

ANNUAL REPORT AND SHAREHOLDER LETTER

FRANKLIN CALIFORNIA HIGH YIELD MUNICIPAL FUND

A Series of Franklin Municipal Securities Trust

February 28, 2023



FRANKLIN
TEMPLETON

SHAREHOLDER LETTER

Dear Shareholder:

During the 12 months ended February 28, 2023, the U.S. economy showed mixed results as it continued to recover from the COVID-19 pandemic amid declining unemployment, rising wages and higher personal consumption. Although U.S. gross domestic product contracted in 2022's first and second quarters given declines in inventory and business investment, it grew in the remainder of the year as the trade deficit narrowed and consumer spending continued to expand. Inflation rose through June 2022, largely due to pandemic-related supply-chain issues and higher energy prices exacerbated by Russia's invasion of Ukraine. However, inflation eased later in the period due to intervention by the U.S. Federal Reserve (Fed) and falling commodity prices.

To combat high inflation, the Fed ended monthly asset purchases in March 2022 and raised the federal funds rate at every meeting during the 12-month reporting period, increasing it by a total of 4.50% (from a range of 0.00%–0.25% to 4.50%–4.75% by period-end). The Fed also stated its intention to continue reducing its U.S. Treasury, government agency debt and agency mortgage-backed securities holdings, and it anticipated ongoing federal funds rate increases would be appropriate to return inflation to its 2% goal.

During the 12-month period, municipal bonds, as measured by the Bloomberg Municipal Bond Index, posted a -5.10% total return, influenced by fixed income market volatility and tighter monetary policy, resulting in net outflows from municipals, though demand has been strong so far in 2023.¹ Despite mixed signs from the U.S. economy, municipal bond fundamentals remained strong due to prudent fiscal management and many issuers reporting budget surpluses for 2022 in addition to federal government transfers.

Franklin California High Yield Municipal Fund's annual report includes more detail about municipal bond market conditions and a discussion from the portfolio managers. In addition, on our website, franklintempleton.com, you can find updated commentary by our municipal bond team. Municipal bonds provide tax-free income and often diversification from other types of investments. Despite periods of volatility, municipal bonds historically have had a solid long-term record of performance, driven mostly by their compounding tax-free income component. As you know, all securities markets fluctuate, as do mutual fund share prices.

1. Source: Morningstar.

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

As always, we recommend investors consult their financial professionals for up-to-date advice on their holdings. In a constantly changing market environment, we remain committed to our disciplined strategy as we manage the Fund, keeping in mind the trust you have placed in us.

We appreciate your confidence in us and encourage you to contact us or your financial professional when you have questions about your Franklin tax-free investment.

Sincerely,



Gregory E. Johnson
Chairman
Franklin California High Yield Municipal Fund



Ben Barber
Senior Vice President
Director of Municipal Bonds

This letter reflects our analysis and opinions as of February 28, 2023, unless otherwise indicated. The information is not a complete analysis of every aspect of any market, state, industry, security or fund. Statements of fact are from sources considered reliable.

Not FDIC Insured	May Lose Value	No Bank Guarantee
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Visit **franklintempleton.com** for fund updates, to
access your account, or to find helpful financial
planning tools.

ANNUAL REPORT

Franklin California High Yield Municipal Fund

This annual report for Franklin California High Yield Municipal Fund covers the fiscal year ended February 28, 2023.

Your Fund's Goal and Main Investments

The Fund seeks to provide investors with a high level of income exempt from federal and California personal income taxes by normally investing at least 80% of its net assets in municipal securities in any rating category, including securities rated below investment grade, that pay interest free from such taxes.¹ Its secondary goal is capital appreciation to the extent possible and consistent with its principal investment goal.

Performance Overview

The Fund's Class A share price, as measured by net asset value, decreased from \$11.02 on February 28, 2022, to \$9.69 on February 28, 2023.² The Fund's Class A shares paid dividends totaling 33.7194 cents per share for the reporting period. The Performance Summary beginning on page 5 shows that at the end of this reporting period the Fund's Class A shares' distribution rate was 3.18%, based on an annualization of February's 2.6647 cents per share monthly dividend and the maximum offering price of \$10.07 on February 28, 2023. An investor in the 2023 maximum combined effective federal and California personal income tax bracket of 53.10% (including 3.80% Medicare tax) would need to earn a distribution rate of 6.78% from a taxable investment to match the Fund's Class A tax-free distribution rate. For other performance data, please see the Performance Summary.

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 franklintempleton.com or call (800) 342-5236.

Municipal Bond Market Overview

During the 12 months ending February 28, 2023, the U.S. Federal Reserve (Fed) continued to battle surging inflation, which started to come down from its peak of 9.1% year-over-year in June 2022. After hiking the federal funds rate by 75 basis points (bps) at each of its meetings from May through November 2022, the Fed decreased the size of its increases to 50 bps in December and 25 bps in February 2023. Despite investor optimism late in 2022 that peak hawkishness had been reached, a surprisingly resilient labor market in early 2023 dampened confidence that inflation would quickly return to the Fed's 2% target.

The municipal bond (muni) market witnessed a very challenging year in 2022 as the Fed's monetary policy tightening put downward pressure on this long-duration sector. High levels of volatility resulted in significant outflows from muni retail vehicles until the end of 2022. The first two months of 2023 saw a reversal of this trend, with strong investor demand meeting reduced supply and leading to positive absolute returns year-to-date. Credit fundamentals remained strong, as many issuers benefited from federal aid received during the COVID-19 crisis and from the subsequent economic recovery.

For the 12-month period, U.S. fixed income sectors saw mixed performance relative to equities, as measured by the Standard & Poor's® 500 Index, which posted a -7.72% total return for the period.³ Investment-grade munis, as measured by the Bloomberg Municipal Bond Index, posted a -5.10% total return, while U.S. Treasuries, as measured by the Bloomberg U.S. Treasury Index, posted a -10.08% total return, and investment-grade corporate bonds, as measured by the Bloomberg U.S. Corporate Investment Grade Index, posted a -10.43% total return.³

State Update

California's large, diverse economy slowed during the 12-month period, although economic growth surpassed the national rate and rebounded in the third quarter of 2022. The state's economy is more volatile than other states

1. The Fund may invest up to 100% of its assets in bonds whose interest payments are subject to federal alternative minimum tax. All or a significant portion of the income on these obligations may be subject to such tax. Distributions of capital gains are generally taxable. To avoid imposition of 28% backup withholding on all Fund distributions and redemption proceeds, U.S. investors must be properly certified on Form W-9 and non-U.S. investors on Form W-8BEN.

2. The distribution amount is the sum of all net investment income distributions for the period shown. Assumes shares were purchased and held for the entire accrual period. Since dividends accrue daily, your actual distributions will vary depending on the date you purchased your shares and any account activity. All Fund distributions will vary depending upon current market conditions, and past distributions are not indicative of future trends.

3. Source: Morningstar. Treasuries, if held to maturity, offer a fixed rate of return and a fixed principal value; their interest payments and principal are guaranteed.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOL). The SOL begins on page 14.

and tends to contract further during economic downturns. California's unemployment rate began the period at 4.7% and ended at 4.3%, compared with the 3.6% national rate. Although reserves and liquidity reached historic highs, state revenues lagged the fiscal 2023 forecast as personal income tax collections declined and the falling stock market decreased capital gains taxes. Income taxes are the state's primary source of general fund revenue, consisting primarily of taxes on the highest earners, including capital gains. California's net tax-supported debt was \$2,458 per capita and 3.2% of personal income, compared with the \$1,179 and 2.1% national medians, respectively.⁴ Independent credit rating agency Moody's Investors Service assigned California's general obligations bonds' an Aa2 rating with a stable outlook.⁵ The rating reflected Moody's view of the state's large and diverse economy, healthy budget reserves and strong liquidity. Moody's also noted challenges, including high revenue volatility given the state's disproportionate dependence on income taxes, constrained flexibility to adjust spending and raise revenue, and above-average debt and fixed cost burdens.

Investment Strategy

We select securities that we believe will provide the best balance between risk and return within the Fund's range of allowable investments and typically invest with a long-term time horizon. This means we generally hold securities in the Fund's portfolio for income purposes, although we may sell a security at any time if we believe it could help the Fund meet its goal.

Manager's Discussion

Consistent with our strategy, we sought to remain invested in bonds that have an average weighted maturity of 15 to 30 years with good call features. Based on the combination of our value-oriented philosophy of investing primarily for income and a positively sloping municipal yield curve, in which interest rates for longer-term bonds are higher than those for shorter-term bonds, we favored the use of longer-term bonds. We believe our conservative, buy-and-hold investment strategy can help us achieve high, current, tax-free income for shareholders.

Portfolio Composition

2/28/23

	% of Total Investments*
Special Tax	25.30%
Housing	17.04%
Transportation	16.91%
Education	11.34%
Local	7.66%
Health Care	7.62%
Industrial Dev. Revenue and Pollution Control	5.64%
Utilities	2.79%
Other Revenue Bonds	2.47%
Refunded	2.13%
State General Obligation	0.85%
Lease	0.25%

*Does not include cash and cash equivalents.

Thank you for your continued participation in Franklin California High Yield Municipal Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of February 28, 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, state, 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.

4. Source: Moody's Investors Service, *States – U.S.: Debt, pension and OPEB liabilities all up in fiscal 2021*, 9/7/22.

5. This does not indicate Moody's rating of the Fund.

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

Performance Summary as of February 28, 2023

The performance tables 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 2/28/23¹

*Cumulative total return excludes sales charges. Average annual total return includes maximum sales charges. Sales charges will vary depending on the size of the investment and the class of share purchased. The maximum is 3.75% and the minimum is 0%. **Class A:** 3.75% maximum initial sales charge; **Advisor Class:** no sales charges. For other share classes, visit franklintempleton.com.*

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A^{4,5}		
1-Year	-9.03%	-12.44%
5-Year	+7.29%	+0.65%
10-Year	+30.53%	+2.31%
Advisor		
1-Year	-8.80%	-8.80%
5-Year	+8.34%	+1.62%
10-Year	+32.58%	+2.86%

Share Class	Distribution Rate ⁶	Taxable Equivalent Distribution Rate ⁷	30-Day Standardized Yield ⁸	Taxable Equivalent 30-Day Standardized Yield ⁷
A	3.18%	6.78%	3.22%	6.87%
Advisor	3.54%	7.55%	3.60%	7.68%

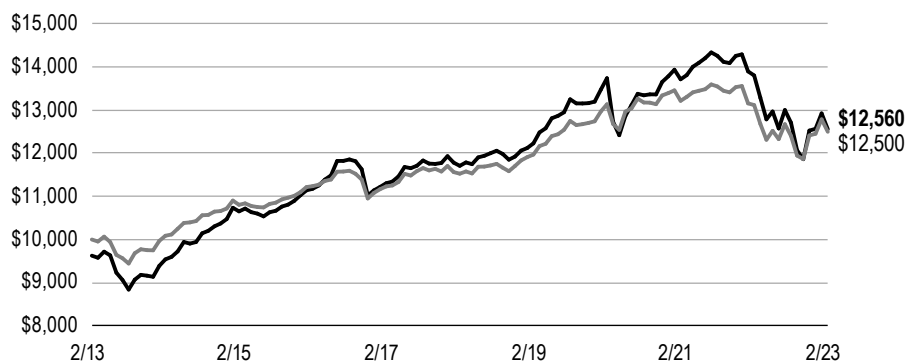
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com or call (800) 342-5236.

See page 7 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.

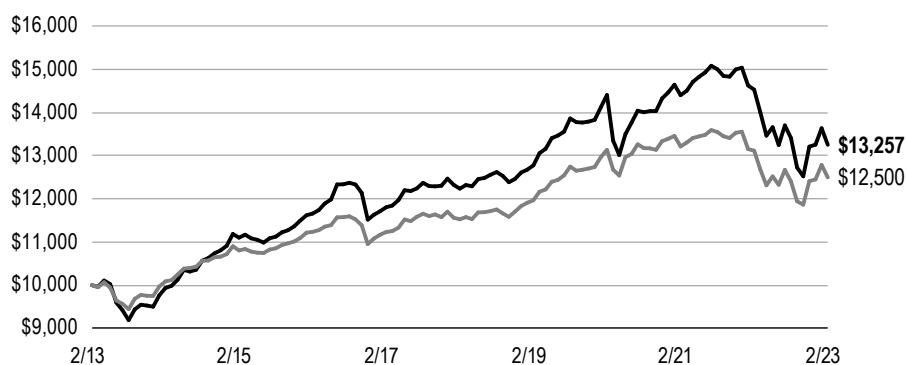
Class A (2/28/13–2/28/23)



— Franklin California High Yield Municipal Fund

— Bloomberg Municipal Bond California Exempt Index⁹

Advisor Class (2/28/13–2/28/23)



— Franklin California High Yield Municipal Fund

— Bloomberg Municipal Bond California Exempt Index⁹

See page 7 for Performance Summary footnotes.

Distributions (3/1/22–2/28/23)

Share Class	Net Investment Income
A	\$0.337194
A1	\$0.352199
C	\$0.296775
R6	\$0.366330
Advisor	\$0.362149

Total Annual Operating Expenses¹⁰

Share Class	
A	0.81%
Advisor	0.56%

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

All investments involve risks, including loss of principal. Because municipal bonds are sensitive to interest-rate movements, the Fund's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Because the Fund invests principally in a single state, it is subject to greater risk of adverse economic and regulatory changes in that state than a geographically diversified fund. Investments in lower-rated bonds include higher risk of default and loss of principal. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. The Fund may invest a significant part of its assets in municipal securities that finance similar types of projects, such as utilities, hospitals, higher education and transportation. A change that affects one project would likely affect all similar projects, thereby increasing market risk. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's prospectus also includes a description of the main investment risks.

Russia's military invasion of Ukraine in February 2022, the resulting responses by the United States and other countries, and the potential for wider conflict could increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The United States and other countries have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to its invasion of Ukraine. The United States and other countries have also imposed economic sanctions on Belarus and may impose sanctions on other countries that support Russia's military invasion. These sanctions, as well as any other economic consequences related to the invasion, such as additional sanctions, boycotts or changes in consumer or purchaser preferences or cyberattacks on governments, companies or individuals, may further decrease the value and liquidity of certain Russian securities and securities of issuers in other countries that are subject to economic sanctions related to the invasion.

1. Gross expenses are the Fund's total annual operating expenses as of the Fund's prospectus available at the time of publication. Net expenses are capped under a contractual agreement, which cannot be terminated prior to 6/30/23 without Board consent. 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. Effective 9/10/18, Class A shares closed to new investors, were renamed Class A1 shares, and a new Class A share with a different expense structure became available. Class A performance shown has been calculated as follows: (a) for periods prior to 9/10/18, a restated figure is used based on the Fund's Class A1 performance that includes any Rule 12b-1 rate differential that exists between Class A1 and Class A; and (b) for periods after 9/10/18, actual Class A performance is used, reflecting all charges and fees applicable to that class.

5. Prior to 3/1/19, these shares were offered at a higher initial sales charge of 4.25%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 3.75%.

6. Distribution rate is based on an annualization of the respective class's February dividend and the maximum offering price (NAV for Advisor Class) per share on 2/28/23.

7. Taxable equivalent distribution rate and yield assume the published rates as of 12/20/22 for the maximum combined effective federal and California state personal income tax rate of 53.10%, based on the federal income tax rate of 37.00% plus 3.80% Medicare tax.

8. The Fund's 30-day standardized yield is calculated over a trailing 30-day period using the yield to maturity on bonds and/or the dividends accrued on stocks. It may not equal the Fund's actual income distribution rate, which reflects the Fund's past dividends paid to shareholders.

9. Source: FactSet. The Bloomberg Municipal Bond California Exempt Index is the California component of the Bloomberg Municipal Bond Index, a market value-weighted index of tax-exempt, investment-grade municipal bonds with maturities of one year or more.

10. 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.

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

Your Fund's Expenses

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

Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value" 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 9/1/22	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 2/28/23	Expenses Paid During Period 9/1/22–2/28/23 ^{1,2}	Ending Account Value 2/28/23	Expenses Paid During Period 9/1/22–2/28/23 ^{1,2}	
A	\$1,000	\$988.20	\$4.50	\$1,020.27	\$4.57	0.91%
A1	\$1,000	\$988.90	\$3.75	\$1,021.02	\$3.81	0.76%
C	\$1,000	\$986.30	\$6.43	\$1,018.32	\$6.53	1.31%
R6	\$1,000	\$988.60	\$3.03	\$1,021.75	\$3.08	0.61%
Advisor	\$1,000	\$988.40	\$3.28	\$1,021.50	\$3.33	0.66%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.

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

Financial Highlights

Franklin California High Yield Municipal Fund

	Year Ended February 28, 2023	Year Ended February 28, 2022 ^a	Year Ended May 31,		Year Ended May 31, 2019 ^b
			2021	2020	
Class A					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$11.02	\$11.49	\$10.81	\$11.10	\$10.70
Income from investment operations ^c :					
Net investment income ^d	0.36	0.26	0.35	0.34	0.27
Net realized and unrealized gains (losses)	(1.35)	(0.49)	0.67	(0.29)	0.41
Total from investment operations	(0.99)	(0.23)	1.02	0.05	0.68
Less distributions from:					
Net investment income	(0.34)	(0.24)	(0.34)	(0.34)	(0.28)
Net asset value, end of year	\$9.69	\$11.02	\$11.49	\$10.81	\$11.10
Total return ^e	(9.03)%	(2.09)%	9.57%	0.43%	6.56%
Ratios to average net assets^f					
Expenses ^g	0.88%	0.81%	0.79%	0.80%	0.83%
Net investment income	3.63%	2.88%	3.10%	3.10%	3.55%
Supplemental data					
Net assets, end of year (000's)	\$595,614	\$714,052	\$618,967	\$425,757	\$244,196
Portfolio turnover rate	18.77%	10.19%	9.20%	23.29%	13.91%

^aFor the period June 1, 2021 to February 28, 2022.

^bFor the period September 10, 2018 (effective date) to May 31, 2019.

^cThe 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.

^dBased on average daily shares outstanding.

^eTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^fRatios are annualized for periods less than one year.

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

Franklin California High Yield Municipal Fund (continued)

	Year Ended February 28, 2023	Year Ended February 28, 2022 ^a	Year Ended May 31,			
			2021	2020	2019	2018
Class A1						
Per share operating performance						
(for a share outstanding throughout the year)						
Net asset value, beginning of year	\$10.99	\$11.47	\$10.79	\$11.08	\$10.70	\$10.89
Income from investment operations ^b :						
Net investment income ^c	0.38	0.26	0.37	0.36	0.40	0.39
Net realized and unrealized gains (losses)	(1.35)	(0.49)	0.67	(0.29)	0.39	(0.19)
Total from investment operations	(0.97)	(0.23)	1.04	0.07	0.79	0.20
Less distributions from:						
Net investment income	(0.35)	(0.25)	(0.36)	(0.36)	(0.41)	(0.39)
Net asset value, end of year	\$9.67	\$10.99	\$11.47	\$10.79	\$11.08	\$10.70
Total return ^d	(8.83)%	(2.07)%	9.76%	0.58%	7.56%	1.92%
Ratios to average net assets^e						
Expenses	0.72% ^f	0.66% ^f	0.64% ^f	0.65% ^f	0.68% ^f	0.66%
Net investment income	3.78%	3.04%	3.27%	3.25%	3.70%	3.63%
Supplemental data						
Net assets, end of year (000's)	\$862,312	\$1,166,095	\$1,254,701	\$1,282,022	\$1,386,291	\$1,378,169
Portfolio turnover rate	18.77%	10.19%	9.20%	23.29%	13.91%	11.08%

^aFor the period June 1, 2021 to February 28, 2022.

^bThe 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.

^cBased on average daily shares outstanding.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

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

Franklin California High Yield Municipal Fund (continued)

	Year Ended February 28, 2023	Year Ended February 28, 2022 ^a	Year Ended May 31,			
			2021	2020	2019	2018
Class C						
Per share operating performance						
(for a share outstanding throughout the year)						
Net asset value, beginning of year	\$11.08	\$11.56	\$10.87	\$11.17	\$10.78	\$10.97
Income from investment operations ^b :						
Net investment income ^c	0.32	0.21	0.30	0.30	0.34	0.33
Net realized and unrealized gains (losses)	(1.35)	(0.49)	0.69	(0.30)	0.40	(0.19)
Total from investment operations	(1.03)	(0.28)	0.99	—	0.74	0.14
Less distributions from:						
Net investment income	(0.30)	(0.20)	(0.30)	(0.30)	(0.35)	(0.33)
Net asset value, end of year	\$9.75	\$11.08	\$11.56	\$10.87	\$11.17	\$10.78
Total return ^d	(9.35)%	(2.46)%	9.18%	(0.04)%	7.01%	1.34%
Ratios to average net assets^e						
Expenses	1.27% ^f	1.20% ^f	1.19% ^f	1.20% ^f	1.23% ^f	1.21%
Net investment income	3.19%	2.47%	2.69%	2.70%	3.15%	3.08%
Supplemental data						
Net assets, end of year (000's)	\$118,149	\$180,173	\$223,652	\$253,579	\$272,186	\$327,022
Portfolio turnover rate	18.77%	10.19%	9.20%	23.29%	13.91%	11.08%

^aFor the period June 1, 2021 to February 28, 2022.

^bThe 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.

^cBased on average daily shares outstanding.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

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

Franklin California High Yield Municipal Fund (continued)

	Year Ended February 28, 2023	Year Ended February 28, 2022 ^a	Year Ended May 31,			Year Ended May 31, 2018 ^b
			2021	2020	2019	
Class R6						
Per share operating performance						
(for a share outstanding throughout the year)						
Net asset value, beginning of year	\$11.03	\$11.51	\$10.82	\$11.12	\$10.74	\$10.88
Income from investment operations ^c :						
Net investment income ^d	0.39	0.27	0.38	0.38	0.41	0.35
Net realized and unrealized gains (losses)	(1.35)	(0.49)	0.68	(0.30)	0.39	(0.15)
Total from investment operations	(0.96)	(0.22)	1.06	0.08	0.80	0.20
Less distributions from:						
Net investment income	(0.37)	(0.26)	(0.37)	(0.38)	(0.42)	(0.34)
Net asset value, end of year	\$9.70	\$11.03	\$11.51	\$10.82	\$11.12	\$10.74
Total return ^e	(8.76)%	(1.96)%	9.97%	0.63%	7.66%	1.84%
Ratios to average net assets^f						
Expenses before waiver and payments by affiliates	0.58%	0.53%	0.52%	0.52%	0.57%	0.55%
Expenses net of waiver and payments by affiliates	0.58% ^{g,h}	0.52% ^g	0.51% ^g	0.51% ^g	0.55% ^g	0.53%
Net investment income	3.91%	3.16%	3.37%	3.39%	3.83%	3.76%
Supplemental data						
Net assets, end of year (000's)	\$44,724	\$60,366	\$45,216	\$26,741	\$21,214	\$13,004
Portfolio turnover rate	18.77%	10.19%	9.20%	23.29%	13.91%	11.08%

^aFor the period June 1, 2021 to February 28, 2022.

^bFor the period August 1, 2017 (effective date) to May 31, 2018.

^cThe 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.

^dBased on average daily shares outstanding.

^eTotal return is not annualized for periods less than one year.

^fRatios are annualized for periods less than one year.

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

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

Franklin California High Yield Municipal Fund (continued)

	Year Ended February 28, 2023	Period Ended February 28, 2022 ^a	Year Ended May 31,			
			2021	2020	2019	2018
Advisor Class						
Per share operating performance						
(for a share outstanding throughout the year)						
Net asset value, beginning of year	\$11.02	\$11.50	\$10.82	\$11.11	\$10.73	\$10.91
Income from investment operations ^b :						
Net investment income ^c	0.39	0.27	0.38	0.37	0.41	0.40
Net realized and unrealized gains (losses)	(1.36)	(0.49)	0.67	(0.29)	0.39	(0.18)
Total from investment operations	(0.97)	(0.22)	1.05	0.08	0.80	0.22
Less distributions from:						
Net investment income	(0.36)	(0.26)	(0.37)	(0.37)	(0.42)	(0.40)
Net asset value, end of year	\$9.69	\$11.02	\$11.50	\$10.82	\$11.11	\$10.73
Total return ^d	(8.80)%	(1.99)%	9.84%	0.68%	7.64%	2.10%
Ratios to average net assets^e						
Expenses	0.62% ^f	0.56% ^f	0.54% ^f	0.55% ^f	0.58% ^f	0.56%
Net investment income	3.87%	3.13%	3.35%	3.35%	3.80%	3.73%
Supplemental data						
Net assets, end of year (000's)	\$922,275	\$1,186,382	\$1,113,278	\$903,694	\$889,990	\$748,355
Portfolio turnover rate	18.77%	10.19%	9.20%	23.29%	13.91%	11.08%

^aFor the period June 1, 2021 to February 28, 2022.

^bThe 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.

^cBased on average daily shares outstanding.

^dTotal return is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

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

Schedule of Investments, February 28, 2023

Franklin California High Yield Municipal Fund

	Principal Amount	Value
Corporate Bonds 2.7%		
Commercial Services & Supplies 0.7%		
^a CalPlant I LLC,		
21A, Senior Secured Note, 144A, 9.5%, 10/12/22	\$1,370,000	\$1,379,322
21B, Senior Secured Note, 144A, 9.5%, 10/12/22	5,220,000	5,254,018
22A, Senior Secured Note, 144A, 9.5%, 10/12/22	2,875,000	2,894,149
^b 22B, Senior Secured Note, 144A, 9.5%, 12/30/22	250,000	250,000
^b 22C, Senior Secured Note, 144A, 9.5%, 12/30/22	1,885,000	1,885,000
22X, Senior Secured Note, 144A, 9.5%, 3/31/23	2,830,000	2,845,300
^b 23A, Senior Secured Note, 144A, 9.5%, 3/31/23	1,000,000	1,000,000
23B, Senior Secured Note, 144A, 9.5%, 3/31/23	890,000	890,000
		<hr/> 16,397,789
Diversified Consumer Services 1.6%		
Grand Canyon University, 5.125%, 10/01/28	45,335,000	41,594,863
Electric Utilities 0.4%		
^a Mission Rock Utilities, Inc., 144A, 7%, 7/01/27	10,000,000	9,361,830
Total Corporate Bonds (Cost \$71,542,920)		<hr/> 67,354,482
Municipal Bonds 95.0%		
California 86.7%		
Alameda Community Facilities District,		
City of Alameda Community Facilities District No. 13-1, Special Tax, 2016, 5%, 9/01/46	1,400,000	1,415,476
City of Alameda Community Facilities District No. 22-1, Special Tax, 2023, 5%, 9/01/38	850,000	848,129
City of Alameda Community Facilities District No. 22-1, Special Tax, 2023, 5%, 9/01/43	1,000,000	976,975
City of Alameda Community Facilities District No. 22-1, Special Tax, 2023, 5%, 9/01/53	1,000,000	944,956
Baldwin Park Unified School District, GO, 2013, Pre-Refunded, BAM Insured, Zero Cpn., 8/01/42	10,000,000	2,735,511
California Community College Financing Authority,		
^a NCCD-Napa Valley Properties LLC, Revenue, 144A, 2022 A, 5.75%, 7/01/60	17,500,000	16,774,179
^a NCCD-Napa Valley Properties LLC, Revenue, 144A, 2022 B, 7.75%, 7/01/30	2,405,000	2,240,250
^a NCCD-Napa Valley Properties LLC, Revenue, 144A, 2022 C, 6.75%, 7/01/60	7,050,000	6,657,178
NCCD-Orange Coast Properties LLC, Revenue, 2018, 5.25%, 5/01/48	225,000	227,618
NCCD-Orange Coast Properties LLC, Revenue, 2018, 5.25%, 5/01/53	6,785,000	6,839,297
^a California Community Housing Agency,		
Annadel Apartments, Revenue, 144A, 2019 A, 5%, 4/01/49	27,050,000	23,409,354
Serenity at Larkspur Apartments, Revenue, 144A, 2020 A, 5%, 2/01/50	22,525,000	19,615,376
Twin Creek Apartments, Revenue, Junior Lien, 144A, 2022 B, 5.5%, 2/01/40	4,475,000	4,122,974
Verdant at Green Valley Apartments, Revenue, 144A, 2019 A, 5%, 8/01/49	15,000,000	14,388,582
California County Tobacco Securitization Agency,		
Revenue, 2020 B-2, Refunding, Zero Cpn., 6/01/55	125,010,000	20,862,619
Gold Country Settlement Funding Corp., Revenue, 2020 B-2, Refunding, Zero Cpn., 6/01/55	13,420,000	2,738,351
Merced County Tobacco Funding Corp., Revenue, 2020 B, Refunding, 5%, 6/01/50	3,000,000	3,001,677
Sonoma County Securitization Corp., Revenue, 2020 B-2, Refunding, Zero Cpn., 6/01/55	10,000,000	2,040,500
California Educational Facilities Authority,		
Art Center College of Design, Revenue, 2018 A, Refunding, 5%, 12/01/37	1,265,000	1,296,267
Art Center College of Design, Revenue, 2018 A, Refunding, 5%, 12/01/38	1,125,000	1,150,238
Art Center College of Design, Revenue, 2018 A, Refunding, 5%, 12/01/44	10,375,000	10,440,786
Chapman University, Revenue, 2015, 5%, 4/01/40	5,000,000	5,104,181
Leland Stanford Junior University (The), Revenue, T-1, 5%, 3/15/39	4,185,000	4,869,673

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
California Educational Facilities Authority, (continued)		
Leland Stanford Junior University (The), Revenue, U-3, 5%, 6/01/43	\$5,815,000	\$6,736,818
University of the Pacific, Revenue, 2015, Refunding, 5%, 11/01/36	3,000,000	3,102,088
^a California Enterprise Development Authority,		
Rocklin Academy Obligated Group, Revenue, 144A, 2021 A, Refunding, 4%, 6/01/36	250,000	216,952
Rocklin Academy Obligated Group, Revenue, 144A, 2021 A, Refunding, 4%, 6/01/51	630,000	471,209
Rocklin Academy Obligated Group, Revenue, 144A, 2021 A, Refunding, 4%, 6/01/61	845,000	598,377
California Health Facilities Financing Authority,		
Adventist Health System/West Obligated Group, Revenue, 2016 A, Refunding, 4%, 3/01/39	8,190,000	7,722,742
Children's Hospital Los Angeles Obligated Group, Revenue, 2017 A, Refunding, 4%, 8/15/49	3,375,000	2,964,589
El Camino Hospital, Revenue, 2017, 4%, 2/01/42	6,500,000	6,217,524
El Camino Hospital, Revenue, 2017, 5%, 2/01/42	5,000,000	5,132,107
Lucile Salter Packard Children's Hospital at Stanford Obligated Group, Revenue, 2014 A, 5%, 8/15/43	7,160,000	7,292,002
Sutter Health Obligated Group, Revenue, 2018 A, 5%, 11/15/48	12,485,000	12,747,607
California Housing Finance Agency,		
Revenue, 2019-2, A, 4%, 3/20/33	53,174	52,555
Revenue, 2021-1, A, 3.5%, 11/20/35	4,859,309	4,576,481
^a Redwood Gardens Renewal LP, Revenue, 144A, 2021 N-S, 4%, 3/01/37	3,165,000	2,594,776
^{a,c} Shermanair Apartments Owner LP, Revenue, 144A, 2021 Q-S, Mandatory Put, 4.5%, 9/01/36	4,000,000	3,535,008
^a California Infrastructure & Economic Development Bank,		
Goodwill Industries of Sacramento Valley & Northern Nevada, Inc., Revenue, 144A, 2016 A, 5%, 1/01/47	10,360,000	7,743,421
WFCS Holdings II LLC, Revenue, 144A, 2021 A-1, 5%, 1/01/56	1,600,000	1,220,100
WFCS Holdings LLC, Revenue, 144A, 2020 A-1, 5%, 1/01/55	2,300,000	1,761,010
California Municipal Finance Authority,		
Revenue, 2022 A-1, 4.25%, 12/01/37	16,700,000	13,908,041
Special Tax, 2020 B, 4%, 9/01/43	1,140,000	1,018,614
Special Tax, 2021 A, 4%, 9/01/36	535,000	506,645
Special Tax, 2021 A, 4%, 9/01/41	660,000	592,954
Special Tax, 2021 B, 4%, 9/01/41	900,000	808,574
Special Tax, 2021 B, 4%, 9/01/46	830,000	720,802
Special Tax, 2021 B, 4%, 9/01/51	750,000	630,627
Special Tax, 2021 C, 4%, 9/01/46	1,300,000	1,135,511
Special Tax, 2021 C, 4%, 9/01/51	1,800,000	1,532,774
Special Tax, 2022 B, Refunding, 6%, 9/01/52	2,920,000	2,976,268
Special Tax, 2022 B, Refunding, 6.3%, 9/01/52	1,205,000	1,249,947
Special Tax, 2022 C, 6.25%, 9/01/52	4,050,000	4,074,747
Special Tax, 2022 D, 6.125%, 9/01/52	6,885,000	7,080,028
1717 University Associates LLC, Revenue, 2020 A-S, 5%, 9/01/57	1,175,000	937,715
ACI Royal York, Inc., Revenue, 2020 A, 4%, 2/15/55	2,375,000	1,865,390
American Heritage/Escondido/Heritage K-8 Charter School Obligated Group, Revenue, 2016 A, Refunding, 5%, 6/01/36	3,000,000	3,051,544
Biola University, Inc., Revenue, 2017, Refunding, 5%, 10/01/36	1,100,000	1,137,789
Biola University, Inc., Revenue, 2017, Refunding, 5%, 10/01/39	1,000,000	1,026,123
Bowles Hall Foundation, Revenue, 2015 A, 5%, 6/01/35	600,000	605,536
Bowles Hall Foundation, Revenue, 2015 A, 5%, 6/01/50	3,250,000	3,259,305
^a California Baptist University, Revenue, 144A, 2015 A, 5.375%, 11/01/40	5,000,000	5,053,310
^a California Baptist University, Revenue, 144A, 2015 A, 5.5%, 11/01/45	10,000,000	10,085,322
^a California Baptist University, Revenue, 144A, 2016 A, 5%, 11/01/36	2,500,000	2,520,630
^a Capital Christian Center, Revenue, 144A, 2021 A, 5%, 10/01/51	8,425,000	7,128,115
^a Capital Christian Center, Revenue, 144A, 2021 B, Refunding, 4%, 10/01/37	8,150,000	6,503,314
Caritas Affordable Housing, Inc., Revenue, Senior Lien, 2014 A, 5%, 8/15/30	1,000,000	1,018,904

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
California Municipal Finance Authority, (continued)		
Caritas Affordable Housing, Inc., Revenue, Senior Lien, 2014 A, 5.25%, 8/15/39 . . .	\$1,200,000	\$1,217,827
Caritas Affordable Housing, Inc., Revenue, Senior Lien, 2014 A, 5.25%, 8/15/49 . . .	3,500,000	3,541,755
CHF-Davis I LLC, Revenue, 2018, 5%, 5/15/51	5,000,000	4,984,627
CHF-Davis II LLC, Revenue, 2021, BAM Insured, 3%, 5/15/51	2,550,000	1,918,532
CHF-Davis II LLC, Revenue, 2021, BAM Insured, 3%, 5/15/54	2,585,000	1,900,268
CHF-Riverside I LLC, Revenue, 2018, 5%, 5/15/43	1,500,000	1,508,016
CHF-Riverside II LLC, Revenue, 2019, 5%, 5/15/49	9,575,000	9,505,139
^a Claremont Graduate University, Revenue, 144A, 2020 B, Refunding, 5%, 10/01/39 .	1,120,000	1,056,054
^a Claremont Graduate University, Revenue, 144A, 2020 B, Refunding, 5%, 10/01/49 .	4,290,000	3,843,516
^a Claremont Graduate University, Revenue, 144A, 2020 B, Refunding, 5%, 10/01/54 .	1,875,000	1,653,891
Community Facilities District No. 2021-11, Special Tax, 2022, 5%, 9/01/52	2,500,000	2,468,082
Community Facilities District No. 2021-13, Special Tax, 2022, 5%, 9/01/42	1,000,000	1,010,630
Community Facilities District No. 2021-13, Special Tax, 2022, 5%, 9/01/52	5,150,000	5,068,778
Community Facilities District No. 2021-6 Improvement Area No. 2, Special Tax, 2022, 6%, 9/01/52	4,350,000	4,488,449
^a Community Health Centers of The Central Coast, Inc., Revenue, 144A, 2021 A, 3%, 12/01/23	100,000	98,179
^a Community Health Centers of The Central Coast, Inc., Revenue, 144A, 2021 A, 4%, 12/01/26	200,000	195,770
^a Community Health Centers of The Central Coast, Inc., Revenue, 144A, 2021 A, 5%, 12/01/27	100,000	102,581
^a Community Health Centers of The Central Coast, Inc., Revenue, 144A, 2021 A, 5%, 12/01/29	50,000	52,065
^a Community Health Centers of The Central Coast, Inc., Revenue, 144A, 2021 A, 5%, 12/01/31	130,000	135,746
^a Community Health Centers of The Central Coast, Inc., Revenue, 144A, 2021 A, 5%, 12/01/36	350,000	353,683
^a Community Health Centers of The Central Coast, Inc., Revenue, 144A, 2021 A, 5%, 12/01/46	1,000,000	959,164
^a Community Health Centers of The Central Coast, Inc., Revenue, 144A, 2021 A, 5%, 12/01/54	1,000,000	941,103
Community Hospitals of Central California Obligated Group, Revenue, 2015 A, Pre- Refunded, 5%, 2/01/40	5,000,000	5,185,473
Community Hospitals of Central California Obligated Group, Revenue, 2017 A, Refunding, 4%, 2/01/42	10,000,000	9,417,437
Congregational Homes, Inc. Obligated Group, Revenue, 2019, Refunding, 5%, 11/15/39	2,670,000	2,516,774
Congregational Homes, Inc. Obligated Group, Revenue, 2019, Refunding, 5%, 11/15/49	480,000	421,654
^a Creative Center of Los Altos (The), Revenue, 144A, 2016 B, 4%, 11/01/36	1,395,000	1,205,438
^a Creative Center of Los Altos (The), Revenue, 144A, 2016 B, 4.5%, 11/01/46	1,600,000	1,326,784
Del Harbor Foundation, Revenue, 2015, Refunding, 5%, 11/01/32	3,020,000	3,201,526
Del Harbor Foundation, Revenue, 2015, Refunding, 5%, 11/01/39	6,525,000	6,823,414
Developmental Services Support Foundation, Revenue, 2019 A, Refunding, 5%, 5/01/49	3,895,000	4,000,354
Eisenhower Medical Center, Revenue, 2017 A, Refunding, 5%, 7/01/37	2,625,000	2,694,671
Eisenhower Medical Center, Revenue, 2017 B, Refunding, 5%, 7/01/47	5,000,000	5,050,537
HumanGood California Obligated Group, Revenue, 2019 A, Refunding, 5%, 10/01/44	5,500,000	5,617,037
HumanGood California Obligated Group, Revenue, 2021, 3%, 10/01/49	5,000,000	3,542,924
Inland Counties Regional Center, Inc., Revenue, 2015, Refunding, 5%, 6/15/37 . . .	9,965,000	10,384,380
^a King/Chavez Facilities LLC, Revenue, 144A, 2016 A, Refunding, 5%, 5/01/36	2,275,000	2,268,331
^a King/Chavez Facilities LLC, Revenue, 144A, 2016 A, Refunding, 5%, 5/01/46	2,775,000	2,653,789
LAX Integrated Express Solutions LLC, Revenue, Senior Lien, 2018 A, 5%, 12/31/43	13,915,000	13,956,815
LAX Integrated Express Solutions LLC, Revenue, Senior Lien, 2018 A, 4%, 12/31/47	6,085,000	5,195,851
LAX Integrated Express Solutions LLC, Revenue, Senior Lien, 2018 A, 5%, 12/31/47	22,250,000	22,037,891
Literacy First Charter School Issuer LLC, Revenue, 2019 A, 5%, 12/01/39	1,145,000	1,173,649

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
California Municipal Finance Authority, (continued)		
Literacy First Charter School Issuer LLC, Revenue, 2019 A, 5%, 12/01/49	\$2,775,000	\$2,776,107
Northbay Healthcare Group Obligated Group, Revenue, 2015, 5%, 11/01/35	1,100,000	1,112,011
Northbay Healthcare Group Obligated Group, Revenue, 2015, 5%, 11/01/44	1,050,000	1,054,573
Northbay Healthcare Group Obligated Group, Revenue, 2017 A, 5.25%, 11/01/47	3,000,000	3,008,945
^a P3 Claremont Holdings LLC, Revenue, 144A, 2020 A, 5%, 7/01/30	520,000	519,960
^a Palmdale Aerospace Academy, Inc. (The), Revenue, 144A, 2016 A, 5%, 7/01/31	1,000,000	1,001,754
^a Palmdale Aerospace Academy, Inc. (The), Revenue, 144A, 2016 A, 5%, 7/01/36	2,750,000	2,661,434
^a Palmdale Aerospace Academy, Inc. (The), Revenue, 144A, 2016 A, 5%, 7/01/41	1,750,000	1,630,492
^a Palmdale Aerospace Academy, Inc. (The), Revenue, 144A, 2018 A, 3.875%, 7/01/28	1,045,000	985,847
^a Palmdale Aerospace Academy, Inc. (The), Revenue, 144A, 2018 A, 5%, 7/01/38	1,100,000	1,047,252
^a Palmdale Aerospace Academy, Inc. (The), Revenue, 144A, 2018 A, 5%, 7/01/49	3,600,000	3,195,643
ROP WMCC LLC, Revenue, 2013 A, Pre-Refunded, 5.625%, 11/15/33	1,000,000	1,017,187
^a Santa Rosa Academy LLC, Revenue, 144A, 2015, 5.125%, 7/01/35	450,000	450,212
^a Santa Rosa Academy LLC, Revenue, 144A, 2015, 5.375%, 7/01/45	1,400,000	1,402,468
South Central Los Angeles Regional Center for Developmentally Disabled Persons, Revenue, 2013, 5.5%, 12/01/33	3,115,000	3,158,104
South Central Los Angeles Regional Center for Developmentally Disabled Persons, Revenue, 2013, 5.75%, 12/01/43	7,000,000	7,076,226
^a STREAM Charter School, Revenue, 144A, 2020 A, 5%, 6/15/41	925,000	857,918
^a STREAM Charter School, Revenue, 144A, 2020 A, 5%, 6/15/51	1,385,000	1,216,114
^a STREAM Charter School, Revenue, 144A, 2020 B, 6.4%, 6/15/32	865,000	811,190
^a California Pollution Control Financing Authority,		
^d CalPlant I LLC, Revenue, 144A, 2017, 7%, 7/01/22	3,500,000	175,000
^d CalPlant I LLC, Revenue, 144A, 2017, 7.5%, 7/01/32	13,000,000	650,000
^d CalPlant I LLC, Revenue, 144A, 2017, 8%, 7/01/39	11,500,000	575,000
^d CalPlant I LLC, Revenue, 144A, 2020, 7.5%, 7/01/32	4,500,000	585,000
Poseidon Resources Channelside LP, Revenue, 144A, 2012, 5%, 11/21/45	21,685,000	21,710,491
Rialto Bioenergy Facility LLC, Revenue, 144A, 2018, 6.75%, 12/01/28	1,165,000	848,885
Rialto Bioenergy Facility LLC, Revenue, 144A, 2018, 7.5%, 12/01/40	5,425,000	3,634,738
California Public Finance Authority,		
^a Crossroads Christian Schools Obligated Group, Revenue, 144A, 2020, 5%, 1/01/56	4,015,000	3,143,516
Henry Mayo Newhall Hospital Obligated Group, Revenue, 2017, Refunding, 5%, 10/15/37	1,100,000	1,120,781
^a Keck Graduate Institute of Applied Life Sciences, Revenue, 144A, 2017 A, Refunding, 5%, 7/01/27	1,185,000	1,149,606
^a Keck Graduate Institute of Applied Life Sciences, Revenue, 144A, 2017 A, Refunding, 5%, 7/01/32	4,030,000	3,904,671
^a Keck Graduate Institute of Applied Life Sciences, Revenue, 144A, 2017 A, Refunding, 5%, 7/01/37	5,370,000	5,199,267
^a Keck Graduate Institute of Applied Life Sciences, Revenue, 144A, 2017 A, Refunding, 5%, 7/01/47	16,110,000	15,584,131
^a Kendal at Sonoma Obligated Group, Revenue, 144A, 2021 A, Refunding, 5%, 11/15/36	1,000,000	937,580
^a Kendal at Sonoma Obligated Group, Revenue, 144A, 2021 A, Refunding, 5%, 11/15/56	2,000,000	1,647,678
^a Kendal at Sonoma Obligated Group, Revenue, 144A, 2021 B-1, Refunding, 3.125%, 5/15/29	2,510,000	2,213,479
California School Finance Authority,		
Alliance for College Ready Public Schools Obligated Group, Revenue, 2016 C, 5%, 7/01/46	10,000,000	10,046,848
^a Alternative Schools, Inc., Revenue, 144A, 2021 A, Refunding, 4%, 6/01/41	500,000	400,416
^a Alternative Schools, Inc., Revenue, 144A, 2021 A, Refunding, 4%, 6/01/51	2,835,000	2,079,934
^a Alternative Schools, Inc., Revenue, 144A, 2021 A, Refunding, 4%, 6/01/61	3,675,000	2,552,819
^a Aspire Public Schools Obligated Group, Revenue, 144A, 2015, Refunding, 5%, 8/01/35	1,000,000	1,014,892

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
California School Finance Authority, (continued)		
^a Aspire Public Schools Obligated Group, Revenue, 144A, 2015, Refunding, 5%, 8/01/45	\$1,100,000	\$1,100,502
^a Aspire Public Schools Obligated Group, Revenue, 144A, 2016, 5%, 8/01/41	2,010,000	2,016,377
^a Aspire Public Schools Obligated Group, Revenue, 144A, 2016, Pre-Refunded, 5%, 8/01/41	190,000	198,477
^a Citizens of the World Los Angeles Obligated Group, Revenue, 144A, 2022 A, 6.25%, 4/01/52	2,000,000	1,999,870
^a Citizens of the World Los Angeles Obligated Group, Revenue, 144A, 2022 A, 6.375%, 4/01/62	2,000,000	2,002,681
^a Classical Academy Obligated Group, Revenue, 144A, 2017 A, Refunding, 5%, 10/01/37	1,485,000	1,519,978
^a Classical Academy Obligated Group, Revenue, 144A, 2017 A, Refunding, 5%, 10/01/44	5,610,000	5,657,565
^a Classical Academy Obligated Group, Revenue, 144A, 2020 A, 5%, 10/01/40	500,000	508,856
^a Classical Academy Obligated Group, Revenue, 144A, 2020 A, 5%, 10/01/50	3,570,000	3,550,525
^a Ednovate Obligated Group, Revenue, 144A, 2018, 5%, 6/01/48	1,000,000	915,558
^a Ednovate Obligated Group, Revenue, 144A, 2018, 5%, 6/01/56	1,710,000	1,525,295
^a Fenton Charter Public Schools, Revenue, 144A, 2020 A, 5%, 7/01/40	225,000	218,385
^a Fenton Charter Public Schools, Revenue, 144A, 2020 A, 5%, 7/01/50	1,275,000	1,166,826
^a Granada Hills Charter High School Obligated Group, Revenue, 144A, 2019, 5%, 7/01/43	2,000,000	2,014,266
^a Granada Hills Charter High School Obligated Group, Revenue, 144A, 2019, 5%, 7/01/49	5,750,000	5,772,060
^a Green Dot Public Schools Obligated Group, Revenue, 144A, 2015 A, 5%, 8/01/35	2,525,000	2,567,234
^a Green Dot Public Schools Obligated Group, Revenue, 144A, 2015 A, 5%, 8/01/45	3,500,000	3,491,533
^a Green Dot Public Schools Obligated Group, Revenue, 144A, 2018 A, 5%, 8/01/38	1,000,000	1,016,035
^a Green Dot Public Schools Obligated Group, Revenue, 144A, 2018 A, 5%, 8/01/48	1,750,000	1,728,296
^a iLEAD Lancaster, Revenue, 144A, 2021 A, 4%, 6/01/31	250,000	231,180
^a iLEAD Lancaster, Revenue, 144A, 2021 A, 5%, 6/01/41	435,000	409,633
^a iLEAD Lancaster, Revenue, 144A, 2021 A, 5%, 6/01/51	600,000	543,661
^a iLEAD Lancaster, Revenue, 144A, 2021 A, 5%, 6/01/61	1,320,000	1,152,823
^a John Adams Academies Obligated Group, Revenue, 144A, 2022 A, 4.5%, 7/01/32	625,000	589,845
^a John Adams Academies Obligated Group, Revenue, 144A, 2022 A, 5%, 7/01/42	2,140,000	1,972,765
^a John Adams Academies Obligated Group, Revenue, 144A, 2022 A, 5%, 7/01/52	3,175,000	2,826,841
^a John Adams Academies Obligated Group, Revenue, 144A, 2022 A, 5.125%, 7/01/62	8,125,000	7,110,011
^a KIPP SoCal Public Schools Obligated Group, Revenue, 144A, 2015 A, 5%, 7/01/35	1,200,000	1,223,455
^a KIPP SoCal Public Schools Obligated Group, Revenue, 144A, 2015 A, 5%, 7/01/45	1,675,000	1,682,641
^a KIPP SoCal Public Schools Obligated Group, Revenue, 144A, 2017 A, 5%, 7/01/47	1,500,000	1,509,909
^a KIPP SoCal Public Schools Obligated Group, Revenue, 144A, 2019 A, 5%, 7/01/39	1,000,000	1,024,795
^a KIPP SoCal Public Schools Obligated Group, Revenue, 144A, 2019 A, 5%, 7/01/54	3,300,000	3,308,859
^a Larchmont Schools, Revenue, 144A, 2018 A, 5%, 6/01/55	2,050,000	1,964,430
^a Lifeline Education Charter School, Inc., Revenue, 144A, 2020 A, 3%, 7/01/30	365,000	316,961
^a Lifeline Education Charter School, Inc., Revenue, 144A, 2020 A, 5%, 7/01/45	825,000	764,274
^a Lifeline Education Charter School, Inc., Revenue, 144A, 2020 A, 5%, 7/01/55	1,235,000	1,102,892
^a Lighthouse Community Public Schools Obligated Group, Revenue, 144A, 2022 A, 6.375%, 6/01/52	1,250,000	1,276,585
^a Lighthouse Community Public Schools Obligated Group, Revenue, 144A, 2022 A, 6.5%, 6/01/62	1,500,000	1,529,822
^a NCCD-Santa Rosa Properties LLC, Revenue, 2021 A, 4%, 11/01/31	1,000,000	932,329
^a NCCD-Santa Rosa Properties LLC, Revenue, 2021 A, 4%, 11/01/36	1,670,000	1,465,166
^a NCCD-Santa Rosa Properties LLC, Revenue, 2021 A, 4%, 11/01/51	16,730,000	12,601,896
^a NCCD-Santa Rosa Properties LLC, Revenue, 2021 A, 4%, 11/01/55	1,400,000	1,030,938
^a River Springs Charter School, Inc., Revenue, 144A, 2017 A, 5%, 7/01/30	1,500,000	1,501,031
^a River Springs Charter School, Inc., Revenue, 144A, 2017 A, 5%, 7/01/37	2,000,000	1,922,668
^a River Springs Charter School, Inc., Revenue, 144A, 2017 A, 5%, 7/01/47	1,975,000	1,767,842
^a River Springs Charter School, Inc., Revenue, 144A, 2017 A, 5%, 7/01/52	1,340,000	1,174,305

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
California School Finance Authority, (continued)		
^a Rocketship Education Obligated Group, Revenue, 144A, 2017 A, 5%, 6/01/34	\$750,000	\$729,820
^a Rocketship Education Obligated Group, Revenue, 144A, 2017 A, 5.125%, 6/01/47 . .	845,000	777,343
^a Rocketship Education Obligated Group, Revenue, 144A, 2017 A, 5.25%, 6/01/52 . .	980,000	905,726
^a Rocketship Education Obligated Group, Revenue, 144A, 2017 G, 5%, 6/01/30	315,000	316,051
^a Rocketship Education Obligated Group, Revenue, 144A, 2017 G, 5%, 6/01/37	360,000	344,750
^a Rocketship Education Obligated Group, Revenue, 144A, 2017 G, 5%, 6/01/47	1,720,000	1,554,329
^a Santa Clarita Valley International Charter School, Revenue, 144A, 2021 A, 4%, 6/01/31	260,000	245,447
^a Santa Clarita Valley International Charter School, Revenue, 144A, 2021 A, 4%, 6/01/41	600,000	498,339
^a Santa Clarita Valley International Charter School, Revenue, 144A, 2021 A, 4%, 6/01/51	800,000	609,205
^a Santa Clarita Valley International Charter School, Revenue, 144A, 2021 A, 4%, 6/01/61	1,300,000	940,218
^a Summit Public Schools Obligated Group, Revenue, 144A, 2017, 5%, 6/01/47	1,500,000	1,501,168
California Statewide Communities Development Authority,		
Revenue, 2015, Refunding, 5%, 9/02/40	2,230,000	2,257,384
Special Assessment, 2016 A, 5%, 9/02/36	1,035,000	1,063,737
Special Assessment, 2016 A, 5%, 9/02/45	2,250,000	2,274,606
Special Assessment, 2017 A, 4%, 9/02/27	1,305,000	1,306,785
Special Assessment, 2017 A, 5%, 9/02/37	1,970,000	2,030,710
Special Assessment, 2017 A, 5%, 9/02/46	2,455,000	2,485,178
Special Assessment, 2017 B, 5%, 9/02/37	3,260,000	3,363,159
Special Assessment, 2017 B, 5%, 9/02/47	2,520,000	2,549,590
Special Assessment, 2017 C, 5%, 9/02/37	4,405,000	4,538,930
Special Assessment, 2018 A, 5%, 9/02/38	2,150,000	2,221,895
Special Assessment, 2018 A, 5%, 9/02/47	3,745,000	3,797,557
Special Assessment, 2018 B, 5%, 9/02/38	2,760,000	2,855,025
Special Assessment, 2018 B, 5%, 9/02/43	4,690,000	4,781,694
Special Assessment, 2018 B, 5%, 9/02/48	4,605,000	4,665,224
Special Assessment, 2018 C, 5%, 9/02/38	5,765,000	5,963,485
Special Assessment, 2018 C, 5%, 9/02/48	6,605,000	6,688,191
Special Assessment, 2019 A, 5%, 9/02/39	1,600,000	1,665,344
Special Assessment, 2019 A, 5%, 9/02/44	940,000	963,537
Special Assessment, 2019 B, 5%, 9/02/39	1,060,000	1,074,450
Special Assessment, 2019 C, 5%, 9/02/39	850,000	874,025
Special Assessment, 2020 A, 5%, 9/02/40	1,250,000	1,284,978
Special Assessment, 2020 A, 4%, 9/02/50	900,000	765,988
Special Assessment, 2020 A, 5%, 9/02/50	1,000,000	1,009,555
Special Assessment, 2020 B, 4%, 9/02/40	565,000	500,517
Special Assessment, 2020 B, 4%, 9/02/50	695,000	577,952
Special Assessment, 2021 A, 4%, 9/02/41	995,000	854,507
Special Assessment, 2021 A, 4%, 9/02/51	3,280,000	2,583,593
Special Assessment, 2021 B, 4%, 9/02/41	3,285,000	2,925,371
Special Assessment, 2021 B, 4%, 9/02/51	5,150,000	4,269,429
Special Assessment, 2021 C-1, 4%, 9/02/41	2,500,000	2,217,932
Special Assessment, 2021 C-1, 4%, 9/02/51	3,700,000	3,072,170
Special Assessment, 2021 C-2, 5%, 9/02/41	3,375,000	2,755,029
Special Assessment, 2021 C-2, 5.5%, 9/02/51	3,575,000	2,652,513
Special Assessment, 2022 B, 5%, 9/02/42	3,000,000	2,996,697
Special Assessment, 2022 B, 5%, 9/02/52	3,000,000	2,903,840
Special Assessment, 2022 C, 5.375%, 9/02/52	2,000,000	1,951,179
Aldersly Obligated Group, Revenue, 2015 A, Refunding, 5%, 5/15/32	750,000	720,001
Aldersly Obligated Group, Revenue, 2015 A, Refunding, 5%, 5/15/40	1,010,000	921,675
Assessment District No. 14-01, Special Assessment, 2015, 5%, 9/02/35	2,000,000	2,046,412
Assessment District No. 14-01, Special Assessment, 2015, 5%, 9/02/45	3,810,000	3,840,438

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
California Statewide Communities Development Authority, (continued)		
California Baptist University, Revenue, 2014 A, 5.125%, 11/01/23	\$115,000	\$115,293
California Baptist University, Revenue, 2014 A, 6.125%, 11/01/33	1,565,000	1,584,207
California Baptist University, Revenue, 2014 A, 6.375%, 11/01/43	4,035,000	4,079,136
^a California Baptist University, Revenue, 144A, 2017 A, Refunding, 5%, 11/01/32 . . .	1,135,000	1,153,316
^a California Baptist University, Revenue, 144A, 2017 A, Refunding, 5%, 11/01/41 . . .	1,875,000	1,839,184
Cedars-Sinai Medical Center Obligated Group, Revenue, 2018, 4%, 7/01/48	6,000,000	5,655,337
CHF-Irvine LLC, Revenue, 2016, Refunding, 5%, 5/15/40	1,500,000	1,517,123
CHF-Irvine LLC, Revenue, 2017, 5%, 5/15/42	710,000	717,988
Community Facilities District No. 2015-01 Improvement Area No. 1, Special Tax, 2017, 5%, 9/01/37.	1,225,000	1,263,758
Community Facilities District No. 2016-02, Special Tax, 2016 A, 5%, 9/01/46.	10,860,000	10,969,581
Community Facilities District No. 2016-02, Special Tax, 2019, 5%, 9/01/39	1,230,000	1,273,157
Community Facilities District No. 2016-02, Special Tax, 2019, 5%, 9/01/49	3,000,000	3,042,909
Community Facilities District No. 2016-02, Special Tax, 2020, 4%, 9/01/40	3,845,000	3,468,659
Community Facilities District No. 2016-02, Special Tax, 2020, 4%, 9/01/50	3,845,000	3,260,280
Community Facilities District No. 2016-02, Special Tax, 2022, 5.5%, 9/01/52.	7,500,000	7,564,009
Community Facilities District No. 2018-01, Special Tax, 2019, 5%, 9/01/39	1,710,000	1,762,668
Community Facilities District No. 2018-01, Special Tax, 2019, 5%, 9/01/48	2,000,000	2,026,141
Community Facilities District No. 2020-01, Special Tax, 2021, 4%, 9/01/41	560,000	499,326
Community Facilities District No. 2020-02, Special Tax, 2021, 4%, 9/01/41	730,000	653,369
Community Facilities District No. 2022-07 Improvement Area No. 1, Special Tax, 2023, 5%, 9/01/53.	1,485,000	1,409,653
Enloe Medical Center Obligated Group, Revenue, 2015, Pre-Refunded, California Mortgage Insured, 5%, 8/15/38	6,000,000	6,355,718
Eskaton Properties, Inc. Obligated Group, Revenue, 2012, 5.25%, 11/15/34	4,350,000	4,349,765
^a Lancer Educational Housing LLC, Revenue, 144A, 2016 A, Refunding, 5%, 6/01/46	12,735,000	11,872,548
^a Lancer Educational Housing LLC, Revenue, 144A, 2019 A, 5%, 6/01/34	375,000	369,584
^a Lancer Educational Housing LLC, Revenue, 144A, 2019 A, 5%, 6/01/39	950,000	919,135
^a Loma Linda University Medical Center Obligated Group, Revenue, 144A, 2016 A, 5%, 12/01/41	1,245,000	1,192,692
^a Loma Linda University Medical Center Obligated Group, Revenue, 144A, 2016 A, 5.25%, 12/01/56	45,755,000	43,144,590
^a Loma Linda University Medical Center Obligated Group, Revenue, 144A, 2018 A, 5.5%, 12/01/58	6,250,000	6,144,939
Marin General Hospital Obligated Group, Revenue, 2018 A, 4%, 8/01/45	1,500,000	1,287,389
Methodist Hospital of Southern California Obligated Group, Revenue, 2018, Refunding, 5%, 1/01/48.	5,000,000	5,083,878
^a NCCD-Hooper Street LLC, Revenue, 144A, 2019, 5.25%, 7/01/39	4,325,000	4,011,118
^a NCCD-Hooper Street LLC, Revenue, 144A, 2019, 5.25%, 7/01/49	8,000,000	7,037,832
^a NCCD-Hooper Street LLC, Revenue, 144A, 2019, 5.25%, 7/01/52	2,635,000	2,291,998
^a City & County of San Francisco, Community Facilities District No. 2016-1 Improvement Area No. 2, Special Tax, 144A, 2022 A, 4%, 9/01/52	5,270,000	4,380,854
Infrastructure & Revitalization Financing District No. 1, Tax Allocation, 144A, 2022 A, 5%, 9/01/37	385,000	389,347
Infrastructure & Revitalization Financing District No. 1, Tax Allocation, 144A, 2022 A, 5%, 9/01/52	2,000,000	1,892,755
Infrastructure & Revitalization Financing District No. 1, Tax Allocation, 144A, 2022 B, 5%, 9/01/52	1,000,000	946,378
City of Chino, Community Facilities District No. 2003-3, Special Tax, 2015, 5%, 9/01/45	1,665,000	1,678,285
Community Facilities District No. 2016-2, Special Tax, 2017, 5%, 9/01/42	1,535,000	1,563,499

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
City of Chula Vista, Community Facilities District No. 06-I Improvement Area No. 1, Special Tax, 2018, 5%, 9/01/43	\$900,000	\$920,218
City of Corona, Community Facilities District No. 2018-1 Improvement Area No. 1, Special Tax, 2018 A, 5%, 9/01/38	1,200,000	1,236,461
City of Dixon, Community Facilities District No. 2013-1 Parklane, Special Tax, 2019, 5%, 9/01/49	2,400,000	2,430,312
Community Facilities District No. 2019-1 Homestead, Special Tax, 2020, 4%, 9/01/40	400,000	364,826
City of Fairfield, Community Facilities District No. 2016-1, Special Tax, 2019 A, 5%, 9/01/44	1,000,000	1,012,682
^a Community Facilities District No. 2019-1, Special Tax, 144A, 2020 A, 5%, 9/01/35	1,000,000	1,054,662
^a Community Facilities District No. 2019-1, Special Tax, 144A, 2020 A, 5%, 9/01/50	3,255,000	3,292,205
City of Fillmore, Community Facilities District No. 5, Special Tax, 2015, 5%, 9/01/40	1,500,000	1,519,105
Community Facilities District No. 5, Special Tax, 2015, 5%, 9/01/45	2,630,000	2,654,069
City of Fontana, Community Facilities District No. 81, Special Tax, 2018, 4%, 9/01/43	1,000,000	891,124
City of Fullerton, Community Facilities District No. 2, Special Tax, 2014, 5%, 9/01/34	1,075,000	1,081,654
Community Facilities District No. 2, Special Tax, 2014, 5%, 9/01/44	2,450,000	2,454,987
City of Irvine, Community Facilities District No. 2013-3, Special Tax, 2014, 5%, 9/01/39	1,000,000	1,009,702
Community Facilities District No. 2013-3, Special Tax, 2014, 5%, 9/01/44	1,500,000	1,509,000
Community Facilities District No. 2013-3, Special Tax, 2014, 5%, 9/01/49	2,750,000	2,762,121
Community Facilities District No. 2013-3, Special Tax, 2018, 5%, 9/01/43	5,000,000	5,100,137
Community Facilities District No. 2013-3, Special Tax, 2018, AGMC Insured, 5%, 9/01/51	1,250,000	1,321,687
City of La Verne, Copacabana Mobilehome Park, Revenue, 2014, Refunding, 5%, 6/15/49	1,765,000	1,775,096
City of Long Beach, Marina System, Revenue, 2015, 5%, 5/15/34	1,300,000	1,332,935
Marina System, Revenue, 2015, 5%, 5/15/40	3,500,000	3,541,544
Marina System, Revenue, 2015, 5%, 5/15/45	2,500,000	2,525,886
City of Los Angeles, Department of Airports, Revenue, 2019 D, 4%, 5/15/44	5,525,000	5,178,039
City of Murrieta, Community Facilities District No. 2005-5 Golden City, Special Tax, 2018, 5%, 9/01/48	3,740,000	3,788,884
City of Ontario, Community Facilities District No. 28, Special Tax, 2017, 5%, 9/01/42	1,000,000	1,019,788
Community Facilities District No. 28, Special Tax, 2017, 5%, 9/01/47	500,000	506,878
City of Oroville, Oroville Hospital, Revenue, 2019, 5.25%, 4/01/49	4,500,000	4,290,109
Oroville Hospital, Revenue, 2019, 5.25%, 4/01/54	3,000,000	2,829,727
City of Palm Desert, Community Facilities District No. 2021-1, Special Tax, 2021, Refunding, 4%, 9/01/41	450,000	406,845
City of Rancho Cordova, Community Facilities District No. 2014-1, Special Tax, 2022, 5%, 9/01/51	1,200,000	1,204,051
Ranch Community Facilities District No. 2021-1 Improvement Area No. 1, Special Tax, 2022, 5.25%, 9/01/52	2,000,000	2,005,335
Sunridge North Douglas Community Facilities District No. 2005-1, Special Tax, 2015, 5%, 9/01/40	1,200,000	1,213,024
Sunridge North Douglas Community Facilities District No. 2005-1, Special Tax, 2015, 5%, 9/01/45	1,250,000	1,259,388
City of Roseville, Baseline at Sierra Vista Community Facilities District No. 1, Special Tax, 2021, 4%, 9/01/51	1,660,000	1,402,414
Creekview Community Facilities District No. 1, Special Tax, 2020, 5%, 9/01/40	630,000	647,220
Creekview Community Facilities District No. 1, Special Tax, 2020, 5%, 9/01/50	1,745,000	1,764,946

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
City of Roseville, (continued)		
^a Fiddymment Ranch Community Facilities District No. 5, Special Tax, 144A, 2017, Refunding, 5%, 9/01/32.	\$1,265,000	\$1,330,194
^a Fiddymment Ranch Community Facilities District No. 5, Special Tax, 144A, 2017, Refunding, 5%, 9/01/47.	6,500,000	6,573,645
HP Campus Oaks Community Facilities District No. 1, Special Tax, 2016, 5%, 9/01/36.	1,950,000	2,007,975
HP Campus Oaks Community Facilities District No. 1, Special Tax, 2016, 5.5%, 9/01/46.	6,415,000	6,582,097
Ranch at Sierra Vista Community Facilities District No. 1, Special Tax, 2020, 4%, 9/01/40.	575,000	519,984
Ranch at Sierra Vista Community Facilities District No. 1, Special Tax, 2020, 4%, 9/01/45.	450,000	389,204
Ranch at Sierra Vista Community Facilities District No. 1, Special Tax, 2020, 4%, 9/01/50.	1,000,000	845,295
SVSP Westpark-Federico Community Facilities District No. 1, Special Tax, 2019, 5%, 9/01/39.	440,000	455,690
SVSP Westpark-Federico Community Facilities District No. 1, Special Tax, 2019, 5%, 9/01/44.	500,000	510,259
SVSP Westpark-Federico Community Facilities District No. 1, Special Tax, 2019, 5%, 9/01/49.	575,000	583,545
SVSP Westpark-Federico Community Facilities District No. 1, Special Tax, 2021, 4%, 9/01/37.	350,000	330,078
SVSP Westpark-Federico Community Facilities District No. 1, Special Tax, 2021, 4%, 9/01/41.	400,000	361,184
Villages at Sierra Vista Community Facilities District No. 1, Special Tax, 2019, 5%, 9/01/49.	3,870,000	3,923,192
Villages at Sierra Vista Community Facilities District No. 1, Special Tax, 2020, 4%, 9/01/45.	490,000	432,253
Westbrook Community Facilities District No. 1, Special Tax, 2014, 5%, 9/01/29. . . .	500,000	509,518
Westbrook Community Facilities District No. 1, Special Tax, 2014, 5%, 9/01/34. . . .	1,100,000	1,113,891
Westbrook Community Facilities District No. 1, Special Tax, 2014, 5%, 9/01/39. . . .	1,885,000	1,894,332
Westbrook Community Facilities District No. 1, Special Tax, 2014, 5%, 9/01/44. . . .	1,650,000	1,645,545
Westbrook Community Facilities District No. 1, Special Tax, 2019, 5%, 9/01/49. . . .	3,800,000	3,856,473
Westpark Community Facilities District No. 1, Special Tax, 2015, Refunding, 5%, 9/01/32.	1,120,000	1,154,314
Westpark Community Facilities District No. 1, Special Tax, 2015, Refunding, 5%, 9/01/33.	1,000,000	1,029,704
Westpark Community Facilities District No. 1, Special Tax, 2015, Refunding, 5%, 9/01/37.	1,250,000	1,274,060
City of Sacramento, Greenbriar Community Facilities District No. 2018-03, Special Tax, 2021, 4%, 9/01/41	1,000,000	868,498
^a Natomas Meadows Community Facilities District No. 2007-1, Special Tax, 144A, 2017, 5%, 9/01/32.	300,000	314,265
^a Natomas Meadows Community Facilities District No. 2007-1, Special Tax, 144A, 2017, 5%, 9/01/37.	710,000	733,345
^a Natomas Meadows Community Facilities District No. 2007-1, Special Tax, 144A, 2017, 5%, 9/01/47.	1,900,000	1,924,598
North Natomas Community Facilities District No. 4, Special Tax, 2013 E, Refunding, 5.25%, 9/01/33.	2,725,000	2,746,380
City of San Clemente, Community Facilities District No. 2006-1, Special Tax, 2015, 5%, 9/01/40	1,745,000	1,765,170
Community Facilities District No. 2006-1, Special Tax, 2015, 5%, 9/01/46	2,445,000	2,463,018

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
City of San Diego, Tobacco Settlement Revenue Funding Corp., Revenue, 2018 C, Refunding, 4%, 6/01/32	\$555,000	\$534,980
City of San Francisco, 5.25%, 9/01/49	14,000,000	9,967,293
City of Simi Valley, Assessment District No. 98-1, 1915 Act, Special Assessment, 1999, 7.3%, 9/02/24	445,000	451,400
City of Stockton, Community Facilities District No. 2018-2 Improvement Area No. 2, Special Tax, 2022, 5.125%, 9/01/52	3,660,000	3,568,168
City of Vernon, Electric System, Revenue, 2020 A, Refunding, 5%, 8/01/36	1,525,000	1,618,094
City of Woodland, Community Facilities District No. 2004-1, Special Tax, 2019, 5%, 9/01/44	1,470,000	1,496,083
City of Yucaipa, Community Facilities District No. 98-1, Special Tax, 2011, Refunding, 5%, 9/01/26 .	1,000,000	1,003,111
Community Facilities District No. 98-1, Special Tax, 2011, Refunding, 5.375%, 9/01/30	1,800,000	1,807,315
Clovis Unified School District, GO, 2004 A, NATL Insured, ETM, Zero Cpn., 8/01/27	1,205,000	1,053,801
GO, 2004 A, NATL Insured, Zero Cpn., 8/01/27	6,295,000	5,425,974
GO, 2004 A, NATL Insured, Zero Cpn., 8/01/28	3,000,000	2,499,474
^a CMFA Special Finance Agency, Solana at Grand, Revenue, Junior Lien, 144A, 2021 A-2, 4%, 8/01/45	13,980,000	11,358,869
^a CMFA Special Finance Agency Enclave, Revenue, Junior Lien, 144A, 2022 A-2, 4.5%, 8/01/51	39,885,000	28,997,619
^a CMFA Special Finance Agency I, Mix at CTR City (The), Revenue, 144A, 2021 A-T, 5%, 4/01/41	7,690,000	7,286,256
^a CMFA Special Finance Agency XII, Allure Apartments, Revenue, 144A, 2022 A-2, 4.375%, 8/01/49	22,280,000	17,634,727
Coachella Valley Unified School District, GO, 2012 D, AGMC Insured, Zero Cpn., 8/01/42	8,500,000	3,518,941
GO, 2012 D, AGMC Insured, Zero Cpn., 8/01/43	3,000,000	1,178,025
Corona-Norco Unified School District, Community Facilities District No. 05-1, Special Tax, 2016, Refunding, 5%, 9/01/36	500,000	514,373
Cotati-Rohnert Park Unified School District, GO, A, Pre-Refunded, BAM Insured, 5%, 8/01/45	4,000,000	4,183,214
County of El Dorado, Community Facilities District No. 2014-1, Special Tax, 2018, 5%, 9/01/48	2,850,000	2,881,166
County of Imperial, Community Facilities District No. 1998-1, Special Tax, 1999, LOC BNP Paribas SA, 6.5%, 9/01/31	4,350,000	4,397,281
County of Madera, Community Facilities District No. 2021-1 Improvement Area No. 1, Special Tax, 2021- 1, 5.875%, 9/01/53	1,100,000	1,084,066
Community Facilities District No. 2021-1 Improvement Area No. 2, Special Tax, 2021- 1, 5.75%, 9/01/53	3,080,000	3,036,927
Community Facilities District No. 2021-1 Improvement Area No. 2, Special Tax, 2021- 1, 5.875%, 9/01/53	1,100,000	1,084,065
County of San Bernardino, Community Facilities District No. 2006-1, Special Tax, 2015, Refunding, 5%, 9/01/40	1,000,000	1,011,559
Community Facilities District No. 2006-1, Special Tax, 2015, Refunding, 5%, 9/01/45	1,000,000	1,007,979
^a CSCDA Community Improvement Authority, Crescent (The), Revenue, 144A, 2022 B, 5.5%, 7/01/59	16,000,000	13,916,470
Park Crossing Apartments, Revenue, 144A, 2021 B, 4%, 12/01/48	10,000,000	7,425,042
Theo Apartments, Revenue, 144A, 2021 B, 4%, 5/01/57	10,000,000	7,042,196
Wood Creek Apartments, Revenue, Sub. Lien, 144A, 2021 B, 4%, 12/01/59	31,800,000	20,669,832

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Daly City Housing Development Finance Agency, Franciscan Park LLC, Revenue, 2007 B, Refunding, 5.85%, 12/15/47	\$4,375,000	\$4,378,246
Del Mar Race Track Authority, Revenue, 2015, Refunding, 5%, 10/01/35	2,000,000	1,932,858
Duarte Redevelopment Agency, Tax Allocation, 1999, ETM, Zero Cpn., 12/01/28	11,205,000	8,319,065
Dublin Community Facilities District No. 2015-1, Special Tax, 2017, 5%, 9/01/37	1,550,000	1,589,466
Special Tax, 2017, 5%, 9/01/47	4,500,000	4,532,862
Special Tax, 2019, 5%, 9/01/39	6,865,000	7,094,109
Special Tax, 2019, 5%, 9/01/44	3,425,000	3,477,994
El Rancho Unified School District, GO, 2004, NATL Insured, Zero Cpn., 8/01/29	2,400,000	1,924,004
^a Elsinore Valley Municipal Water District, Community Facilities District No. 2020-1, Special Tax, 144A, 2021 A, 4%, 9/01/51 . .	1,245,000	1,030,516
Community Facilities District No. 2020-1, Special Tax, 144A, 2021 A, 4.5%, 9/01/51 . .	2,500,000	2,101,087
^{e,f} FHLMC, Multi-family ML Pass-Through Certificates, FRN, 2019-ML06, XCA, 1.105%, 7/25/35	135,033,571	9,423,993
^a 144A, FRN, 2020-ML07, XCA, 2.132%, 1/25/37	121,529,931	18,010,736
Folsom Ranch Financing Authority, City of Folsom Community Facilities District No. 19, Special Tax, 2017, 5%, 9/01/47 . .	3,280,000	3,249,167
City of Folsom Community Facilities District No. 19, Special Tax, 2019, 5%, 9/01/49 . .	1,825,000	1,816,606
City of Folsom Community Facilities District No. 20, Special Tax, 2018, 5%, 9/01/33 . .	530,000	554,248
City of Folsom Community Facilities District No. 20, Special Tax, 2018, 5%, 9/01/38 . .	850,000	867,152
City of Folsom Community Facilities District No. 20, Special Tax, 2018, 5%, 9/01/48 . .	1,675,000	1,673,274
City of Folsom Community Facilities District No. 21, Special Tax, 2021, 4%, 9/01/50 . .	300,000	251,241
City of Folsom Community Facilities District No. 23, Special Tax, 2020, 4%, 9/01/40 . .	1,245,000	1,131,376
Foothill-Eastern Transportation Corridor Agency, Revenue, 2013 A, Refunding, Zero Cpn., 1/15/42	75,000,000	29,222,737
Revenue, 2013 B-1, Refunding, 3.95%, 1/15/53	25,000,000	21,828,648
Revenue, 2013 B-2, Refunding, 3.5%, 1/15/53	17,500,000	14,077,681
Revenue, 2015 A, Refunding, Zero Cpn., 1/15/33	19,000,000	12,741,182
Revenue, Senior Lien, 2021 A, Refunding, 4%, 1/15/46	41,479,000	37,630,462
Fremont Community Facilities District No. 1, Special Tax, 2015, Refunding, 5%, 9/01/40	4,655,000	4,708,807
Special Tax, 2015, Refunding, 5%, 9/01/45	3,255,000	3,280,972
Hanford Joint Union High School District, GO, B, AGMC Insured, Zero Cpn., 8/01/32	3,635,000	2,581,196
GO, B, AGMC Insured, Zero Cpn., 8/01/33	3,705,000	2,514,291
GO, B, AGMC Insured, Zero Cpn., 8/01/35	4,120,000	2,510,050
Hartnell Community College District, GO, 2009 D, Zero Cpn., 8/01/49	10,000,000	2,987,912
Imperial Community College District, GO, 2011 A, Pre-Refunded, AGMC Insured, 6.75%, 8/01/40	3,500,000	3,795,037
Independent Cities Finance Authority, Augusta Communities III LLC, Revenue, 2021, Refunding, 4%, 11/15/56	8,160,000	5,659,698
COACH of San Diego LLC, Revenue, 2014 A, Refunding, 5.25%, 5/15/44	2,015,000	2,037,764
COACH of San Diego LLC, Revenue, 2014 A, Refunding, 5.25%, 5/15/49	4,800,000	4,850,240
Millennium Housing LLC, Revenue, 2021, Refunding, 3%, 5/15/56	4,000,000	2,795,622
Millennium Housing of California, Revenue, 2019, Refunding, 5%, 5/15/48	3,000,000	3,088,845
San Juan Mobile Estates, Revenue, 2015, Refunding, 5%, 8/15/45	5,000,000	5,063,378
San Juan Mobile Estates, Revenue, 2015, Refunding, 5%, 8/15/50	4,900,000	4,953,175
Indio Community Facilities District No. 2004-3, Special Tax, 2015, Refunding, 5%, 9/01/35	1,135,000	1,162,416
Inland Valley Development Agency, Tax Allocation, 2014 A, Refunding, 5.25%, 9/01/37	7,500,000	7,601,007
Tax Allocation, 2014 A, Refunding, 5%, 9/01/44	9,000,000	9,045,078

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Irvine Unified School District,		
Community Facilities District No. 09-1, Special Tax, 2017 A, 5%, 9/01/42	\$700,000	\$711,573
Community Facilities District No. 09-1, Special Tax, 2017 B, 5%, 9/01/42	1,000,000	1,016,533
Community Facilities District No. 09-1, Special Tax, 2017 B, 5%, 9/01/51	2,500,000	2,511,897
Community Facilities District No. 09-1, Special Tax, 2017 C, 5%, 9/01/47	1,000,000	1,010,926
Community Facilities District No. 09-1, Special Tax, 2017 D, 5%, 9/01/49	1,000,000	1,009,951
Community Facilities District No. 09-1, Special Tax, 2018 A, Refunding, 5%, 9/01/49	4,000,000	4,039,803
Jurupa Public Financing Authority,		
Special Tax, 2014 A, Refunding, 5%, 9/01/42	2,220,000	2,258,688
Special Tax, 2015 A, Refunding, 5%, 9/01/43	4,000,000	4,168,192
Special Tax, Sub. Lien, 2015 B, Refunding, 5%, 9/01/40	4,000,000	4,046,236
Kaweah Delta Health Care District Guild, Revenue, 2015 B, 5%, 6/01/40	3,250,000	2,832,207
Lake Tahoe Unified School District, GO, 2012, Zero Cpn., 8/01/40	1,140,000	1,083,650
Lammersville Joint Unified School District,		
Community Facilities District No. 2014-1, Special Tax, 2017, 5%, 9/01/47	4,000,000	4,051,785
Community Facilities District No. 2014-1, Special Tax, 2019, 5%, 9/01/43	775,000	790,521
Las Virgenes Unified School District, GO, 2011 C, Zero Cpn., 8/01/33	8,050,000	8,655,670
Lathrop Financing Authority,		
Special Tax, 2013 A, Refunding, 6%, 9/02/28	1,010,000	1,021,741
Special Tax, 2013 A, Refunding, 6%, 9/02/29	1,070,000	1,082,605
Special Tax, 2013 A, Refunding, 6%, 9/02/30	1,075,000	1,086,976
Special Tax, 2013 A, Refunding, 5.5%, 9/02/35	3,670,000	3,696,168
Lee Lake Public Financing Authority,		
Special Tax, Junior Lien, 2013 B, 5.25%, 9/01/32	1,155,000	1,164,226
Special Tax, Junior Lien, 2013 B, 5.375%, 9/01/35	805,000	810,851
Lemon Grove Community Development Agency Successor Agency, Tax Allocation, 2014, Refunding, AGMC Insured, 4%, 8/01/34	1,000,000	1,042,737
Lemon Grove School District, GO, 2010 B, AGMC Insured, Zero Cpn., 8/01/45	6,500,000	5,928,688
Long Beach Bond Finance Authority, Revenue, 2007 A, 5%, 11/15/29	4,630,000	4,872,293
Los Alamitos Unified School District,		
COP, 2012, Zero Cpn., 8/01/34	1,500,000	1,591,812
COP, 2012, Zero Cpn., 8/01/42	4,500,000	4,620,493
Mendocino-Lake Community College District,		
GO, 2011 B, AGMC Insured, 6.55%, 8/01/36	5,150,000	6,383,280
GO, 2011 B, AGMC Insured, Zero Cpn., 8/01/40	7,500,000	8,038,281
Menifee Union School District,		
Community Facilities District No. 2011-1, Special Tax, 2018, 5%, 9/01/43	1,000,000	1,016,627
Community Facilities District No. 2011-1, Special Tax, 2018, 5%, 9/01/48	1,500,000	1,515,267
Middle Fork Project Finance Authority,		
Revenue, 2020, Refunding, 5%, 4/01/34	1,100,000	1,193,790
Revenue, 2020, Refunding, 5%, 4/01/35	1,150,000	1,238,483
Moreno Valley Unified School District,		
Community Facilities District No. 2015-2, Special Tax, 2019, 5%, 9/01/44	870,000	885,015
Community Facilities District No. 2015-3, Special Tax, 2019, 4.125%, 9/01/48	1,160,000	1,022,667
M-S-R Energy Authority, Revenue, 2009 B, 6.5%, 11/01/39	32,300,000	38,531,778
Norman Y Mineta San Jose International Airport SJC,		
Revenue, 2017 A, Refunding, 5%, 3/01/36	2,250,000	2,329,108
Revenue, 2017 A, Refunding, 5%, 3/01/37	2,500,000	2,578,524
Revenue, 2017 A, Refunding, BAM Insured, 4%, 3/01/42	5,000,000	4,689,733

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Oak Park Unified School District, GO, 2011 A, 7.1%, 8/01/38	\$6,600,000	\$8,166,063
Oakdale Public Financing Authority, Special Tax, 2015, Refunding, 5%, 9/01/35	1,270,000	1,300,374
Orange County Community Facilities District, County of Orange Community Facilities District No. 2015-1, Special Tax, 2015 A, 5%, 8/15/34	1,495,000	1,538,142
County of Orange Community Facilities District No. 2015-1, Special Tax, 2015 A, 5.25%, 8/15/45	4,880,000	4,957,438
County of Orange Community Facilities District No. 2017-1, Special Tax, 2018 A, 5%, 8/15/42	2,730,000	2,794,110
County of Orange Community Facilities District No. 2017-1, Special Tax, 2018 A, 5%, 8/15/47	11,550,000	11,721,675
Palomar Health, Obligated Group, Revenue, 2016, Refunding, 5%, 11/01/39	12,190,000	12,317,646
Palomar Health Obligated Group, COP, 4%, 11/01/38	5,000,000	4,571,330
Palomar Health Obligated Group, COP, 4%, 11/01/47	6,000,000	5,187,220
Paso Robles Joint Unified School District, GO, 2010 A, Zero Cpn., 9/01/45	15,000,000	5,040,036
Perris Community Facilities District, City of Perris Community Facilities District No. 2001-2, Special Tax, 2014 A, Refunding, 5.25%, 9/01/32	4,500,000	4,535,501
Perris Joint Powers Authority, Community Facilities District No. 2001-1, Special Tax, 2014 A, Refunding, 5.375%, 9/01/33	1,940,000	1,955,927
Community Facilities District No. 2001-1, Special Tax, 2014 E, Refunding, 4.25%, 9/01/38	4,145,000	3,989,666
Community Facilities District No. 2002-1, Special Tax, 2013 B, Refunding, 5.25%, 9/01/33	3,745,000	3,774,199
Community Facilities District No. 2014-1, Special Tax, 2018 A, 4%, 9/01/48	2,530,000	2,201,482
Redondo Beach Unified School District, GO, 2011 E, 6.2%, 8/01/31	2,750,000	3,378,616
Richland School District, GO, 2009 C, AGMC Insured, Zero Cpn., 8/01/49	22,000,000	5,691,455
Rio Hondo Community College District, GO, 2010 C, Zero Cpn., 8/01/42	13,000,000	15,090,165
Rio Vista Community Facilities District, City of Rio Vista Community Facilities District No. 2018-1, Special Tax, 2018, Refunding, 5%, 9/01/33	1,625,000	1,700,160
City of Rio Vista Community Facilities District No. 2018-1, Special Tax, 2018, Refunding, 5%, 9/01/38	1,000,000	1,019,205
City of Rio Vista Community Facilities District No. 2018-1, Special Tax, 2018, Refunding, 5%, 9/01/48	1,190,000	1,194,127
River Islands Public Financing Authority, Community Facilities District No 2003-1 Improvement Area No. 2, Special Tax, 2022, 5.75%, 9/01/52	4,250,000	4,084,591
Community Facilities District No. 2019-1, Special Tax, 2021, Refunding, 2.75%, 9/01/40	2,080,000	1,482,744
Community Facilities District No. 2019-1, Special Tax, 2021, Refunding, 4%, 9/01/45	2,905,000	2,392,888
Community Facilities District No. 2021-1, Special Tax, 2021, 2.625%, 9/01/34	860,000	705,476
Community Facilities District No. 2021-1, Special Tax, 2021, 2.625%, 9/01/35	925,000	744,813
Community Facilities District No. 2021-1, Special Tax, 2021, 4%, 9/01/41	1,250,000	1,053,723
Community Facilities District No. 2021-1, Special Tax, 2021, 4%, 9/01/46	1,500,000	1,226,831
Riverbank Unified School District, GO, 2008 B, AGMC Insured, Zero Cpn., 8/01/38	6,690,000	3,358,318
GO, 2008 B, AGMC Insured, Zero Cpn., 8/01/43	8,750,000	3,343,311

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Riverside County Community Facilities Districts, County of Riverside Community Facilities District No. 03-1, Special Tax, 2014, Refunding, 5%, 9/01/30	\$1,500,000	\$1,529,234
Riverside County Transportation Commission, Revenue, Senior Lien, 2013 B, Zero Cpn., 6/01/43	7,500,000	2,812,345
Riverside Public Financing Authority, Loc Measure A Sales Tax, COP, 2013, AGMC Insured, 5%, 6/01/33	4,280,000	4,295,359
Romoland School District,		
Community Facilities District No. 2004-1, Special Tax, 2013, 5%, 9/01/36	1,500,000	1,506,360
Community Facilities District No. 2004-1, Special Tax, 2015, Refunding, 5%, 9/01/35	4,690,000	4,783,163
Community Facilities District No. 2004-1, Special Tax, 2015, Refunding, 5%, 9/01/38	3,000,000	3,039,254
Community Facilities District No. 91-1, Special Tax, 2017, Refunding, 5%, 9/01/41	1,265,000	1,282,410
Rowland Unified School District,		
GO, 2009 B, Zero Cpn., 8/01/34	5,000,000	3,163,750
GO, 2009 B, Zero Cpn., 8/01/39	15,000,000	7,150,502
GO, 2009 B, Zero Cpn., 8/01/42	10,750,000	4,425,162
San Bernardino Community College District,		
GO, 2008 D, Pre-Refunded, 5%, 8/01/48	3,760,000	3,941,173
GO, 2009 B, Zero Cpn., 8/01/44	12,495,000	4,733,650
San Diego Unified School District,		
GO, 2010 C, Zero Cpn., 7/01/47	26,025,000	22,464,629
GO, 2012 E, Zero Cpn., 7/01/42	6,940,000	4,997,875
GO, 2012 E, Zero Cpn., 7/01/47	13,500,000	9,751,282
San Francisco City & County Airport Comm-San Francisco International Airport,		
Revenue, 2019 A, Refunding, 5%, 5/01/37	5,535,000	5,800,655
Revenue, 2019 A, Refunding, 5%, 5/01/44	10,000,000	10,276,415
Revenue, 2019 A, Refunding, 5%, 5/01/49	10,000,000	10,184,220
Revenue, Second Series, 2019 E, 5%, 5/01/50	34,520,000	35,128,308
San Francisco City & County Redevelopment Agency Successor Agency,		
^a Tax Allocation, 144A, 2016 D, Zero Cpn., 8/01/23	1,000,000	985,970
^a Tax Allocation, 144A, 2016 D, Zero Cpn., 8/01/26	3,000,000	2,569,148
^a Tax Allocation, 144A, 2016 D, Zero Cpn., 8/01/31	6,000,000	4,024,061
^a Tax Allocation, 144A, 2016 D, Zero Cpn., 8/01/43	16,500,000	6,095,237
Community Facilities District No. 6, Special Tax, 2013 C, Zero Cpn., 8/01/43	10,000,000	3,040,147
Mission Bay South Redevelopment Area Tax Increment Financing District, Tax Allocation, 2014 A, 5%, 8/01/43	2,500,000	2,566,767
San Joaquin Hills Transportation Corridor Agency,		
Revenue, 1997 A, Refunding, NATL Insured, Zero Cpn., 1/15/26	19,475,000	17,433,399
Revenue, 1997 A, Refunding, NATL Insured, Zero Cpn., 1/15/32	50,225,000	35,060,631
Revenue, Junior Lien, ETM, Zero Cpn., 1/01/28	19,150,000	16,685,429
Revenue, Junior Lien, 2014 B, Refunding, 5.25%, 1/15/44	11,925,000	11,978,809
Revenue, Junior Lien, 2014 B, Refunding, 5.25%, 1/15/49	98,070,000	98,285,519
Santa Barbara Unified School District, GO, 2011 A, Zero Cpn., 8/01/36	8,000,000	10,027,712
Santa Margarita Water District,		
Community Facilities District No. 2013-1, Special Tax, 2013, 5.625%, 9/01/36	2,875,000	2,897,639
Community Facilities District No. 2013-1, Special Tax, 2013, 5.625%, 9/01/43	9,600,000	9,650,441
Saugus Union School District, Community Facilities District No. 2006-1, Special Tax, Senior Lien, 2014, 4.25%, 9/01/44	2,500,000	2,297,772
Saugus/Hart School Facilities Financing Authority, Community Facilities District No. 2006-1, Special Tax, 2016, Refunding, 5%, 9/01/41	2,485,000	2,509,953
Saugus-Castaic School Facilities Financing Authority,		
Community Facilities District No. 2006-1C, Special Tax, 2013, 5.875%, 9/01/33	1,365,000	1,379,741
Community Facilities District No. 2006-1C, Special Tax, 2013, 6%, 9/01/43	3,375,000	3,400,540

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Siskiyou Union High School District, GO, 2009 B, AGMC Insured, Zero Cpn., 8/01/49	\$15,015,000	\$3,908,134
St. Helena Unified School District, GO, 2011 B, Zero Cpn., 6/01/36	10,000,000	11,306,280
Stockton Community Facilities District, County of Stockton Community Facilities District No. 2018-2, Special Tax, 2020, 4%, 9/01/40	1,580,000	1,411,719
Sulphur Springs Union School District, Community Facilities District No. 2006-1, Special Tax, 2018, 5%, 9/01/43	2,820,000	2,868,367
Susanville School District, GO, 2010, AGMC Insured, Zero Cpn., 8/01/49	17,505,000	4,687,587
Tobacco Securitization Authority of Northern California, Sacramento County Tobacco Securitization Corp., Revenue, Senior Lien, 2021 B-2, 2, Refunding, Zero Cpn., 6/01/60	24,900,000	4,058,635
Tobacco Securitization Authority of Southern California, San Diego County Tobacco Asset Securitization Corp., Revenue, 2006 B, Zero Cpn., 6/01/46	10,000,000	1,849,076
San Diego County Tobacco Asset Securitization Corp., Revenue, 2006 C, Zero Cpn., 6/01/46	25,000,000	3,991,292
San Diego County Tobacco Asset Securitization Corp., Revenue, 2019 B-1, Refunding, 5%, 6/01/48	10,305,000	10,445,550
Torrance Unified School District, GO, 2009 B-1, Zero Cpn., 8/01/34	5,640,000	3,252,912
Tracy Community Facilities District, City of Tracy Community Facilities District No. 2016-01, Special Tax, 2018, 5%, 9/01/33	1,610,000	1,698,669
City of Tracy Community Facilities District No. 2016-01, Special Tax, 2018, 5%, 9/01/38	2,385,000	2,455,305
City of Tracy Community Facilities District No. 2016-01, Special Tax, 2018, 5%, 9/01/43	3,000,000	3,054,247
City of Tracy Community Facilities District No. 2016-01, Special Tax, 2018, 5%, 9/01/48	8,990,000	9,098,828
City of Tracy Community Facilities District No. 2016-01, Special Tax, 2019, 5%, 9/01/44	2,100,000	2,120,013
City of Tracy Community Facilities District No. 2016-01, Special Tax, 2020, 4%, 9/01/45	2,280,000	2,011,299
City of Tracy Community Facilities District No. 2016-01, Special Tax, 2020, 4%, 9/01/50	1,000,000	857,230
Transbay Joint Powers Authority, Transbay Redevelopment Project Tax Increment Re- Development Project, Tax Allocation, 2020 B, 5%, 10/01/38	550,000	569,512
Truckee-Donner Public Utility District, Community Facilities District No. 04-1, Special Tax, 2004, 5.75%, 9/01/29	2,945,000	2,830,943
Community Facilities District No. 04-1, Special Tax, 2004, 5.8%, 9/01/35	4,475,000	4,141,237
Community Facilities District No. 04-1, Special Tax, 2005, 5.2%, 9/01/25	1,955,000	1,895,529
Community Facilities District No. 04-1, Special Tax, 2005, 5.25%, 9/01/30	4,990,000	4,627,218
Tustin Community Facilities District, City of Tustin Community Facilities District No. 06-1, Special Tax, 2015 A, Refunding, 5%, 9/01/37	1,000,000	1,031,697
City of Tustin Community Facilities District No. 14-1, Special Tax, 2015 A, 5%, 9/01/40	750,000	758,493
City of Tustin Community Facilities District No. 14-1, Special Tax, 2015 A, 5%, 9/01/45	1,000,000	1,007,042
Val Verde Unified School District, Special Tax, 2015, Refunding, 5%, 9/01/29	3,200,000	3,297,962
Special Tax, 2015, Refunding, 5%, 9/01/37	2,000,000	2,028,806
Vallejo Redevelopment Agency, Tax Allocation, 2001 A, 7%, 10/01/31	2,135,000	2,140,829
Victor Valley Community College District, GO, 2008 C, Zero Cpn., 6/01/49	11,940,000	3,520,367
Washington Township Health Care District, Revenue, 2017 B, Refunding, 4%, 7/01/35	2,000,000	1,875,647
Revenue, 2017 B, Refunding, 4%, 7/01/36	1,900,000	1,742,731

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
California (continued)		
Westside Union School District,		
Community Facilities District No. 2018-1, Special Tax, 2021, 4%, 9/01/46	\$360,000	\$309,708
Community Facilities District No. 2018-1, Special Tax, 2021, 4%, 9/01/51	500,000	420,210
		<u>2,204,085,754</u>
Florida 0.3%		
^{a,c} Florida Development Finance Corp., Brightline Trains Florida LLC, Revenue, 144A, 2022 A, Refunding, Mandatory Put, 7.25%, 10/03/23	7,250,000	7,273,175
Texas 0.4%		
^a City of Dallas Housing Finance Corp., DHFC - Dylan Apartments LLC (The), Revenue, Junior Lien, 144A, 2022 B, 6.25%, 12/01/54	10,000,000	9,177,935
Virgin Islands 0.2%		
Matching Fund Special Purpose Securitization Corp., United States Virgin Islands Federal Excise Tax, Revenue, 2022 A, Refunding, 5%, 10/01/39	5,500,000	5,416,289
Wisconsin 0.6%		
^a Public Finance Authority,		
FAH Tree House LLC, Revenue, 144A, 2023 B, 6.625%, 2/01/46	7,000,000	6,499,287
Gulf Coast Portfolio Obligated Group, Revenue, 144A, 2021, 5.25%, 12/01/23	6,300,000	6,300,000
Pine Forest 2022 Obligated Group, Revenue, 144A, 2022, Zero Cpn., 12/01/45	6,000,000	3,547,622
		<u>16,346,909</u>
U.S. Territories 6.8%		
Guam 1.1%		
Guam Government Waterworks Authority,		
Revenue, 2014 A, Refunding, 5%, 7/01/35	1,000,000	1,007,748
Revenue, 2016, 5%, 7/01/36	3,550,000	3,613,753
Revenue, 2017, Refunding, 5%, 7/01/36	1,700,000	1,735,532
Revenue, 2017, Refunding, 5%, 7/01/40	9,885,000	9,989,562
Guam Power Authority, Revenue, 2017 A, Refunding, 5%, 10/01/38	4,750,000	4,872,725
Territory of Guam,		
Revenue, 2021 F, Refunding, 4%, 1/01/36	250,000	240,165
Revenue, 2021 F, Refunding, 4%, 1/01/42	3,125,000	2,789,003
Hotel Occupancy Tax, Revenue, 2021 A, Refunding, 5%, 11/01/35	3,000,000	3,179,324
		<u>27,427,812</u>
Pacific Islands 0.1%		
Northern Mariana Island Ports Authority, Revenue, 1998 A, 6.6%, 3/15/28	3,885,000	3,749,149
Puerto Rico 5.6%		
Commonwealth of Puerto Rico,		
^f GO, FRN, Zero Cpn., 11/01/43	3,474,337	1,498,308
GO, 2022 A-1, 5.25%, 7/01/23	409,759	410,950
GO, 2022 A-1, 5.375%, 7/01/25	817,244	829,772
GO, 2022 A-1, 5.625%, 7/01/27	809,842	836,587
GO, 2022 A-1, 5.625%, 7/01/29	796,704	831,280
GO, 2022 A-1, 5.75%, 7/01/31	773,832	814,536
GO, 2022 A-1, 4%, 7/01/33	733,796	657,529
GO, 2022 A-1, 4%, 7/01/35	659,584	577,731
GO, 2022 A-1, 4%, 7/01/37	566,098	484,135
GO, 2022 A-1, 4%, 7/01/41	769,676	635,803
GO, 2022 A-1, 4%, 7/01/46	16,300,453	12,980,121
GO, 2022 A-1, Zero Cpn., 7/01/24	244,159	229,166
GO, 2022 A-1, Zero Cpn., 7/01/33	944,324	538,049

Franklin California High Yield Municipal Fund (continued)

	Principal Amount	Value
Municipal Bonds (continued)		
U.S. Territories (continued)		
Puerto Rico (continued)		
GDB Debt Recovery Authority of Puerto Rico, 7.5%, 8/20/40	\$19,457,498	\$16,344,298
HTA CL 6 Trust, Revenue, L-2028, 5.25%, 7/01/38	1,424,948	1,427,011
HTA TRRB Custodial Trust,		
Revenue, 2005 L, 5.25%, 7/01/41	3,300,000	3,336,265
Revenue, 2007 N, 5.25%, 7/01/36	330,000	332,939
Puerto Rico Electric Power Authority,		
^d Revenue, 1, 10%, 1/01/21	1,768,493	1,284,368
^d Revenue, 2012 A, 5%, 7/01/29	10,000,000	6,950,000
^d Revenue, 2013 A, 7%, 7/01/33	25,000,000	18,000,000
^d Revenue, 2013 A, 6.75%, 7/01/36	11,735,000	8,449,200
^d Revenue, 2013 A, 7%, 7/01/43	5,000,000	3,612,500
^d Revenue, 2016 A-4, 10%, 7/01/19	1,601,766	1,163,282
^d Revenue, 2016 B-4, 10%, 7/01/19	1,601,765	1,163,282
^d Revenue, E-2, 10%, 7/01/21	1,768,493	1,284,368
^d Revenue, E-3, 10%, 1/01/22	600,000	435,750
^d Revenue, E-4, 10%, 7/01/22	600,000	435,750
Revenue, VV, Refunding, NATL Insured, 5.25%, 7/01/32	1,800,000	1,804,670
Puerto Rico Highway & Transportation Authority,		
Revenue, 2022 A, 5%, 7/01/62	157,528	146,107
Revenue, 2022 B, Zero Cpn., 7/01/32	102,372	63,983
Revenue, 2022 C, Zero Cpn., 7/01/53	175,116	97,219
Puerto Rico Industrial Tourist Educational Medical & Environmental Control Facilities Financing Authority, AES Puerto Rico LP, Revenue, 2000 A, 6.625%, 6/01/26	4,000,000	4,062,497
Puerto Rico Sales Tax Financing Corp.,		
Sales Tax, Revenue, A-1, 4.55%, 7/01/40	100,000	93,387
Sales Tax, Revenue, A-1, 4.75%, 7/01/53	10,500,000	9,412,012
Sales Tax, Revenue, A-1, 5%, 7/01/58	8,695,000	8,067,221
Sales Tax, Revenue, A-1, Zero Cpn., 7/01/51	67,945,000	12,819,863
Sales Tax, Revenue, A-2, 4.329%, 7/01/40	11,463,000	10,416,454
Sales Tax, Revenue, A-2, 4.784%, 7/01/58	12,300,000	10,994,520
		143,520,913
Total U.S. Territories		174,697,874
Total Municipal Bonds (Cost \$2,517,786,667)		2,416,997,936
Total Long Term Investments (Cost \$2,589,329,587)		2,484,352,418

Franklin California High Yield Municipal Fund (continued)

Short Term Investments 1.2%

	Principal Amount	Value
Municipal Bonds 1.2%		
California 1.2%		
^a Irvine Ranch Water District, Special Assessment, 2009 B, LOC Bank of America NA, Daily VRDN and Put, 1.55%, 10/01/41	\$1,000,000	\$1,000,000
^a Southern California Public Power Authority, Revenue, 2020-3, Refunding, LOC US Bank NA, Daily VRDN and Put, 1.65%, 7/01/36	23,000,000	23,000,000
^a University of California, Revenue, 2013 AL-1, Daily VRDN and Put, 1.55%, 5/15/48 . .	6,300,000	6,300,000
		30,300,000
Total Municipal Bonds (Cost \$30,300,000)		30,300,000
Total Short Term Investments (Cost \$30,300,000)		30,300,000
Total Investments (Cost \$2,619,629,587) 98.9%		\$2,514,652,418
Other Assets, less Liabilities 1.1%		28,421,424
Net Assets 100.0%		\$2,543,073,842

See Abbreviations on page 44.

^aSecurity 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 February 28, 2023, the aggregate value of these securities was \$632,087,449, representing 24.9% of net assets.

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

^cThe maturity date shown represents the mandatory put date.

^dSee Note 7 regarding credit risk and defaulted securities.

^eInvestment in an interest-only security entitles holders to receive only the interest payment on the underlying instruments. The principal amount shown is the notional amount of the underlying instruments.

^fThe coupon rate shown represents the rate at period end.

^gVariable rate demand notes (VRDNs) are obligations which contain a floating or variable interest rate adjustment formula and an unconditional right of demand to receive payment of the principal balance plus accrued interest at specified dates. Unless otherwise noted, the coupon rate is determined based on factors including supply and demand, underlying credit, tax treatment, and current short term rates. The coupon rate shown represents the rate at period end.

Statement of Assets and Liabilities

February 28, 2023

	Franklin California High Yield Municipal Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$2,619,629,587
Value - Unaffiliated issuers	\$2,514,652,418
Cash	2,323,724
Receivables:	
Investment securities sold	1,779,148
Capital shares sold	1,192,799
Interest	30,734,205
Total assets	2,550,682,294
Liabilities:	
Payables:	
Capital shares redeemed	4,571,167
Management fees	925,959
Distribution fees	244,422
Transfer agent fees	541,418
Trustees' fees and expenses	4,006
Distributions to shareholders	1,175,395
Accrued expenses and other liabilities	146,085
Total liabilities	7,608,452
Net assets, at value	\$2,543,073,842
Net assets consist of:	
Paid-in capital	\$2,790,291,958
Total distributable earnings (losses)	(247,218,116)
Net assets, at value	\$2,543,073,842

Statement of Assets and Liabilities (continued)

February 28, 2023

**Franklin
California High
Yield Municipal
Fund**

Class A:

Net assets, at value	\$595,613,556
Shares outstanding	61,472,482
Net asset value per share ^a	\$9.69
Maximum offering price per share (net asset value per share ÷ 96.25%)	\$10.07

Class A1:

Net assets, at value	\$862,311,931
Shares outstanding	89,171,158
Net asset value per share ^a	\$9.67
Maximum offering price per share (net asset value per share ÷ 96.25%)	\$10.05

Class C:

Net assets, at value	\$118,149,025
Shares outstanding	12,123,640
Net asset value and maximum offering price per share ^a	\$9.75

Class R6:

Net assets, at value	\$44,724,458
Shares outstanding	4,609,561
Net asset value and maximum offering price per share	\$9.70

Advisor Class:

Net assets, at value	\$922,274,872
Shares outstanding	95,161,112
Net asset value and maximum offering price per share	\$9.69

^aRedemption price is equal to net asset value less contingent deferred sales charges, if applicable.

Statement of Operations

for the year ended February 28, 2023

	Franklin California High Yield Municipal Fund
Investment income:	
Interest:	
Unaffiliated issuers	\$124,461,449
Expenses:	
Management fees (Note 3a)	12,704,391
Distribution fees: (Note 3c)	
Class A	1,557,089
Class A1	962,560
Class C	905,318
Transfer agent fees: (Note 3e)	
Class A	447,191
Class A1	691,027
Class C	99,984
Class R6	18,517
Advisor Class	710,383
Custodian fees (Note 4)	15,608
Reports to shareholders fees	54,667
Registration and filing fees	75,774
Professional fees	136,531
Trustees' fees and expenses	35,657
Federal and state income taxes	2,023,125
Other	225,294
Total expenses	20,663,116
Expense reductions (Note 4)	(13,868)
Expenses waived/paid by affiliates (Note 3f)	(1,056)
Net expenses	20,648,192
Net investment income	103,813,257
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	(33,696,950)
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(361,371,540)
Net realized and unrealized gain (loss)	(395,068,490)
Net increase (decrease) in net assets resulting from operations	\$(291,255,233)

Statements of Changes in Net Assets

	Franklin California High Yield Municipal Fund		
	Year Ended February 28, 2023	Year Ended February 28, 2022 ^a	Year Ended May 31, 2021
Increase (decrease) in net assets:			
Operations:			
Net investment income	\$103,813,257	\$75,975,092	\$98,385,111
Net realized gain (loss)	(33,696,950)	(4,994,860)	4,488,516
Net change in unrealized appreciation (depreciation)	(361,371,540)	(144,665,316)	180,246,844
Net increase (decrease) in net assets resulting from operations	(291,255,233)	(73,685,084)	283,120,471
Distributions to shareholders:			
Class A	(21,014,848)	(14,368,059)	(16,106,026)
Class A1	(33,923,707)	(26,936,818)	(40,737,185)
Class C	(4,093,810)	(3,543,177)	(6,218,059)
Class R6	(1,868,805)	(1,296,688)	(1,074,605)
Advisor Class	(35,859,190)	(26,489,741)	(33,172,717)
Total distributions to shareholders	(96,760,360)	(72,634,483)	(97,308,592)
Capital share transactions: (Note 2)			
Class A	(33,313,837)	126,994,699	162,703,393
Class A1	(168,375,188)	(36,920,658)	(106,323,113)
Class C	(41,717,997)	(35,548,107)	(44,827,945)
Class R6	(8,512,643)	17,826,731	16,640,109
Advisor Class	(124,058,309)	125,220,782	150,016,195
Total capital share transactions	(375,977,974)	197,573,447	178,208,639
Net increase (decrease) in net assets	(763,993,567)	51,253,880	364,020,518
Net assets:			
Beginning of year	3,307,067,409	3,255,813,529	2,891,793,011
End of year	\$2,543,073,842	\$3,307,067,409	\$3,255,813,529

^aFor the period June 1, 2021 to February 28, 2022.

Notes to Financial Statements

Franklin California High Yield Municipal Fund

1. Organization and Significant Accounting Policies

Franklin Municipal Securities Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of one fund, Franklin California High Yield Municipal Fund (Fund). The Fund follows the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, Financial Services – Investment Companies (ASC 946) and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP), including, but not limited to, ASC 946. The Fund offers five classes of shares: Class A, Class A1, Class C, Class R6 and Advisor Class. Class C shares automatically convert to Class A shares on a monthly basis, after they have been held for 8 years. 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.

Subsequent to May 31, 2021, the Fund's fiscal year end changed to February 28.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

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

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

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

b. Income Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its 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 federal and state income taxes on the Statement of Operations represents taxes on taxable income earned by the Fund not distributed to shareholders, and therefore are paid on their behalf by the Fund.

The 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

Franklin California High Yield Municipal Fund (continued)

1. Organization and Significant Accounting Policies (continued)

b. Income Taxes (continued)

sustained upon examination by the tax authorities based on its technical merits. As of February 28, 2023, the 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.

c. 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. Dividends from net investment income are normally declared daily; these dividends may be reinvested or paid monthly to shareholders. Distributions from realized capital gains and other distributions, if any, 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.

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.

d. Insurance

The scheduled payments of interest and principal for each insured municipal security in the Trust are insured by either a new issue insurance policy or a secondary insurance policy. Some municipal securities in the Fund are secured by collateral guaranteed by an agency of the U.S. government.

Depending on the type of coverage, premiums for insurance are either added to the cost basis of the security or paid by a third party.

Insurance companies typically insure municipal bonds that tend to be of very high quality, with the majority of underlying municipal bonds rated A or better. However, an event involving an insurer could have an adverse effect on the value of the securities insured by that insurance company. There can be no assurance the insurer will be able to fulfill its obligations under the terms of the policy.

e. 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.

f. Guarantees and Indemnifications

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

Franklin California High Yield Municipal Fund (continued)

2. Shares of Beneficial Interest

At February 28, 2023, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended February 28, 2023	
	Shares	Amount
Class A Shares:		
Shares sold ^a	25,398,675	\$253,367,020
Shares issued in reinvestment of distributions	1,851,320	18,342,668
Shares redeemed	(30,605,430)	(305,023,525)
Net increase (decrease)	(3,355,435)	\$(33,313,837)
Class A1 Shares:		
Shares sold	6,869,264	\$68,433,576
Shares issued in reinvestment of distributions	2,888,030	28,598,592
Shares redeemed	(26,662,324)	(265,407,356)
Net increase (decrease)	(16,905,030)	\$(168,375,188)
Class C Shares:		
Shares sold	1,325,762	\$13,286,007
Shares issued in reinvestment of distributions	384,830	3,841,247
Shares redeemed ^a	(5,850,032)	(58,845,251)
Net increase (decrease)	(4,139,440)	\$(41,717,997)
Class R6 Shares:		
Shares sold	2,259,339	\$22,622,077
Shares issued in reinvestment of distributions	148,373	1,472,106
Shares redeemed	(3,270,998)	(32,606,826)
Net increase (decrease)	(863,286)	\$(8,512,643)
Advisor Class Shares:		
Shares sold	79,590,057	\$793,204,876
Shares issued in reinvestment of distributions	2,904,964	28,821,108
Shares redeemed	(95,009,029)	(946,084,293)
Net increase (decrease)	(12,514,008)	\$(124,058,309)

	Year Ended February 28, 2022 ^b		Year Ended May 31, 2021	
	Shares	Amount	Shares	Amount
Class A Shares:				
Shares sold ^a	19,079,730	\$218,660,111	21,760,785	\$244,893,970
Shares issued in reinvestment of distributions	1,082,993	12,336,511	1,202,763	13,544,506
Shares redeemed	(9,181,585)	(104,001,923)	(8,507,539)	(95,735,083)
Net increase (decrease)	10,981,138	\$126,994,699	14,456,009	\$162,703,393

Franklin California High Yield Municipal Fund (continued)**2. Shares of Beneficial Interest** (continued)

	Year Ended February 28, 2022 ^b		Year Ended May 31, 2021	
	Shares	Amount	Shares	Amount
Class A1 Shares:				
Shares sold	4,157,830	\$47,593,990	9,548,284	\$107,177,683
Shares issued in reinvestment of distributions	2,030,468	23,104,504	3,056,285	34,312,254
Shares redeemed	(9,477,231)	(107,619,152)	(22,083,505)	(247,813,050)
Net increase (decrease)	(3,288,933)	\$(36,920,658)	(9,478,936)	\$(106,323,113)
Class C Shares:				
Shares sold	1,629,237	\$18,827,328	2,578,272	\$29,197,094
Shares issued in reinvestment of distributions	293,501	3,368,105	496,008	5,610,813
Shares redeemed ^a	(5,003,937)	(57,743,540)	(7,055,461)	(79,635,852)
Net increase (decrease)	(3,081,199)	\$(35,548,107)	(3,981,181)	\$(44,827,945)
Class R6 Shares:				
Shares sold	2,223,594	\$25,583,745	2,372,612	\$26,871,853
Shares issued in reinvestment of distributions	80,939	922,963	81,476	918,581
Shares redeemed	(759,681)	(8,679,977)	(996,498)	(11,150,325)
Net increase (decrease)	1,544,852	\$17,826,731	1,457,590	\$16,640,109
Advisor Class Shares:				
Shares sold	23,866,103	\$272,922,712	31,248,775	\$352,380,497
Shares issued in reinvestment of distributions	1,845,042	21,029,168	2,232,963	25,149,727
Shares redeemed	(14,851,620)	(168,731,098)	(20,224,098)	(227,514,029)
Net increase (decrease)	10,859,525	\$125,220,782	13,257,640	\$150,016,195

^aMay include a portion of Class C shares that were automatically converted to Class A.^bFor the period June 1, 2021 to February 28, 2022.**3. Transactions with Affiliates**

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

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

Franklin California High Yield Municipal Fund (continued)

3. Transactions with Affiliates (continued)

a. Management Fees

The Fund pays an investment management fee, calculated daily and paid monthly, to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.625%	Up to and including \$100 million
0.500%	Over \$100 million, up to and including \$250 million
0.450%	Over \$250 million, up to and including \$7.5 billion
0.440%	Over \$7.5 billion, up to and including \$10 billion
0.430%	Over \$10 billion, up to and including \$12.5 billion
0.420%	Over \$12.5 billion, up to and including \$15 billion
0.400%	Over \$15 billion, up to and including \$17.5 billion
0.380%	Over \$17.5 billion, up to and including \$20 billion
0.360%	In excess of \$20 billion

For the year ended February 28, 2023, the gross effective investment management fee rate was 0.460% of the Fund's average daily net assets.

b. Administrative Fees

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

c. Distribution Fees

The Board has adopted distribution plans for each share class, with the exception of Class R6 and Advisor Class shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's Class A and A1 reimbursement distribution plans, the Fund reimburses Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate for each class. Under the Class A and A1 reimbursement distribution plans, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Fund's Class C compensation distribution plan, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

The maximum annual plan rates, based on the average daily net assets, for each class, are as follows:

Class A	0.25%
Class A1	0.10%
Class C	0.65%

Distributors has agreed to limit the current rate to 0.10% per year for Class A1.

Franklin California High Yield Municipal Fund (continued)

3. Transactions with Affiliates (continued)

d. Sales Charges/Underwriting Agreements

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. These charges are deducted from the proceeds of sales of Fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. Distributors has advised the Fund of the following commission transactions related to the sales and redemptions of the Fund's shares for the year:

Sales charges retained net of commissions paid to unaffiliated brokers/dealers	\$17,348
CDSC retained	\$351,866

e. Transfer Agent Fees

Each class of shares pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations. Effective October 1, 2022, the fees are based on an annualized asset based fee of 0.016% plus a reduced transaction based fee. Prior to October 1, 2022, the fees were based on an annualized asset based fee of 0.02% plus a transaction based fee. In addition, each class reimburses Investor Services for out of pocket expenses incurred and, except for Class R6, reimburses shareholder servicing fees paid to third parties. These fees are allocated daily based upon their relative proportion of such classes' aggregate net assets. Class R6 pays Investor Services transfer agent fees specific to that class.

For the year ended February 28, 2023, the Fund paid transfer agent fees of \$1,967,102, of which \$686,216 was retained by Investor Services.

f. Waiver and Expense Reimbursements

Effective April 1, 2022, Advisers has contractually agreed in advance to waive or limit its fees and to assume as its own expense certain expenses otherwise payable by the Fund so that the operating expenses (excluding distribution fees, acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for each class of the Fund do not exceed 0.65%, based on the average net assets of each class until June 30, 2023. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

Investor Services has contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees do not exceed 0.03% based on the average net assets of the class until June 30, 2023.

g. Interfund Transactions

The Fund engaged in purchases and sales of investments with funds or other accounts that have common investment managers (or affiliated investment managers), directors, trustees or officers. During the year ended February 28, 2023, these purchase and sale transactions aggregated \$241,474,939 and \$239,201,673, respectively, with net realized losses of \$5,460,069.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended February 28, 2023, the custodian fees were reduced as noted in the Statement of Operations.

Franklin California High Yield Municipal Fund (continued)

5. Income Taxes

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

At February 28, 2023, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:

Short term	\$100,421,774
Long term	42,389,828
Total capital loss carryforwards	<u>\$142,811,602</u>

The tax character of distributions paid during the years ended February 28, 2023 and 2022 and year ended May 31, 2021, was as follows:

	2023	2022
Distributions paid from:		
Ordinary income	\$850,165	—
Tax exempt income	95,910,195	\$72,634,483
	<u>\$96,760,360</u>	<u>\$72,634,483</u>
	2021	
Distributions paid from:		
Tax exempt income	<u>\$97,308,592</u>	

At February 28, 2023, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed tax exempt income for income tax purposes were as follows:

Cost of investments	<u>\$2,626,692,875</u>
Unrealized appreciation.	\$89,239,443
Unrealized depreciation.	(201,279,900)
Net unrealized appreciation (depreciation).	<u>\$(112,040,457)</u>
Distributable earnings:	
Undistributed tax exempt income.	<u>\$9,296,366</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 defaulted securities, bond discounts and premiums and wash sales.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended February 28, 2023, aggregated \$507,585,004 and \$855,896,360, respectively.

Franklin California High Yield Municipal Fund (continued)

7. Credit Risk and Defaulted Securities

At February 28, 2023, the Fund had 38.2% of its portfolio invested in high yield securities, senior secured floating rate loans, or other securities rated below investment grade as determined by Nationally Recognized Statistical Credit Ratings Organizations and/or internally, by investment management and unrated securities. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

The Fund held defaulted securities and/or other securities for which the income has been deemed uncollectible. At February 28, 2023, the aggregate value of these securities was \$44,763,500 representing 1.8% of the Fund's net assets. The Fund discontinues accruing income on securities for which income has been deemed uncollectible and provides an estimate for losses on interest receivable. The securities have been identified in the accompanying Schedule of Investments.

8. Concentration of Risk

The Fund invests a large percentage of its total assets in obligations of issuers within its California and U.S. territories. Such concentration may subject the Fund to risks associated with industrial or regional matters, and economic, political or legal developments occurring within California and U.S. territories. Investments in these securities are sensitive to interest rate changes and credit risk of the issuer and may subject the Fund to increased market volatility. The market for these investments may be limited, which may make them difficult to buy or sell.

9. Geopolitical Risk

On February 24, 2022, Russia engaged in military actions in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine may increase market volatility and the economic risk of investing in securities in these countries and may also cause uncertainty for the global economy and broader financial markets. The ultimate fallout and long-term impact from these events are not known. The Fund will continue to assess the impact on valuations and liquidity and will take any potential actions needed in accordance with procedures approved by the Board.

10. Novel Coronavirus Pandemic

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

11. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (Global Credit Facility) which matures on February 2, 2024. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended February 28, 2023, the Fund did not use the Global Credit Facility.

Franklin California High Yield Municipal Fund (continued)

12. Fair Value Measurements

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

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

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

A summary of inputs used as of February 28, 2023, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin California High Yield Municipal Fund				
Assets:				
Investments in Securities:				
Corporate Bonds:				
Commercial Services & Supplies	\$—	\$13,262,789	\$3,135,000	\$16,397,789
Diversified Consumer Services	—	41,594,863	—	41,594,863
Electric Utilities	—	9,361,830	—	9,361,830
Municipal Bonds	—	2,416,997,936	—	2,416,997,936
Short Term Investments	—	30,300,000	—	30,300,000
Total Investments in Securities	\$—	\$2,511,517,418	\$3,135,000	\$2,514,652,418

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 period.

13. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

Abbreviations

Selected Portfolio

1915 Act	Improvement Bond Act of 1915
AGMC	Assured Guaranty Municipal Corp.
BAM	Build America Mutual Assurance Co.
COP	Certificate of Participation
ETM	Escrowed to Maturity
FHLMC	Federal Home Loan Mortgage Corp.
FRN	Floating Rate Note
GO	General Obligation
LOC	Letter of Credit
NATL	National Reinsurance Corp.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Municipal Securities Trust and Shareholders of Franklin California High Yield Municipal Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Franklin California High Yield Municipal Fund (the “Fund”) as of February 28, 2023, the related statements of operations for the year ended February 28, 2023, the statement of changes in net assets for the year ended February 28, 2023, the period June 1, 2021 through February 28, 2022 and year ended May 31, 2021, including the related notes, and the financial highlights for each of the periods indicated therein (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of February 28, 2023, the results of its operations for the year ended February 28, 2023, the changes in its net assets for the year ended February 28, 2023, the period June 1, 2021 through February 28, 2022 and year ended May 31, 2021, and the financial highlights for each of the periods indicated therein in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of February 28, 2023 by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California
April 18, 2023

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 Fund is required to be furnished to shareholders with respect to income earned and distributions paid during its period.

The Fund hereby reports the following amount, or if subsequently determined to be different, the maximum allowable amount, for the period ended February 28, 2023:

	Pursuant to:	Amount Reported
Exempt-Interest Dividends Distributed	§852(b)(5)(A)	\$95,910,195

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*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1991	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).				
Terrence J. Checki (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	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) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	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*	Other Directorships Held During at Least the Past 5 Years
Edith E. Holiday (1952) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 1998 and Lead Independent Trustee since 2019	118	Hess Corporation (exploration of oil and gas) (1993-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); Santander Holdings USA (holding company) (2019-present); and formerly , Canadian National Railway (railroad) (2001-2021), White Mountains Insurance Group, Ltd. (holding company) (2004-2021), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).

Principal Occupation During at Least the Past 5 Years:

Director or Trustee of various companies and trusts; and **formerly**, Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison-United States Treasury Department (1988-1989).

J. Michael Luttig (1954) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	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).

Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	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*	Other Directorships Held During at Least the Past 5 Years
Valerie M. Williams (1956) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2021	110	Omnicom Group, Inc. (advertising and marketing communications services) (2016-present), DTE Energy Co. (gas and electric utility) (2018-present), Devon Energy Corporation (exploration and production of oil and gas) (2021-present); and formerly , WPX Energy, Inc. (exploration and production of oil and gas) (2018-2021).

Principal Occupation During at Least the Past 5 Years:

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

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Chairman of the Board since January 2023 and Trustee since 2007	129	None

Principal Occupation During at Least the Past 5 Years:

Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee 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. (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 of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.

Ben Barber (1969) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2020	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Senior Vice President, Franklin Advisers, Inc.; Director, Municipal Bonds; officer of certain funds in the Franklin Templeton/Legg Mason fund complex; and **formerly**, Co-Head of Municipal Bonds, Goldman Sachs Asset Management (1999-2020).

Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 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*	Other Directorships Held During at Least the Past 5 Years
Breda M. Beckerle (1958) 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since 2020	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Chief Compliance Officer, Fiduciary Investment Management International, Inc.; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Sonal Desai, Ph.D. (1963) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2018	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director and Executive Vice President, Franklin Advisers, Inc.; Executive Vice President, Franklin Templeton Institutional, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Co-Secretary	Vice President since 2009 and Co-Secretary since 2019	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Distributors, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of certain funds in the Franklin Templeton/Legg Mason fund complex; and formerly, Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
Susan Kerr (1949) 620 Eighth Avenue New York, NY 10018	Vice President – AML Compliance	Since 2021	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Compliance Analyst, Franklin Templeton; Chief Anti-Money Laundering Compliance Officer, Legg Mason & Co., or its affiliates; Anti Money Laundering Compliance Officer; Senior Compliance Officer, LMIS; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Christopher Kings (1974) One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 2022	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Fund Administration & Reporting; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Lori A. Weber (1964) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Co-Secretary	Vice President since 2011 and Co-Secretary since 2019	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

*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 major shareholder of Resources.

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

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

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated Mary C. Choksi as its audit committee financial expert. The Board believes that Ms. Choksi qualifies as such an expert in view of her extensive business background and experience. She served as a director of Avis Budget Group, Inc. (2007 to 2020) and formerly, Founder and Senior Advisor, Strategic Investment Group (1987 to 2017). Ms. Choksi has been a Member of the Fund's Audit Committee since 2014. As a result of such background and experience, the Board believes that Ms. Choksi has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Choksi is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

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

Shareholder Information

Proxy Voting Policies and Procedures

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

Quarterly Schedule of Investments

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

Householding of Reports and Prospectuses

You will receive, or receive notice of the availability of, the 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 and Shareholder Letter
Franklin California High Yield Municipal Fund

Investment Manager
Franklin Advisers, Inc.

Distributor
Franklin Distributors, LLC.
(800) DIAL BEN® / 342-5236
franklintempleton.com

Shareholder Services
(800) 632-2301