening eased as the period continued, and investors foresaw an end to the current monetary policy cycle even as growth continued. Equity performance varied notably by region, as the impact of changing economic conditions varied depending on local circumstances.

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

A. We identified a number of compelling opportunities trading at trough valuations considering cyclical concerns. This included recent additions of an investment bank and a few companies connected to real estate and home building, areas of the market to which the Fund has had limited exposure.

We also continued to look at the impact of generative artificial intelligence (AI). Generative AI has benefited some of our holdings, while disrupting and potentially disrupting companies that we do not hold. We have met a number of these companies and are debating the topic and looking for companies that we believe could be oversold.

1. Source: Morningstar.

The index is unmanaged and includes reinvestment of any income or distributions. It does not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Net Return (NR) reflects no deduction for fees, expenses or taxes but are net of dividend tax withholding. Important data provider notices and terms available at www.franklintempletondatasources.com.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOI). The SOI begins on page 16.

Performance Overview

The Fund posted a +15.90% cumulative total return for the 12 months under review. In comparison, the Fund's benchmark, the MSCI All Country World Index (ACWI) ex USA Small Cap Index-NR, which measures the performance of global developed and emerging market small-cap equities excluding the U.S., posted a +15.66% cumulative total return.¹ Please note, index performance information is provided for reference and we do not attempt to track the index but rather undertake investments on the basis of fundamental research. You can find the Fund's long-term performance data in the Performance Summary beginning on page 4.

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to ftinstitutional.com or call a Franklin Templeton Institutional Services representative at (800) 321-8563.

Geographic Composition

12/31/23

	% of Total Net Assets
Europe	44.7%
Asia	39.9%
Latin America & Caribbean	5.2%
North America	5.0%
Other	0.8%
Short-Term Investments & Other Net Assets	4.4%

Q. What were the leading contributors to performance?

A. The Fund's outperformance relative to the benchmark during the period was primarily due to strong stock selection, particularly in the consumer discretionary, health care and materials sectors. Top relative contributors included King Yuan Electronics, which tests and packages semiconductor products, i-SENS, a South Korean company dedicated to improving the lives of people with diabetes, and Taiwan-based Chicony Electronics, a leading global notebook/desktop personal computer component manufacturer. Regionally, North America and Asia ex-Japan made the largest contributions to relative performance.

Portfolio Composition

12/31/23

	% of Total Net Assets
Machinery	12.1%
Electronic Equipment, Instruments & Components	7.4%
Leisure Products	7.3%
Textiles, Apparel & Luxury Goods	5.3%
Professional Services	4.4%
Food Products	3.8%
Capital Markets	3.7%
Health Care Equipment & Supplies	3.5%
Building Products	3.2%
Specialty Retail	3.1%
Banks	2.9%
Technology Hardware, Storage & Peripherals	2.9%
Automobile Components	2.7%
Life Sciences Tools & Services	2.6%
Other*	30.7%
Short-Term Investments & Other Net Assets	4.4%

*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.

Top 10 Holdings

12/31/23

Company Industry, Country	% of Total Net Assets
OneSpaWorld Holdings Ltd. <i>Diversified Consumer Services, Bahamas</i>	2.2%
Technogym SpA <i>Leisure Products, Italy</i>	2.0%
Sanlorenzo SpA <i>Leisure Products, Italy</i>	2.0%
Interpump Group SpA <i>Machinery, Italy</i>	1.7%
Canadian Western Bank <i>Banks, Canada</i>	1.7%
MEITEC Group Holdings, Inc. <i>Professional Services, Japan</i>	1.6%
TechnoPro Holdings, Inc. <i>Professional Services, Japan</i>	1.6%
Man Group plc <i>Capital Markets, United Kingdom</i>	1.6%
Techtronic Industries Co. Ltd. <i>Machinery, Hong Kong</i>	1.5%
Chicony Electronics Co. Ltd. <i>Technology Hardware, Storage & Peripherals, Taiwan</i>	1.5%

Q. What were the leading detractors from performance?

A. Stock selection in the industrials, financials and information technology sectors detracted from relative performance for the year. Top relative detractors included Xtep International Holdings, a leading China-based

sportswear brand and wholesaler, Barco, a Belgium-based company that manufactures movie projectors and other digital products, and Norway-based Photocure, a specialty pharmaceutical company focused on the detection and management of bladder cancer (not held at period-end). Regionally, stock selection in Japan and the U.K. significantly detracted from relative performance for the year.

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

A. There were no significant changes to the Fund's portfolio during the reporting period. However, we actively tried to manage exposure to geopolitical risk and focus on bottom-up thematic research that drives not only growth at what we consider to be a reasonable price, but also with potentially less risk. Regionally, we have most notably increased our exposure to Asia, specifically South Korea, at the expense of Europe.

Thank you for your continued participation in Foreign Smaller Companies Series. We look forward to serving your future investment needs.

Harlan B. Hodes
Lead Portfolio Manager

David A. Tuttle, CFA
Kyle Denning, CFA
Katie Ylijoki, CFA

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2023, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

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Performance Summary as of December 31, 2023

The performance table and graph do not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses. Capital gain distributions are net profits realized from the sale of portfolio securities.

Performance as of 12/31/23¹

	Cumulative Total Return ²	Average Annual Total Return ³
1-Year ⁴	+15.90%	+15.90%
5-Year	+31.78%	+5.67%
10-Year	+40.77%	+3.48%

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to ftinstitutional.com or call a Franklin Templeton Institutional Services representative at (800) 321-8563.

See page 6 for Performance Summary footnotes.

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.

12/31/13–12/31/23



See page 6 for Performance Summary footnotes.

Distributions (1/1/23–12/31/23)

**Net Investment
Income**

\$0.2388

Total Annual Operating Expenses⁶

1.02%

Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance.

All investments involve risks, including possible loss of principal. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. To the extent the Fund invests in companies in a specific **country or region**, the Fund may experience greater volatility than a fund that is more broadly diversified geographically. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the Fund's prospectus.

1. The total annual operating expenses are as of the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.
2. Cumulative total return represents the change in value of an investment over the periods indicated.
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.
4. Total return information is based on net asset values calculated for shareholder transactions. Certain adjustments were made to the net assets of the Fund at 12/31/22 for financial reporting purposes. Accordingly, adjusted total returns have been disclosed in the Financial Highlights and differ from those reported here.
5. Source: FactSet. The MSCI ACWI ex USA Small Cap Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the performance of small-cap equity securities in global developed and emerging markets, excluding the U.S. Net Return (NR) reflects no deduction for fees, expenses or taxes but are net of dividend tax withholding.
6. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown. Important data provider notices and terms available at www.franklintempletondatasources.com.

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, if applicable; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, if applicable, 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 in the row 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 7/1/23	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
	Ending Account Value 12/31/23	Expenses Paid During Period 7/1/23–12/31/23 ^{1,2}	Ending Account Value 12/31/23	Expenses Paid During Period 7/1/23–12/31/23 ^{1,2}	
\$1,000	\$1,065.00	\$5.56	\$1,019.82	\$5.44	1.07%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/365 to reflect the one-half year period.

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

International Equity Series

This annual report for International Equity Series (Fund) covers the fiscal year ended December 31, 2023.

Fund Overview

Q. What is the Fund's investment strategy?

A. The Fund seeks Long-term capital growth. When choosing equity investments for the Fund, we employ a bottom-up, value-oriented, long-term approach, focusing on the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. We also consider a company's price/earnings ratio, profit margins and liquidation value. We attempt to identify those companies that offer above-average opportunities for capital appreciation in various countries and industries where economic and political factors, including currency movements, are favorable to capital growth.

For purposes of pursuing the Fund's investment goal, we intend to enter into equity derivative instruments, including equity index futures contracts. We use these derivative instruments for investment purposes, including for cash management purposes and to generate income, to increase liquidity and/or to adjust the Fund's exposure to certain equity markets in a more efficient or less expensive way.

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

A. International equities, as measured by the Fund's benchmark, the MSCI All Country World Index (ACWI) ex USA Index-NR, posted a positive total return for the 12 months ended December 31, 2023. While inflation remained elevated in most parts of the world, it moderated substantially, bolstering equities. This inflationary pressure led many of the world's central banks to tighten monetary policy, driving interest rates significantly higher and pressuring economic growth. However, tightening eased as the period continued, and investors foresaw an end to the current monetary policy cycle even as growth continued. Encouraging economic data and softening but solid employment figures in several regions reinvigorated expectations for an economic soft landing.

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

A. During the year, we remained focused on identifying areas of the market where the potential for long-term outperformance was overlooked and undervalued by most investors. For example, we favored Japanese equities, which benefited from tailwinds such as reforms to boost returns on shareholder equity, and avoided Chinese equities, which reflected our concerns about the consumer and property market and the waves of government regulation that have impacted the structural profitability of several industries, most notably but not exclusively the larger internet/e-commerce giants.

Performance Overview

The Fund's Primary shares posted a +22.84% cumulative total return for the 12 months under review. For comparison, the Fund's primary benchmark, the MSCI All Country World Index (ACWI) ex USA Index-NR, which measures the equity market performance of global developed and emerging markets excluding the U.S., posted a +15.62% cumulative total return.¹ Also in comparison, the Fund's secondary benchmark, the MSCI Europe, Australasia, Far East (EAFE) Index-NR, which measures the equity market performance of global developed markets excluding the U.S. and Canada, posted a +18.24% cumulative total return.¹ Please note, index performance information is provided for reference and we do not attempt to track an index but rather undertake investments on the basis of fundamental research. You can find the Fund's long-term performance data in the Performance Summary beginning on page 11.

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to **ftinstitutional.com** or call a Franklin Templeton Institutional Services representative at **(800) 321-8563**.*

1. Source: Morningstar.

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Net Return (NR) reflects no deduction for fees, expenses or taxes but are net of dividend tax withholding. Important data provider notices and terms available at www.franklintempletondatasources.com.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOI). The SOI begins on page 23.

Geographic Composition

12/31/23

	% of Total Net Assets
Europe	56.8%
Asia	28.8%
North America	9.2%
Latin America & Caribbean	1.8%
Short-Term Investments & Other Net Assets	3.4%

Portfolio Composition

12/31/23

	% of Total Net Assets
Banks	13.1%
Oil, Gas & Consumable Fuels	10.6%
Pharmaceuticals	8.3%
Semiconductors & Semiconductor Equipment	6.3%
Diversified Telecommunication Services	4.0%
Automobiles	3.8%
Metals & Mining	2.9%
Technology Hardware, Storage & Peripherals	2.8%
Household Durables	2.7%
Construction Materials	2.5%
Commercial Services & Supplies	2.5%
Aerospace & Defense	2.3%
Specialty Retail	2.2%
Health Care Equipment & Supplies	2.2%
Other*	30.4%
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. The Fund outperformed its benchmark MSCI ACWI ex-USA Index-NR for the year, driven by stock selection in the industrials, consumer discretionary and materials sectors.

The Fund's exposure to the diverse industrials sector reflected specific trends rather than a macro call on the strength of the global economy or a view that the sector in aggregate is attractively valued. In consumer discretionary, the Fund held an eclectic mix of companies across the sector with strong balance sheets, high free cash flow yields, generous shareholder returns and solid long-term growth prospects. In materials, we balanced exposure to construction materials firms offering strong economics and secular tailwinds with holdings in packaging and industrial metals firms with sound balance sheets, good cost positions and upside exposure to structural demand drivers related to the green energy transition.

Top stock contributors for the period included Adecco Group (Switzerland), Tokyo Electron (Japan), CRH (Ireland) Compagnie de Saint-Gobain (France) and BAE (United Kingdom).

Regionally, stock selection and an underweight in Asia ex-Japan and stock selection and an overweight in the eurozone contributed to relative performance. In Asia, notable holdings included Taiwanese and South Korean semiconductor companies. Ireland, Germany and France drove returns in the Fund's eurozone exposure.

Top 10 Holdings

12/31/23

Company Industry, Country	% of Total Net Assets
Deutsche Telekom AG <i>Diversified Telecommunication Services, Germany</i>	4.0%
TotalEnergies SE <i>Oil, Gas & Consumable Fuels, France</i>	3.7%
Shell plc <i>Oil, Gas & Consumable Fuels, Netherlands</i>	3.6%
BP plc <i>Oil, Gas & Consumable Fuels, United Kingdom</i>	3.3%
Sumitomo Mitsui Financial Group, Inc. <i>Banks, Japan</i>	3.2%
Samsung Electronics Co. Ltd. <i>Technology Hardware, Storage & Peripherals, South Korea</i>	2.8%
CRH plc <i>Construction Materials, United States</i>	2.5%
GFL Environmental, Inc. <i>Commercial Services & Supplies, Canada</i>	2.5%
Lloyds Banking Group plc <i>Banks, United Kingdom</i>	2.5%
Sanofi SA <i>Pharmaceuticals, United States</i>	2.4%

Q. What were the leading detractors from performance?

A. An overweight in the health care sector and stock selection in the financials and energy sectors detracted from relative performance for the year. In health care, much of the underperformance was due to stock-specific setbacks as some large pharmaceutical holdings faced legal or regulatory challenges. Returns in the financials sector were hurt by the underperformance of the Fund's bank holdings, particularly in Asia. In energy, the positive effect of the Fund's overweight was offset by poor stock selection in the energy equipment and services industry.

Top stock detractors for the period included Takeda Pharmaceutical (Japan), United Overseas Bank (Singapore; not held at period's end), Redeia (Spain), Sumitomo Metal Mining (Japan) and Bayer (Germany).

Regionally, an overweight in the U.K. and lack of exposure to Latin America detracted from relative returns. During the year, we focused on U.K. companies that were more globally than regionally focused, with banking and homebuilders the notable exceptions. While we invest in companies, not markets, the overweight versus the benchmark was indicative of the overall discount of the U.K. market versus the rest of the world.

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

A. No. Throughout the year, we maintained a balance across a range of factor and style exposures. Value—as an investment approach, more than a factor style—remained the unifying theme. We continued to favor stocks trading at deep valuation discounts with considerable future earnings power driven by either cyclical tailwinds, management initiatives or potential value creation catalysts.

Thank you for your continued participation in International Equity Series. We look forward to serving your future investment needs.

Peter A. Nori, CFA
Lead Portfolio Manager

Matthew R. Nagle, CFA
Heather Waddell, CFA

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2023, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Performance Summary as of December 31, 2023

The performance table and graphs do not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities.

Performance as of 12/31/23^{1,2}

Share Class	Cumulative Total Return ³	Average Annual Total Return ⁴
Primary		
1-Year	+22.84%	+22.84%
5-Year	+38.51%	+6.73%
10-Year	+33.21%	+2.91%
Service		
1-Year ⁵	+22.80%	+22.80%
5-Year	+37.70%	+6.61%
10-Year	+31.39%	+2.77%

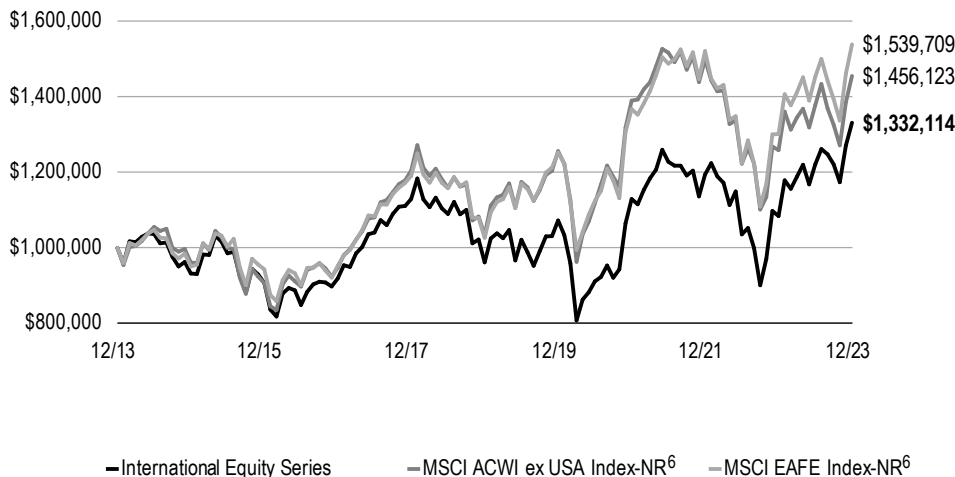
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to ftinstitutional.com or call a Franklin Templeton Institutional Services representative at (800) 321-8563.

See page 13 for Performance Summary footnotes.

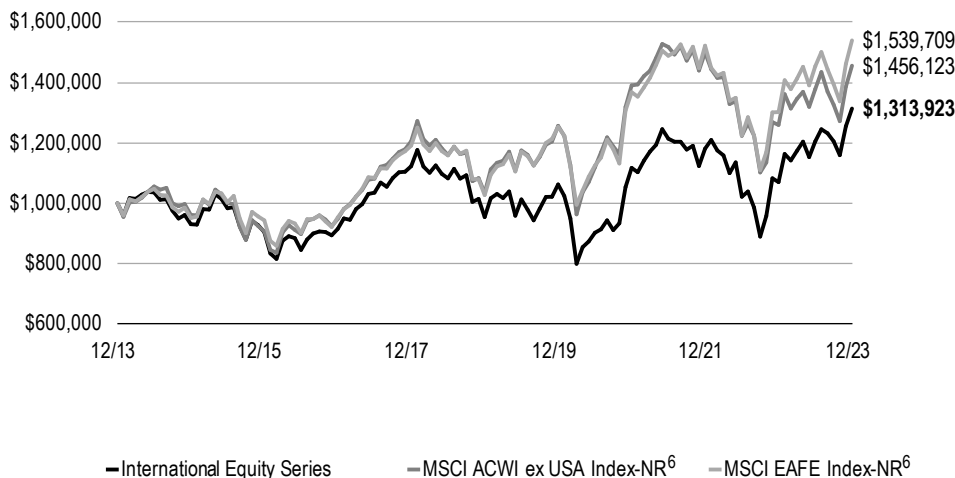
Total Return Index Comparison for a Hypothetical \$10,000 Investment¹

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 indexes include reinvestment of any income or distributions. They differs from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.

Primary Shares (12/31/13–12/31/23)



Service Shares (12/31/13–12/31/23)



See page 13 for Performance Summary footnotes.

Distributions (1/1/23–12/31/23)

Share Class	Net Investment Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
Primary	\$0.9001	\$0.1524	\$0.4839	\$1.5364
Service	\$0.9068	\$0.1524	\$0.4839	\$1.5431

Total Annual Operating Expenses⁷

Share Class	With Fee Waiver	Without Fee Waiver
Primary	0.83%	0.88%
Service	0.97%	1.02%

Each class of shares is available to certain eligible investors and has different annual fees and expenses, as described in the prospectus.

Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance.

All investments involve risks, including possible loss of principal. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. To the extent the Fund invests in companies in a specific **country or region**, the Fund may experience greater volatility than a fund that is more broadly diversified geographically. The **investment style** may become out of favor, which may have a negative impact on performance. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the Fund's prospectus.

- 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 contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 4/30/24 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.
- Total return was positively impacted by the recognition of tax reclaims for previously withheld taxes on dividends in certain countries across the European Union (see Note 1e in the Notes to Financial Statements section). Uncertainty exists with respect to future recognition of additional European Union tax reclaims. Total return would have been lower without recognition of such tax reclaims during the year ended 12/31/20.
- Cumulative total return represents the change in value of an investment over the periods indicated.
- 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.
- Total return information is based on net asset values calculated for shareholder transactions. Certain adjustments were made to the net assets of the Fund at 12/31/22 for financial reporting purposes. Accordingly, adjusted total returns have been disclosed in the Financial Highlights and differ from those reported here.
- Source: FactSet. The MSCI ACWI ex USA Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed and emerging markets, excluding the U.S. The MSCI EAFE Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed markets excluding the U.S. and Canada. Net Return (NR) reflects no deduction for fees, expenses or taxes but are net of dividend tax withholding.
- Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown. Important data provider notices and terms available at www.franklintempletondatasources.com.

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, if applicable; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, if applicable, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value" for each class of shares. You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$*). Then multiply the result by the number in the row for your class of shares under the headings "Actual" and "Expenses Paid During Period" (*if Actual Expenses Paid During Period were \$7.50, then $8.6 \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 for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of other funds.

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

Share Class	Beginning Account Value 7/1/23	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 12/31/23	Expenses Paid During Period 7/1/23–12/31/23 ^{1,2}	Ending Account Value 12/31/23	Expenses Paid During Period 7/1/23–12/31/23 ^{1,2}	
Primary	\$1,000	\$1,090.20	\$4.12	\$1,021.27	\$3.98	0.78%
Service	\$1,000	\$1,090.20	\$3.62	\$1,021.73	\$3.50	0.69%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/365 to reflect the one-half year period.

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

Financial Highlights

Foreign Smaller Companies Series

	Year Ended December 31,				
	2023	2022	2021	2020	2019
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$16.35	\$21.80	\$23.03	\$21.40	\$17.96
Income from investment operations ^a :					
Net investment income ^b	0.26	0.31	0.28	0.17	0.30
Net realized and unrealized gains (losses)	2.30	(5.38)	2.07	1.74	3.79
Total from investment operations	2.56	(5.07)	2.35	1.91	4.09
Less distributions from:					
Net investment income	(0.24)	(0.32)	(0.28)	(0.22)	(0.37)
Net realized gains	—	(0.06)	(3.30)	(0.06)	(0.28)
Total distributions	(0.24)	(0.38)	(3.58)	(0.28)	(0.65)
Net asset value, end of year	\$18.67	\$16.35	\$21.80	\$23.03	\$21.40
Total return	15.75%	(23.19)%	10.72%	8.95%	22.86%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.09%	1.02%	1.04%	1.04%	1.02%
Expenses net of waiver and payments by affiliates	1.09% ^c	1.02% ^c	1.04% ^c	1.03%	1.02% ^c
Net investment income	1.49%	1.76%	1.13%	0.87%	1.48%
Supplemental data					
Net assets, end of year (000's)	\$191,256	\$353,380	\$739,717	\$725,098	\$782,971
Portfolio turnover rate	36.62%	16.54%	31.09%	34.89%	39.48%

^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 waiver and payments by affiliates rounds to less than 0.01%.

Schedule of Investments, December 31, 2023

Foreign Smaller Companies Series

	Industry	Shares	Value
Common Stocks 95.2%			
Austria 1.2%			
^a AT&S Austria Technologie & Systemtechnik AG	Electronic Equipment, Instruments & Components	28,549	\$827,718
DO & CO AG	Commercial Services & Supplies	10,473	1,554,099
			2,381,817
Bahamas 1.8%			
^b OneSpaWorld Holdings Ltd.	Diversified Consumer Services	241,715	3,408,182
Belgium 2.1%			
Barco NV	Electronic Equipment, Instruments & Components	122,298	2,237,048
^a Kinepolis Group NV	Entertainment	35,896	1,773,026
			4,010,074
Brazil 3.1%			
Camil Alimentos SA.	Food Products	918,600	1,597,064
^b Dexco SA	Paper & Forest Products	687,600	1,144,329
M Dias Branco SA.	Food Products	126,400	1,004,551
Tres Tentos Agroindustrial SA	Food Products	417,700	1,035,713
Vivara Participacoes SA	Textiles, Apparel & Luxury Goods	154,800	1,091,655
			5,873,312
Canada 4.0%			
Canaccord Genuity Group, Inc.	Capital Markets	154,900	888,483
Canadian Western Bank	Banks	136,926	3,190,117
Computer Modelling Group Ltd.	Software	365,004	2,790,559
North West Co., Inc. (The)	Consumer Staples Distribution & Retail	28,200	835,784
			7,704,943
China 1.1%			
^c JNBY Design Ltd., Reg S	Textiles, Apparel & Luxury Goods	690,000	927,235
Xtep International Holdings Ltd.	Textiles, Apparel & Luxury Goods	2,129,792	1,203,887
			2,131,122
Denmark 0.7%			
Matas A/S	Specialty Retail	82,771	1,414,742
Finland 1.8%			
Fiskars OYJ Abp	Household Durables	48,960	967,305
Huhtamaki OYJ	Containers & Packaging	62,984	2,556,825
			3,524,130
France 0.6%			
Kaufman & Broad SA	Household Durables	36,533	1,216,815
Germany 6.5%			
^a Adesso SE	IT Services	12,103	1,434,784
CompuGroup Medical SE & Co. KgaA	Health Care Technology	4,731	198,050
Duerr AG	Machinery	40,704	959,923
Gerresheimer AG	Life Sciences Tools & Services	20,935	2,178,282
Jenoptik AG	Electronic Equipment, Instruments & Components	55,320	1,735,239
^{b,c} Montana Aerospace AG, 144A, Reg S	Aerospace & Defense	95,957	2,015,436
Rational AG	Machinery	2,652	2,046,710
Stabilus SE	Machinery	27,703	1,886,824
			12,455,248

Foreign Smaller Companies Series (continued)

	Industry	Shares	Value
Common Stocks (continued)			
Greece 0.5%			
JUMBO SA	Specialty Retail	30,827	\$854,987
Hong Kong 3.3%			
Techtronic Industries Co. Ltd.	Machinery	248,500	2,960,730
Value Partners Group Ltd.	Capital Markets	3,513,000	962,848
VTech Holdings Ltd.	Communications Equipment	402,500	2,430,328
			6,353,906
India 1.2%			
Exide Industries Ltd.	Automobile Components	603,254	2,302,801
Israel 0.8%			
^b Nayax Ltd.	Electronic Equipment, Instruments & Components	78,046	1,490,338
Italy 9.8%			
Brunello Cucinelli SpA.	Textiles, Apparel & Luxury Goods	25,370	2,483,361
^c Carel Industries SpA, 144A, Reg S	Building Products	50,108	1,372,605
Intercos SpA	Personal Care Products	121,463	1,917,734
Interpump Group SpA	Machinery	62,684	3,252,541
LU-VE SpA	Building Products	33,279	848,771
Sanlorenzo SpA	Leisure Products	82,419	3,862,292
^{a,b} Seco SpA	Technology Hardware, Storage & Peripherals	304,384	1,156,005
^c Technogym SpA, 144A, Reg S	Leisure Products	387,913	3,887,311
			18,780,620
Japan 17.2%			
Anicom Holdings, Inc.	Insurance	181,700	698,429
Asics Corp.	Textiles, Apparel & Luxury Goods	92,800	2,897,388
Bunka Shutter Co. Ltd.	Building Products	129,500	1,285,456
CKD Corp.	Machinery	125,700	2,258,367
Glory Ltd.	Machinery	43,300	824,954
Idec Corp.	Electrical Equipment	74,000	1,502,454
IDOM, Inc.	Specialty Retail	261,200	1,794,653
Kaneka Corp.	Chemicals	71,600	1,815,249
MEITEC Group Holdings, Inc.	Professional Services	152,000	3,041,806
Nichiha Corp.	Building Products	117,800	2,471,335
Nissei ASB Machine Co. Ltd.	Machinery	58,700	1,828,717
QoI Holdings Co. Ltd.	Consumer Staples Distribution & Retail	104,600	1,226,719
Sato Holdings Corp.	Commercial Services & Supplies	117,000	1,752,411
Shima Seiki Manufacturing Ltd.	Machinery	135,900	1,466,023
Shoei Co. Ltd.	Automobile Components	55,400	721,127
Square Enix Holdings Co. Ltd.	Entertainment	18,100	649,000
TechnoPro Holdings, Inc.	Professional Services	115,000	3,019,440
Topcon Corp.	Electronic Equipment, Instruments & Components	125,400	1,347,266
Tsumura & Co.	Pharmaceuticals	111,500	2,098,460
Zojirushi Corp.	Household Durables	13,500	142,446
			32,841,700
Norway 1.4%			
TGS ASA	Energy Equipment & Services	207,044	2,688,821
Philippines 1.6%			
Century Pacific Food, Inc.	Food Products	3,855,000	2,153,728
Puregold Price Club, Inc.	Consumer Staples Distribution & Retail	1,750,300	849,906
			3,003,634

Foreign Smaller Companies Series (continued)

	Industry	Shares	Value
Common Stocks (continued)			
Portugal 0.5%			
Corticeira Amorim SGPS SA	Containers & Packaging	95,613	\$964,876
South Korea 4.9%			
BNK Financial Group, Inc.	Banks	185,429	1,020,025
^b DGB Financial Group, Inc.	Banks	217,052	1,419,522
^b Hite Jinro Co. Ltd.	Beverages	71,780	1,243,562
^b i-SENS, Inc.	Health Care Equipment & Supplies	120,012	2,641,681
^b Jeisys Medical, Inc.	Health Care Equipment & Supplies	179,684	1,450,493
^b NongShim Co. Ltd.	Food Products	5,151	1,616,444
			9,391,727
Sweden 4.2%			
^c Dometic Group AB, 144A	Automobile Components	233,646	2,093,482
Electrolux Professional AB, B	Machinery	238,359	1,300,358
Granges AB	Metals & Mining	162,730	1,874,286
Tethys Oil AB	Oil, Gas & Consumable Fuels	230,866	995,371
^c Thule Group AB, 144A, Reg S	Leisure Products	62,710	1,710,281
			7,973,778
Switzerland 5.1%			
Bucher Industries AG	Machinery	6,497	2,730,922
Logitech International SA	Technology Hardware, Storage & Peripherals	16,309	1,550,334
^c Medacta Group SA, 144A, Reg S	Health Care Equipment & Supplies	16,799	2,512,365
Siegfried Holding AG	Life Sciences Tools & Services	2,823	2,887,538
			9,681,159
Taiwan 8.9%			
Chicony Electronics Co. Ltd.	Technology Hardware, Storage & Peripherals	510,037	2,907,137
Giant Manufacturing Co. Ltd.	Leisure Products	163,482	979,164
Johnson Health Tech Co. Ltd.	Leisure Products	597,000	1,335,852
King Yuan Electronics Co. Ltd.	Semiconductors & Semiconductor Equipment	808,000	2,230,823
Merida Industry Co. Ltd.	Leisure Products	234,000	1,390,556
Nan Pao Resins Chemical Co. Ltd.	Chemicals	206,000	1,886,644
Nien Made Enterprise Co. Ltd.	Household Durables	92,000	1,057,426
Primax Electronics Ltd.	Electronic Equipment, Instruments & Components	545,000	1,200,914
Shin Zu Shing Co. Ltd.	Machinery	341,000	1,371,306
Topkey Corp.	Leisure Products	150,000	874,286
Tripod Technology Corp.	Electronic Equipment, Instruments & Components	284,000	1,801,325
			17,035,433
Thailand 1.7%			
Hana Microelectronics PCL	Electronic Equipment, Instruments & Components	1,372,500	2,117,431
Major Cineplex Group PCL	Entertainment	2,701,800	1,168,534
			3,285,965
United Kingdom 10.2%			
Coats Group plc	Textiles, Apparel & Luxury Goods	1,583,088	1,562,025
Fevertree Drinks plc	Beverages	96,145	1,285,714
Greggs plc	Hotels, Restaurants & Leisure	57,619	1,910,261
^c lstock plc, 144A, Reg S	Construction Materials	921,642	1,779,987
Johnson Service Group plc	Commercial Services & Supplies	619,313	1,117,932
Man Group plc	Capital Markets	1,002,257	2,971,877
Oxford Instruments plc	Electronic Equipment, Instruments & Components	54,508	1,594,722
Pagegroup plc	Professional Services	363,051	2,254,620

Foreign Smaller Companies Series (continued)

	Industry	Shares	Value
Common Stocks (continued)			
United Kingdom (continued)			
Rathbones Group plc	Capital Markets	95,563	\$2,121,107
Savills plc	Real Estate Management & Development	83,420	1,030,471
^{b,c} Watches of Switzerland Group plc, 144A	Specialty Retail	204,874	1,847,612
			<u>19,476,328</u>
United States 1.0%			
Axis Capital Holdings Ltd.	Insurance	14,306	792,123
^b IMAX Corp.	Entertainment	73,457	1,103,324
			<u>1,895,447</u>
Total Common Stocks (Cost \$130,702,454)			<u>182,141,905</u>
	<u>Warrants</u>		
Warrants 0.4%			
Bahamas 0.4%			
^b OneSpaWorld Holdings Ltd., 3/19/24	Diversified Consumer Services	262,784	748,934
			<u>748,934</u>
Total Warrants (Cost \$221,371)			<u>748,934</u>
Total Long Term Investments (Cost \$130,923,825)			<u>182,890,839</u>
Short Term Investments 3.6%			
		<u>Principal Amount^f</u>	<u>Value</u>
U.S. Government and Agency Securities 3.3%			
United States 3.3%			
^d FHLB, 1/02/24		6,400,000	6,396,302
Total U.S. Government and Agency Securities (Cost \$6,399,075)			<u>6,396,302</u>
		<u>Shares</u>	
^eInvestments from Cash Collateral Received for Loaned Securities 0.3%			
Money Market Funds 0.3%			
^{f,g} Institutional Fiduciary Trust - Money Market Portfolio, 5.034%		525,321	525,321
Total Investments from Cash Collateral Received for Loaned Securities (Cost \$525,321)			<u>525,321</u>
Total Short Term Investments (Cost \$6,924,396)			<u>6,921,623</u>
Total Investments (Cost \$137,848,221) 99.2%			<u>\$189,812,462</u>
Other Assets, less Liabilities 0.8%			<u>1,443,851</u>
Net Assets 100.0%			<u>\$191,256,313</u>

See Abbreviations on page 42.

Foreign Smaller Companies Series (continued)

[†]The principal amount is stated in U.S. dollars unless otherwise indicated.

^ªA portion or all of the security is on loan at December 31, 2023. See Note 1(d).

^ºNon-income producing.

^ºSecurity 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 December 31, 2023, the aggregate value of these securities was \$18,146,314, representing 9.5% of net assets.

[¸]The security was issued on a discount basis with no stated coupon rate.

^ºSee Note 1(d) regarding securities on loan.

[¸]See Note 3(d) regarding investments in affiliated management investment companies.

^ºThe rate shown is the annualized seven-day effective yield at period end.

Financial Highlights

International Equity Series

	Year Ended December 31,				
	2023	2022	2021	2020	2019
Primary Shares					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$10.19	\$11.96	\$15.22	\$15.54	\$14.87
Income from investment operations ^a :					
Net investment income ^b	0.49 ^c	0.26	0.26	1.03 ^d	0.64
Net realized and unrealized gains (losses)	1.77	(1.40)	0.55	(0.32)	1.06
Total from investment operations	2.26	(1.14)	0.81	0.71	1.70
Less distributions from:					
Net investment income	(0.90)	(0.10)	(1.46)	(0.67)	(1.02)
Net realized gains	(0.64)	(0.53)	(2.61)	(0.36)	(0.01)
Total distributions	(1.54)	(0.63)	(4.07)	(1.03)	(1.03)
Net asset value, end of year	\$10.91	\$10.19	\$11.96	\$15.22	\$15.54
Total return	22.84%	(9.23)%	5.75%	5.30%	11.57%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.92%	0.87%	0.94%	0.87%	0.82%
Expenses net of waiver and payments by affiliates	0.88%	0.83%	0.91%	0.84%	0.82% ^e
Net investment income	4.31% ^c	2.35%	1.64%	7.51% ^d	4.13%
Supplemental data					
Net assets, end of year (000's)	\$127,735	\$196,051	\$386,291	\$447,139	\$1,695,980
Portfolio turnover rate	18.18% ^f	46.42%	44.73%	89.34%	36.83% ^f

^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.

^cNet investment income per share includes approximately \$0.23 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.34%.

^dNet investment income per share includes approximately \$0.77 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.86% and total return would have been (0.03)%.

^eBenefit of waiver and payments by affiliates rounds to less than 0.01%.

^fExcludes the value of portfolio activity as a result of in-kind transactions. See Note 3(f).

International Equity Series (continued)

	Year Ended December 31,				
	2023	2022	2021	2020	2019
Service Shares					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$10.45	\$12.24	\$15.48	\$15.79	\$14.97
Income from investment operations ^a :					
Net investment income ^b	0.49 ^c	0.20	0.24	1.17 ^d	0.98
Net realized and unrealized gains (losses)	1.84	(1.38)	0.58	(0.47)	0.70
Total from investment operations	2.33	(1.18)	0.82	0.70	1.68
Less distributions from:					
Net investment income	(0.91)	(0.08)	(1.45)	(0.65)	(0.85)
Net realized gains	(0.64)	(0.53)	(2.61)	(0.36)	(0.01)
Total distributions	(1.55)	(0.61)	(4.06)	(1.01)	(0.86)
Net asset value, end of year	\$11.23	\$10.45	\$12.24	\$15.48	\$15.79
Total return	22.68%	(9.29)%	5.69%	5.16%	11.34%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.86%	1.01%	1.04%	1.01%	0.97%
Expenses net of waiver and payments by affiliates	0.82%	0.97%	1.00%	0.98%	0.97% ^e
Net investment income	4.26% ^c	1.71%	1.52%	8.42% ^d	3.98%
Supplemental data					
Net assets, end of year (000's)	\$136	\$123	\$521	\$448	\$700
Portfolio turnover rate	18.18% ^f	46.42%	44.73%	89.34%	36.83% ^f

^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.

^cNet investment income per share includes approximately \$0.23 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.29%.

^dNet investment income per share includes approximately \$0.78 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.77% and total return would have been (0.14)%.

^eBenefit of waiver and payments by affiliates rounds to less than 0.01%.

^fExcludes the value of portfolio activity as a result of in-kind transactions. See Note 3(f).

Schedule of Investments, December 31, 2023

International Equity Series

	Industry	Shares	Value
Common Stocks 96.6%			
Belgium 1.5%			
Anheuser-Busch InBev SA/NV	Beverages	30,430	\$1,964,465
Canada 2.5%			
GFL Environmental, Inc.	Commercial Services & Supplies	91,656	3,163,049
Chile 1.8%			
Antofagasta plc.	Metals & Mining	106,954	2,287,157
China 1.4%			
NXP Semiconductors NV	Semiconductors & Semiconductor Equipment	7,869	1,807,352
France 10.1%			
Cie de Saint-Gobain SA	Building Products	29,387	2,167,507
Danone SA	Food Products	37,325	2,421,921
Kering SA	Textiles, Apparel & Luxury Goods	2,124	940,844
TotalEnergies SE	Oil, Gas & Consumable Fuels	70,044	4,763,571
^a Veolia Environnement SA	Multi-Utilities	84,298	2,664,740
			12,958,583
Germany 13.0%			
Bayer AG	Pharmaceuticals	40,790	1,513,675
Continental AG	Automobile Components	19,559	1,661,399
Deutsche Boerse AG	Capital Markets	11,189	2,304,518
Deutsche Telekom AG	Diversified Telecommunication Services	211,003	5,073,898
Fresenius Medical Care AG	Health Care Providers & Services	34,162	1,428,448
Infineon Technologies AG	Semiconductors & Semiconductor Equipment	46,760	1,953,085
SAP SE	Software	17,629	2,713,853
			16,648,876
Hungary 1.0%			
Richter Gedeon Nyrt.	Pharmaceuticals	50,033	1,262,075
Ireland 1.6%			
^a Smurfit Kappa Group plc	Containers & Packaging	53,023	2,102,144
Japan 19.9%			
Hitachi Ltd.	Industrial Conglomerates	35,202	2,532,519
Honda Motor Co. Ltd.	Automobiles	262,728	2,710,577
Isuzu Motors Ltd.	Automobiles	168,243	2,157,204
KDDI Corp.	Wireless Telecommunication Services	57,441	1,822,266
Mitsubishi Electric Corp.	Electrical Equipment	182,258	2,578,330
Nitori Holdings Co. Ltd.	Specialty Retail	13,555	1,820,442
Sony Group Corp.	Household Durables	23,622	2,235,815
Sumitomo Metal Mining Co. Ltd.	Metals & Mining	48,427	1,438,433
Sumitomo Mitsui Financial Group, Inc.	Banks	84,286	4,102,071
Takeda Pharmaceutical Co. Ltd.	Pharmaceuticals	78,496	2,251,511
Tokyo Electron Ltd.	Semiconductors & Semiconductor Equipment	10,462	1,859,844
			25,509,012
Netherlands 6.2%			
ING Groep NV	Banks	148,960	2,233,891
SBM Offshore NV	Energy Equipment & Services	78,946	1,084,752
Shell plc	Oil, Gas & Consumable Fuels	139,429	4,564,618
			7,883,261
South Korea 4.7%			
KB Financial Group, Inc.	Banks	34,243	1,421,000
Samsung Electronics Co. Ltd.	Technology Hardware, Storage & Peripherals	58,534	3,533,732

International Equity Series (continued)

	Industry	Shares	Value
Common Stocks (continued)			
South Korea (continued)			
Shinhan Financial Group Co. Ltd.	Banks	34,479	\$1,063,228
			6,017,960
Spain 1.5%			
Redeia Corp. SA.	Electric Utilities	119,054	1,962,114
Switzerland 1.9%			
Adecco Group AG.	Professional Services	48,199	2,367,082
Taiwan 1.9%			
Taiwan Semiconductor Manufacturing Co. Ltd.	Semiconductors & Semiconductor Equipment	125,298	2,402,822
Thailand 0.8%			
Kasikornbank PCL	Banks	266,294	1,043,194
United Kingdom 20.0%			
AstraZeneca plc	Pharmaceuticals	18,246	2,461,491
BAE Systems plc	Aerospace & Defense	209,057	2,959,548
Barratt Developments plc	Household Durables	168,847	1,209,679
BP plc.	Oil, Gas & Consumable Fuels	708,757	4,202,057
Compass Group plc	Hotels, Restaurants & Leisure	60,672	1,660,383
HSBC Holdings plc	Banks	325,579	2,634,233
Lloyds Banking Group plc	Banks	5,207,012	3,158,617
Smith & Nephew plc	Health Care Equipment & Supplies	205,738	2,826,570
Standard Chartered plc.	Banks	136,650	1,159,768
Unilever plc.	Personal Care Products	44,964	2,177,009
WH Smith plc	Specialty Retail	63,154	1,072,546
			25,521,901
United States 6.8%			
CRH plc	Construction Materials	46,235	3,182,234
^b ICON plc.	Life Sciences Tools & Services	8,423	2,384,299
^a Sanofi SA	Pharmaceuticals	31,358	3,116,554
			8,683,087
Total Common Stocks (Cost \$89,731,931)			123,584,134
Escrows and Litigation Trusts 0.0%			
^{b,c} Hemisphere Properties India Ltd., Escrow Account.		2,094,964	—
Total Escrows and Litigation Trusts (Cost \$—)			—
Total Long Term Investments (Cost \$89,731,931)			123,584,134
Short Term Investments 2.2%			
Money Market Funds 2.0%			
United States 2.0%			
^{d,e} Institutional Fiduciary Trust - Money Market Portfolio, 5.034%		2,548,785	2,548,785
Total Money Market Funds (Cost \$2,548,785)			2,548,785

International Equity Series (continued)

Short Term Investments (continued)

	Shares	Value
Investments from Cash Collateral Received for Loaned Securities 0.2%		
Money Market Funds 0.2%		
^{d,e} Institutional Fiduciary Trust - Money Market Portfolio, 5.034%	221,250	\$221,250
Total Investments from Cash Collateral Received for Loaned Securities (Cost \$221,250)		221,250
Total Short Term Investments (Cost \$2,770,035)		2,770,035
Total Investments (Cost \$92,501,966) 98.8%		\$126,354,169
Other Assets, less Liabilities 1.2%		1,516,819
Net Assets 100.0%		\$127,870,988

^a A portion or all of the security is on loan at December 31, 2023. See Note 1(d).

^b Non-income producing.

^c Fair valued using significant unobservable inputs. See Note 9 regarding fair value measurements.

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

^e The rate shown is the annualized seven-day effective yield at period end.

^f See Note 1(d) regarding securities on loan.

International Equity Series (continued)

At December 31, 2023, the Fund had the following futures contracts outstanding. See Note 1(c).

Futures Contracts

Description	Type	Number of Contracts	Notional Amount*	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
Equity contracts					
MSCI EAFE Index.	Long	20	\$2,252,400	3/15/24	\$81,157
Total Futures Contracts.					\$81,157

*As of year end.

See Note 6 regarding other derivative information.

Statements of Assets and Liabilities

December 31, 2023

	Foreign Smaller Companies Series	International Equity Series
Assets:		
Investments in securities:		
Cost - Unaffiliated issuers	\$137,322,900	\$89,731,931
Cost - Non-controlled affiliates (Note 3d)	525,321	2,770,035
Value - Unaffiliated issuers (Includes securities loaned of \$3,139,006 and \$1,907,463, respectively)	\$189,287,141	\$123,584,134
Value - Non-controlled affiliates (Note 3d)	525,321	2,770,035
Cash	1,210,133	—
Foreign currency, at value (cost \$— and \$515,079 respectively)	—	520,215
Receivables:		
Investment securities sold	47,642	672
Capital shares sold	24,641	186,546
Dividends	814,185	3,441,248
European Union tax reclaims (Note 1e)	198,814	190,421
Deposits with brokers for:		
Futures contracts	—	77,410
Variation margin on futures contracts	—	1,279
Total assets	192,107,877	130,771,960
Liabilities:		
Payables:		
Investment securities purchased	41	—
Capital shares redeemed	67,651	9,788
Management fees	148,633	75,990
Transfer agent fees	3,335	3,369
Professional fees	50,013	63,632
Trustees' fees and expenses	540	39
IRS closing agreement payments for European Union tax reclaims (Note 1e)	—	2,357,023
Payable upon return of securities loaned (Note 1d)	525,321	221,250
Accrued expenses and other liabilities	56,030	169,881
Total liabilities	851,564	2,900,972
Net assets, at value	\$191,256,313	\$127,870,988
Net assets consist of:		
Paid-in capital	\$151,577,477	\$95,797,264
Total distributable earnings (losses)	39,678,836	32,073,724
Net assets, at value	\$191,256,313	\$127,870,988
Shares outstanding	10,242,196	
Net asset value per share	\$18.67	

**International
Equity Series**

Primary Shares:

Net assets, at value	\$127,735,385
Shares outstanding	11,706,955
Net asset value per share	\$10.91

Service Shares:

Net assets, at value	\$135,603
Shares outstanding	12,078
Net asset value per share	\$11.23

Statements of Operations

for the year ended December 31, 2023

	Foreign Smaller Companies Series	International Equity Series
Investment income:		
Dividends: (net of foreign taxes of \$645,765 and \$340,101, respectively)		
Unaffiliated issuers	\$5,152,849	\$5,546,052
Non-controlled affiliates (Note 3d)	—	175,401
Interest:		
Unaffiliated issuers	219,767	3,479
Income from securities loaned:		
Unaffiliated entities (net of fees and rebates)	119,155	1,369
Non-controlled affiliates (Note 3d)	84,391	1,814
Other income (Note 1e)	196,669	3,579,654
Less: IRS closing agreement payments for European Union tax reclaims (Note 1e)	—	(74,993)
Total investment income	5,772,831	9,232,776
Expenses:		
Management fees (Note 3a)	2,130,696	1,378,756
Transfer agent fees: (Note 3c)		
Primary Shares	—	43,788
Service Shares	—	16
Transfer agent fees (Note 3c)	54,722	—
Custodian fees	41,074	13,358
Reports to shareholders fees	2,568	4,802
Registration and filing fees	59,491	42,709
Professional fees	90,361	105,796
Trustees' fees and expenses	36,585	25,680
Other	28,302	25,686
Total expenses	2,443,799	1,640,591
Expenses waived/paid by affiliates (Note 3d and 3e)	(5,518)	(76,558)
Net expenses	2,438,281	1,564,033
Net investment income	3,334,550	7,668,743
Realized and unrealized gains (losses):		
Net realized gain (loss) from:		
Investments:*		
Unaffiliated issuers	24,540,396	20,082,779
Foreign currency transactions	77,830	(69,947)
Futures contracts	—	96,065
Net realized gain (loss)	24,618,226	20,108,897
Net change in unrealized appreciation (depreciation) on:		
Investments:		
Unaffiliated issuers	10,362,646	3,844,172
Translation of other assets and liabilities denominated in foreign currencies	17,248	163,871
Futures contracts	—	148,858
Net change in unrealized appreciation (depreciation)	10,379,894	4,156,901
Net realized and unrealized gain (loss)	34,998,120	24,265,798
Net increase (decrease) in net assets resulting from operations	\$38,332,670	\$31,934,541

*Includes gains from a redemption in-kind (Note 3f)

\$—

\$8,468,998

Statements of Changes in Net Assets

	Foreign Smaller Companies Series		International Equity Series	
	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2022
Increase (decrease) in net assets:				
Operations:				
Net investment income	\$3,334,550	\$9,154,319	\$7,668,743	\$6,213,919
Net realized gain (loss)	24,618,226	(30,389,771)	20,108,897	12,372,227
Net change in unrealized appreciation (depreciation)	10,379,894	(156,503,588)	4,156,901	(49,923,932)
Net increase (decrease) in net assets resulting from operations.	38,332,670	(177,739,040)	31,934,541	(31,337,786)
Distributions to shareholders:				
Primary Shares	—	—	(17,093,312)	(12,095,509)
Service Shares	—	—	(18,325)	(7,083)
Distributions to shareholders	(2,478,019)	(8,550,231)	—	—
Total distributions to shareholders	(2,478,019)	(8,550,231)	(17,111,637)	(12,102,592)
Capital share transactions: (Note 2)				
Primary Shares	—	—	(83,129,418)	(146,821,378)
Service Shares	—	—	3,731	(376,524)
Capital share transactions (Note 2).	(197,978,448)	(200,048,009)	—	—
Total capital share transactions	(197,978,448)	(200,048,009)	(83,125,687)	(147,197,902)
Net increase (decrease) in net assets	(162,123,797)	(386,337,280)	(68,302,783)	(190,638,280)
Net assets:				
Beginning of year	353,380,110	739,717,390	196,173,771	386,812,051
End of year	\$191,256,313	\$353,380,110	\$127,870,988	\$196,173,771

Notes to Financial Statements

1. Organization and Significant Accounting Policies

Templeton Institutional Funds (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of two separate funds (Funds). The Funds follow the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, Financial Services – Investment Companies (ASC 946) and apply the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP), including, but not limited to, ASC 946. International Equity Series offers Primary Shares and Service Shares. Each class of shares may differ by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees due to differing arrangements for distribution and transfer agent fees.

The following summarizes the Funds' significant accounting policies.

a. Financial Instrument Valuation

The Funds' 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 Funds calculate 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 Funds' investment manager as the valuation designee and has responsibility for oversight of valuation. The investment manager is assisted by the Funds' administrator in performing this responsibility, including leading the cross-functional Valuation Committee (VC). The Funds may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities and derivative financial instruments 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 Funds' 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. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the date that the values of the foreign debt securities are determined.

Investments in open-end mutual funds are valued at the closing NAV.

The Funds have procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Funds primarily employ 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.

1. Organization and Significant Accounting Policies

(continued)

a. Financial Instrument Valuation (continued)

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Funds' business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Funds. As a result, differences may arise between the value of the Funds' portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Funds' portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At December 31, 2023, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Funds' NAV is not calculated, which could result in differences between the value of the Funds' portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Funds for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Funds may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent

value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Funds do not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statements of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Derivative Financial Instruments

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

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

Certain or all Funds entered into exchange traded futures contracts primarily to manage and/or gain exposure to equity price risk. A futures contract is an agreement between

1. Organization and Significant Accounting Policies

(continued)

c. Derivative Financial Instruments (continued)

the Funds and a counterparty to buy or sell an asset at a specified price on a future date. Required initial margins are pledged by the Funds, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statements of Assets and Liabilities. At December 31, 2023, Foreign Smaller Companies Series had no futures contracts.

See Note 6 regarding other derivative information.

d. Securities Lending

Certain or all Funds participate in an agency based securities lending program to earn additional income. The Funds receive collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Funds. Additionally, the Foreign Smaller Companies Series and International Equity Series held \$2,831,013 and \$1,850,551, respectively in U.S. Government and Agency securities as collateral. These securities are held as collateral in segregated accounts with the Fund's custodian. The Fund cannot repledge or resell these securities held as collateral. As such, the non-cash collateral is excluded from the Statements of Assets and Liabilities. The Funds may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statements of Operations. The Funds bear the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Funds. If the borrower defaults on its obligation to return the securities loaned, the Funds have the right to repurchase the

securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Funds in the event of default by a third party borrower.

e. Income and Deferred Taxes

It is each Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. Each Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Funds may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which the Funds invest. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Funds invest. When a capital gain tax is determined to apply, certain or all Funds record an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

As a result of several court cases, in certain countries across the European Union, certain or all Funds filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statements of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statements of Assets and Liabilities. Any fees associated with these filings are reflected in other expenses in the Statements of Operations. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, EU reclaims received by the Funds, if any, reduce the amount of foreign taxes Fund shareholders can use as tax deductions or credits on their income tax returns. In the event that EU reclaims received by the Funds during a fiscal year exceed foreign withholding taxes paid by the Funds, and the Funds previously passed through to its shareholders foreign taxes incurred by the Funds to be used as a credit or deduction on a shareholder's income tax return, the Funds will enter into a closing agreement with the Internal Revenue Service (IRS) in order to pay the associated tax liability on behalf of the Funds' shareholders. International Equity Series determined to enter into a closing agreement

1. Organization and Significant Accounting Policies

(continued)

e. Income and Deferred Taxes (continued)

with the IRS and recorded the estimated payments as a reduction to income, as reflected in the Statements of Operations.

Each Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of December 31, 2023, each Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

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. 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 Funds. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

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

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

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

	Foreign Smaller Companies Series	
	Shares	Amount
Year ended December 31, 2023		
Shares sold	774,913	\$13,498,672
Shares issued in reinvestment of distributions	139,219	2,434,410
Shares redeemed	(12,288,620)	(213,911,530)
Net increase (decrease)	(11,374,488)	\$(197,978,448)
Year ended December 31, 2022		
Shares sold	4,197,769	\$75,350,548
Shares issued in reinvestment of distributions	520,814	8,259,148
Shares redeemed	(17,038,173)	(283,657,705)
Net increase (decrease)	(12,319,590)	\$(200,048,009)

	International Equity Series	
	Shares	Amount
Primary Shares:		
Year ended December 31, 2023		
Shares sold	1,390,671	\$15,553,199
Shares issued in reinvestment of distributions	1,536,843	16,457,252
Shares redeemed in-kind (Note 3f)	(5,437,954)	(59,545,598)
Shares redeemed	(5,026,589)	(55,594,271)
Net increase (decrease)	(7,537,029)	\$(83,129,418)
Year ended December 31, 2022		
Shares sold	5,546,145	\$61,560,957
Shares issued in reinvestment of distributions	1,197,455	11,551,000
Shares redeemed	(19,788,709)	(219,933,335)
Net increase (decrease)	(13,045,109)	\$(146,821,378)

Service Shares:		
Year ended December 31, 2023		
Shares sold	114	\$1,319
Shares issued in reinvestment of distributions	1,667	18,324
Shares redeemed	(1,448)	(15,912)
Net increase (decrease)	333	\$3,731
Year ended December 31, 2022		
Shares sold	2,911	\$37,138
Shares issued in reinvestment of distributions	716	7,083
Shares redeemed	(34,473)	(420,745)
Net increase (decrease)	(30,846)	\$(376,524)

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
Templeton Investment Counsel, LLC (TIC)	Investment manager
Franklin Templeton Investments Corp. (FTIC)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

Effective May 1, 2023, Foreign Smaller Companies Series pays an investment management fee, calculated daily and paid monthly, to TIC based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.950%	Up to and including \$500 million
0.930%	Over \$500 million, up to and including \$1 billion
0.910%	Over \$1 billion, up to and including \$5 billion
0.890%	Over \$5 billion, up to and including \$10 billion
0.870%	Over \$10 billion, up to and including \$15 billion
0.850%	In excess of \$15 billion

Prior to May 1, 2023, Foreign Smaller Companies Series paid an investment management fee, calculated daily and paid monthly, to TIC based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.950%	Up to and including \$1 billion
0.930%	Over \$1 billion, up to and including \$5 billion
0.910%	Over \$5 billion, up to and including \$10 billion
0.890%	Over \$10 billion, up to and including \$15 billion
0.870%	Over \$15 billion, up to and including \$20 billion
0.850%	In excess of \$20 billion

Effective May 1, 2023, International Equity Series pays an investment management fee, calculated daily and paid monthly, to TIC based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.775%	Up to and including \$500 million
0.755%	Over \$500 million, up to and including \$1 billion
0.735%	Over \$1 billion, up to and including \$5 billion
0.715%	Over \$5 billion, up to and including \$10 billion
0.695%	Over \$10 billion, up to and including \$15 billion
0.675%	In excess of \$15 billion

3. Transactions with Affiliates (continued)

a. Management Fees (continued)

Prior to May 1, 2023, International Equity Series paid an investment management fee, calculated daily and paid monthly, to TIC based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.775%	Up to and including \$1 billion
0.755%	Over \$1 billion, up to and including \$5 billion
0.735%	Over \$5 billion, up to and including \$10 billion
0.715%	Over \$10 billion, up to and including \$15 billion
0.695%	Over \$15 billion, up to and including \$20 billion
0.675%	In excess of \$20 billion

For the year ended December 31, 2023, each Fund's gross effective investment management fee rate based on average daily net assets was as follows:

	Foreign Smaller Companies Series	International Equity Series
Gross effective investment management fee rate.	0.950%	0.775%

Under a subadvisory agreement, FTIC, an affiliate of TIC, provides subadvisory services to Foreign Smaller Companies Series. The subadvisory fee is paid by TIC based on the Fund's average daily net assets, and is not an additional expense of the Fund.

b. Administrative Fees

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

c. Transfer Agent Fees

Each class of shares pays transfer agent fees, calculated monthly and paid monthly, to Investor Services for its performance of shareholder servicing obligations. Effective October 1, 2023, the fees are based on a fixed margin earned by Investor Services and are allocated to the Funds based upon relative assets and relative transactions. Prior to October 1, 2023, the fees were based on an annualized asset based fee of 0.016% plus a transaction based fee. In addition, each class reimburses Investor Services for out of pocket expenses incurred and reimburses shareholder servicing fees paid to third parties. These fees paid to third parties are accrued and allocated daily based upon their relative proportion of such classes' aggregate net assets.

For the year ended December 31, 2023, the Funds paid transfer agent fees as noted in the Statements of Operations of which the following amounts were retained by Investor Services:

	Foreign Smaller Companies Series	International Equity Series
Transfer agent fees.	\$49,993	\$42,532

International Equity Series' Service shares may pay up to 0.15% of average daily net assets for sub-transfer agency fees.

3. Transactions with Affiliates (continued)

d. Investments in Affiliated Management Investment Companies

Certain or all Funds invest 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 Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Funds are waived on assets invested in the affiliated management investment companies, as noted in the Statements of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended December 31, 2023, investments in affiliated management investment 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
Foreign Smaller Companies Series								
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 5.034%	\$4,656,168	\$21,328,298	\$(25,459,145)	\$—	\$—	\$525,321	525,321	\$84,391
Total Affiliated Securities . . .	\$4,656,168	\$21,328,298	\$(25,459,145)	\$—	\$—	\$525,321		\$84,391
International Equity Series								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 5.034%	\$7,572,866	\$51,888,401	\$(56,912,482)	\$—	\$—	\$2,548,785	2,548,785	\$175,401
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 5.034%	\$—	\$409,831	\$(188,581)	\$—	\$—	\$221,250	221,250	\$1,814
Total Affiliated Securities . . .	\$7,572,866	\$52,298,232	\$(57,101,063)	\$—	\$—	\$2,770,035		\$177,215

e. Waiver and Expense Reimbursements

TIC has contractually agreed in advance to limit the investment management fees for International Equity Series to 0.74% of the average daily net assets of the Fund until April 30, 2024. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

f. Other Affiliated Transactions

During the year ended December 31, 2023, the Louisiana State Police Retirement System (Retirement Plan) redeemed out of the International Equity Series Fund. As a result, on October 20, 2023, the Fund delivered portfolio securities and cash that were transferred in-kind to the Retirement Plan, which included \$8,468,998 of net realized gains. As such gains are not taxable to the Fund and are not distributed to remaining shareholders, they are reclassified from accumulated net realized gains to paid-in capital.

4. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains.

At December 31, 2023, the capital loss carryforwards were as follows:

	Foreign Smaller Companies Series
Capital loss carryforwards not subject to expiration:	
Short term	\$9,900,242

During the year ended December 31, 2023, the Foreign Smaller Companies Series Fund utilized \$21,263,054 capital loss carryforwards.

The tax character of distributions paid during the years ended December 31, 2023 and 2022, was as follows:

	Foreign Smaller Companies Series		International Equity Series	
	2023	2022	2023	2022
Distributions paid from:				
Ordinary income	\$2,478,019	\$8,550,231	\$12,062,977	\$2,738,576
Long term capital gain	—	—	5,048,660	9,364,016
	<u>\$2,478,019</u>	<u>\$8,550,231</u>	<u>\$17,111,637</u>	<u>\$12,102,592</u>

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

	Foreign Smaller Companies Series	International Equity Series
Cost of investments	\$142,277,051	\$94,497,731
Unrealized appreciation.	\$60,898,602	\$37,059,568
Unrealized depreciation.	(13,363,191)	(5,121,973)
Net unrealized appreciation (depreciation).	<u>\$47,535,411</u>	<u>\$31,937,595</u>
Distributable earnings:		
Undistributed ordinary income.	<u>\$1,844,573</u>	<u>\$59,840</u>

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of foreign currency transactions, wash sales, EU reclaims, passive foreign investment company shares, derivative financial instruments and in-kind transactions.

The Funds utilized a tax accounting practice to treat a portion of the proceeds from capital shares redeemed as a distribution from net investment income and realized capital gains.

4. Income Taxes (continued)

In accordance with U.S. GAAP permanent differences are reclassified among capital accounts to reflect their tax character. At the year ended December 31, 2023, such reclassifications were as follows:

	International Equity Series
Paid-in Capital	\$10,858,711
Total distributable earnings (loss)	\$(10,858,711)

5. Investment Transactions

Purchases and sales of investments (excluding short term securities and in-kind transactions) for the year ended December 31, 2023, were as follows:

	Foreign Smaller Companies Series	International Equity Series
Purchases	\$78,873,622	\$30,783,671
Sales	\$267,673,055	\$64,426,825

At December 31, 2023, in connection with securities lending transactions, certain or all Funds loaned investments and received cash collateral as follows:

	Foreign Smaller Companies Series	International Equity Series
Securities lending transactions^a:		
Equity investments ^b	\$525,321	\$221,250

^aThe agreements can be terminated at any time.

^bThe gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statements of Assets and Liabilities.

6. Other Derivative Information

At December 31, 2023, investments in derivative contracts are reflected in the Statements of Assets and Liabilities as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
International Equity Series				
Equity contracts				
	Variation margin on futures contracts	\$81,157 ^a	Variation margin on futures contracts	\$—
Total		<u>\$81,157</u>		<u>\$—</u>

^aThis amount reflects the cumulative appreciation (depreciation) of futures contracts as reported in the Schedule of Investments. Only the variation margin receivable/payable at year end is separately reported within the Statement of Assets and Liabilities. Prior variation margin movements were recorded to cash upon receipt or payment.

6. Other Derivative Information (continued)

For the year ended December 31, 2023, the effect of derivative contracts in the Statements of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Year	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Year
International Equity Series				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Equity Contracts				
	Futures contracts	\$96,065	Futures contracts	\$148,858
Total		<u>\$96,065</u>		<u>\$148,858</u>

For the year ended December 31, 2023, the average month end notional amount of futures contracts was \$2,098,438.

See Note 1(c) regarding derivative financial instruments.

7. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local, regional and global economic, political and social conditions, which may result in greater market volatility. Political and financial uncertainty in many foreign regions may increase market volatility and the economic risk of investing in foreign securities. In addition, certain foreign securities may not be as liquid as U.S. securities.

8. Credit Facility

The Funds, 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 matured 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. Effective February 2, 2024, the Borrowers renewed the Global Credit Facility for a one-year term, maturing January 31, 2025, for a total of \$2.675 billion.

Under the terms of the Global Credit Facility, the Funds shall, in addition to interest charged on any borrowings made by the Funds and other costs incurred by the Funds, pay their share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon their 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 Statements of Operations. During the year ended December 31, 2023, the Funds did not use the Global Credit Facility.

9. Fair Value Measurements

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

- Level 1 – quoted prices in active markets for identical financial instruments

9. Fair Value Measurements (continued)

- 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 Funds' 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 December 31, 2023, in valuing the Funds' assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Foreign Smaller Companies Series				
Assets:				
Investments in Securities:				
Common Stocks:				
Austria	\$1,554,099	\$827,718	\$—	\$2,381,817
Bahamas	3,408,182	—	—	3,408,182
Belgium	—	4,010,074	—	4,010,074
Brazil	—	5,873,312	—	5,873,312
Canada	7,704,943	—	—	7,704,943
China	—	2,131,122	—	2,131,122
Denmark	1,414,742	—	—	1,414,742
Finland	—	3,524,130	—	3,524,130
France	—	1,216,815	—	1,216,815
Germany	—	12,455,248	—	12,455,248
Greece	854,987	—	—	854,987
Hong Kong	—	6,353,906	—	6,353,906
India	—	2,302,801	—	2,302,801
Israel	—	1,490,338	—	1,490,338
Italy	2,766,505	16,014,115	—	18,780,620
Japan	—	32,841,700	—	32,841,700
Norway	—	2,688,821	—	2,688,821
Philippines	3,003,634	—	—	3,003,634
Portugal	964,876	—	—	964,876
South Korea	—	9,391,727	—	9,391,727
Sweden	—	7,973,778	—	7,973,778
Switzerland	1,550,334	8,130,825	—	9,681,159
Taiwan	1,886,644	15,148,789	—	17,035,433
Thailand	—	3,285,965	—	3,285,965
United Kingdom	11,342,728	8,133,600	—	19,476,328
United States	1,895,447	—	—	1,895,447
Warrants	748,934	—	—	748,934
Short Term Investments	525,321	6,396,302	—	6,921,623
Total Investments in Securities	\$39,621,376	\$150,191,086 ^a	\$—	\$189,812,462

International Equity Series

Assets:

Investments in Securities:

Common Stocks:

Belgium	—	1,964,465	—	1,964,465
Canada	3,163,049	—	—	3,163,049
Chile	—	2,287,157	—	2,287,157
China	1,807,352	—	—	1,807,352
France	—	12,958,583	—	12,958,583
Germany	—	16,648,876	—	16,648,876
Hungary	1,262,075	—	—	1,262,075

9. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
International Equity Series (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Ireland	\$—	\$2,102,144	\$—	\$2,102,144
Japan	—	25,509,012	—	25,509,012
Netherlands	—	7,883,261	—	7,883,261
South Korea	—	6,017,960	—	6,017,960
Spain	—	1,962,114	—	1,962,114
Switzerland	—	2,367,082	—	2,367,082
Taiwan	—	2,402,822	—	2,402,822
Thailand	—	1,043,194	—	1,043,194
United Kingdom	2,959,548	22,562,353	—	25,521,901
United States	2,384,299	6,298,788	—	8,683,087
Escrows and Litigation Trusts	—	—	— ^b	—
Short Term Investments	2,770,035	—	—	2,770,035
Total Investments in Securities	\$14,346,358	\$112,007,811 ^c	\$—	\$126,354,169
Other Financial Instruments:				
Futures contracts	\$81,157	\$—	\$—	\$81,157
Total Other Financial Instruments	\$81,157	\$—	\$—	\$81,157

^aIncludes foreign securities valued at \$143,794,784, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

^bIncludes financial instruments determined to have no value.

^cIncludes foreign securities valued at \$112,007,811, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

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.

10. Subsequent Events

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

Abbreviations

Selected Portfolio

FHLB Federal Home Loan Banks

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Templeton Institutional Funds and Shareholders of Foreign Smaller Companies Series and International Equity Series

Opinions on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Foreign Smaller Companies Series and International Equity Series (constituting Templeton Institutional Funds, hereafter collectively referred to as the "Funds") as of December 31, 2023, the related statements of operations for the year ended December 31, 2023, the statements of changes in net assets for each of the two years in the period ended December 31, 2023, including the related notes, and the financial highlights for each of the five years in the period ended December 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 each of the Funds as of December 31, 2023, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period ended December 31, 2023 and each of the financial highlights for each of the five years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' 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 Funds 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 December 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 opinions.

PricewaterhouseCoopers LLP
San Francisco, California
February 20, 2024

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

Tax Information (unaudited)

By mid-February, tax information related to a shareholder's proportionate share of distributions paid during the preceding calendar year will be received, if applicable. Please also refer to www.franklintempleton.com for per share tax information related to any distributions paid during the preceding calendar year. Shareholders are advised to consult with their tax advisors for further information on the treatment of these amounts on their tax returns.

The following tax information for the Funds is required to be furnished to shareholders with respect to income earned and distributions paid during their fiscal year.

The Funds below hereby report the following amounts, or if subsequently determined to be different, the maximum allowable amounts, for the fiscal year ended December 31, 2023:

	Pursuant to:	Foreign Smaller Companies Series	International Equity Series
Long-Term Capital Gain Dividends Distributed	§852(b)(3)(C)	—	\$8,591,063
Qualified Dividend Income Earned (QDI)	§854(b)(1)(B)	\$3,947,941	\$5,646,546
Section 163(j) Interest Earned	§163(j)	\$143,321	—
Interest Earned from Federal Obligations	Note (1)	\$218,605	—

Note (1) - The Law varies in each state as to whether and what percentage of dividend income attributable to Federal obligations is exempt from state income tax. Shareholders are advised to consult with their tax advisors to determine if any portion of the dividends received is exempt from state income taxes.

Under Section 853 of the Internal Revenue Code, the Fund intends to elect to pass through to its shareholders the following amounts, or amounts as finally determined, of foreign taxes paid and foreign source income earned by the Fund during the fiscal year ended December 31, 2023:

	Foreign Smaller Companies Series
Foreign Taxes Paid	\$705,781
Foreign Source Income Earned	\$4,233,138

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) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 1992	118	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).				
Ann Torre Bates (1958) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2008	29	Ares Strategic Income Fund (closed-end investment management company) (September 2022-present); Ares Capital Corporation (specialty finance company) (2010-present); and formerly United Natural Foods, Inc. (food distribution) (2013-2023) and Navient Corporation (loan management, servicing and asset recovery) (2014-2016).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Executive Vice President and Chief Financial Officer, NHP Incorporated (manager of multifamily housing) (1995-1997); and Vice President and Treasurer, US Airways, Inc. (until 1995).				
Terrence J. Checki (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since January 2023	118	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) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2016	118	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) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Lead Independent Trustee	Trustee since 1996 and Lead Independent Trustee since 2007	118	Hess Corporation (exploration of oil and gas) (1993-present), Santander Holdings USA (holding company) (2019-present); and formerly , Santander Consumer USA Holdings, Inc. (consumer finance) (2016-2023); 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) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2009	118	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).

David W. Niemiec (1949) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2005	29	Hess Midstream LP (oil and gas midstream infrastructure) (2017-present).
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Principal Occupation During at Least the Past 5 Years:

Advisor, Saratoga Partners (private equity fund); and **formerly**, Managing Director, Saratoga Partners (1998-2001) and SBC Warburg Dillon Read (investment banking) (1997-1998); Vice Chairman, Dillon, Read & Co. Inc. (investment banking) (1991-1997); and Chief Financial Officer, Dillon, Read & Co. Inc. (1982-1997).

Larry D. Thompson (1945) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 2005	118	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
Constantine D. Tseretopoulos (1954) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Trustee	Since 1990	19	None

Principal Occupation During at Least the Past 5 Years:

Physician, Chief of Staff, owner and operator of the Lyford Cay Hospital (1987-present); director of various nonprofit organizations; and **formerly**, Cardiology Fellow, University of Maryland (1985-1987); and Internal Medicine Resident, Greater Baltimore Medical Center (1982-1985).

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, Vice President and Trustee	Chairman of the Board and Vice President since 2023 and Trustee since 2007	128	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	118	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.

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 Franklin Templeton Fund Adviser, 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 (2006-2020); Managing Director of Compliance of Legg Mason & Co. (2005-2020).

Susan Kerr (1949) 280 Park Avenue New York, NY 10017	Vice President - AML Compliance	Since 2021	Not Applicable	Not Applicable
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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, Franklin Distributors; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

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
Christopher Kings (1974) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer - Finance and Administration	Since January 2024	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:

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

Manraj S. Sekhon (1969) 7 Temasek Blvd. Suntec Tower 1, #38-03 Singapore 038987	President and Chief Executive Officer – Investment Management	Since April 2023	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Chief Investment Officer, Franklin Templeton Emerging Markets Equity; 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
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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.

Jeffrey W. White (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since January 2024	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Chief Financial Officer, Chief Accounting Officer & Treasurer and officer of certain funds in the Franklin Templeton/Legg Mason fund complex; and **formerly**, Director and Assistant Treasurer within Franklin Templeton Global Fund Tax and Fund Administration and Financial Reporting (2017-2023).

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.

- Information is for the calendar year ended December 31, 2023, unless otherwise noted. 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.
- Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor.
- Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director and 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 U.S. 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 each of Ann Torre Bates and David W. Niemiec as an audit committee financial expert. The Board believes that Ms. Bates and Mr. Niemiec qualify as such an expert in view of their extensive business background and experience. Ms. Bates has served as a member of the Fund Audit Committee since 2008. She currently serves as a director of Ares Capital Corporation (2010-present) and United Natural Foods, Inc. (2013-present) and was formerly a director of Navient Corporation from 2014 to 2016, SLM Corporation from 1997 to 2014 and Allied Capital Corporation from 2003 to 2010, Executive Vice President and Chief Financial Officer of NHP Incorporated from 1995 to 1997 and Vice President and Treasurer of US Airways, Inc. until 1995. Mr. Niemiec has served as a member of the Fund Audit Committee since 2005, currently serves as an Advisor to Saratoga Partners and was formerly its Managing Director from 1998 to 2001 and serves as a director of Hess Midstream LP (2017-present). Mr. Niemiec was formerly a director of Emeritus Corporation from 1999 to 2010 and OSI Pharmaceuticals, Inc. from 2006 to 2010, Managing Director of SBC Warburg Dillon Read from 1997 to 1998, and

Interested Board Members and Officers (continued)

was Vice Chairman from 1991 to 1997 and Chief Financial Officer from 1982 to 1997 of Dillon, Read & Co. Inc. As a result of such background and experience, the Board believes that Ms. Bates and Mr. Niemiec have each acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Bates and Mr. Niemiec are independent Board members as that term is defined under the applicable U.S. 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

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust'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 Trust'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 December 31.

Quarterly Schedule of Investments

The Trust 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.

Householding of Reports and Prospectuses

You will receive, or receive notice of the availability of, each Fund's financial reports every six months. In addition, you will receive an annual updated summary prospectus (detail prospectus available upon request). To reduce Fund expenses, we try to identify related shareholders in a household and send only one copy of the financial reports (to the extent received by mail) and summary prospectus. This process, called "householding," will continue indefinitely unless you instruct us otherwise. If you prefer not to have these documents househanded, please call us at (800) 632-2301. At any time you may view current prospectuses/summary prospectuses and financial reports on our website. If you choose, you may receive these documents through electronic delivery.

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Authorized for distribution only when accompanied or preceded by a summary prospectus and/or prospectus. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. A prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.



Annual Report
Templeton Institutional Funds

Investment Manager
Templeton Investment
Counsel, LLC

Distributor
Franklin Distributors, LLC

Shareholder Services
(800) 321-8563
ftinstitutional.com