

Performance Review

- Global equity markets modestly rebounded in November following October's widespread rout. The US-China trade dispute provided alternating positive and negative newsflow affecting sentiment, which contributed to stock market volatility during the month. Emerging-market stocks, as measured by MSCI indices in US dollars, collectively surged ahead of a global equity index, as well as their developed-market peers as a group.
- For the month, the fund's A (acc) USD shares returned -0.24%, and its benchmark, the MSCI AC World Islamic Index, returned 1.20%.

ONE-MONTH KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
Helped	Vestas Wind Systems A/S	Communication Services (Stock Selection)	Denmark (Overweight)
	China Telecom Corp. Ltd. Class H	Utilities (Stock Selection)	Switzerland (Stock Selection)
	KunLun Energy Co. Ltd.	Consumer Discretionary (Stock Selection)	Taiwan (Stock Selection)
Hurt	Coty Inc. Class A	Health Care (Stock Selection)	United States (Stock Selection)
	BP p.l.c.	Consumer Staples (Stock Selection)	United Kingdom (Stock Selection, Overweight)
	Husky Energy Inc.	Energy (Overweight)	Canada (Stock Selection)

- An overweight allocation in the energy sector impaired relative results in November. We believe the market has been caught off-guard by unusual circumstances, resulting in a global oversupply of oil. As for Templeton's holdings, our preference for big integrated producers with strong fundamentals over volatile and price-sensitive oil services stocks appears to have been largely vindicated, with the latter group's losses more than doubling those of the former since the end of September.
- Shares of US-based cosmetics firm Coty slumped after the firm announced another profit warning and the departure of both its chief executive officer and chairman. Conditions in the highly competitive cosmetics business remain difficult, and Coty is working to regain lost market share and improve operationally by consolidating production and distribution.
- The stock price of Danish wind turbine manufacturer Vestas Wind Systems surged during the month after the firm maintained full-year guidance in the face of tougher competition, signalling to analysts that management expects a strong finish to the year. We were encouraged by the stabilization in pricing and continued strength in new orders, and continue to believe that Vestas is well-positioned to participate in the long-term growth of the wind turbine manufacturing industry.

Outlook & Strategy

- The old saying "don't fight the Fed" has rung true this cycle and will likely still apply going forward. As global central banks led by the US Federal Reserve (Fed) gradually change their tack from dovish to hawkish, we expect the financial market beneficiaries of yesterday's largesse to become the casualties of tomorrow's restraint. Likewise, what didn't work in the old environment (and value investing certainly qualifies) looks poised for better performance potential as policy conditions normalise.
- At Templeton, we are taking proactive measures to refine and improve our process in this challenging environment, including strengthening risk management, applying robust procedures for downside mitigation, and working closely with a dedicated trading team to improve tactical entry and exit. We are confident that these measures, along with the normalising macro backdrop, can position the fund for potential long-term investment success.

Fund Details

Inception Date	10/09/2012
Benchmark	MSCI AC World Islamic Index

Fund Description

The fund seeks capital appreciation by investing principally in Shariah-compliant equity and equity-related securities including common stocks of companies located anywhere in the world, including emerging markets.

Performance DataPerformance Net of Management Fees as at 30/11/2018 (Dividends Reinvested) (%)¹

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception (10/09/2012)
A (acc) USD	-0.24	-7.82	-7.82	-5.28	4.49	0.79	3.49
Net of Sales Charge - A (acc) USD	-5.23	-12.43	-12.43	-10.02	2.72	-0.23	2.64
MSCI AC World Islamic Index USD	1.20	-5.63	-3.34	-1.58	7.80	5.00	7.15

Investment Team

Alan Chua, CFA
 Years with Firm 18
 Years Experience 29

Peter Wilmshurst, CFA
 Years with Firm 20
 Years Experience 25

What Are the Key Risks?

The value of shares in the Fund and income received from it can go down as well as up and investors may not get back the full amount invested. Performance may also be affected by currency fluctuations. Currency fluctuations may affect the value of overseas investments. The Fund invests mainly in Shariah-compliant equity and equity-related securities of companies around the world. Such securities have historically been subject to significant price movements that may occur suddenly due to market or company-specific factors. As a result, the performance of the Fund can fluctuate considerably over time. Other significant risks include: emerging markets risk, currency risk, liquidity risk, Shariah compliance risk. For full details of all of the risks applicable to this Fund, please refer to the section "Risk Considerations" of the Fund in the current prospectus of Franklin Templeton Shariah Funds.

Important Legal Information

This document does not constitute legal or tax advice nor is it investment advice or an offer for shares of Franklin Templeton Shariah Funds (the "Fund"). Subscriptions to shares of the Fund can only be made on the basis of the current prospectus and, where available, the relevant Key Investor Information Document, accompanied by the latest available audited annual report and the latest semi-annual report accessible on our website www.ftidocuments.com or which can be obtained, free of charge, from Franklin Templeton International Services, S.à r.l. - 8A, rue Albert Borschette, L-1246 Luxembourg.

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Investors may wish to seek advice from a financial adviser before making a commitment to invest in shares of the Fund. In the event an investor chooses not to seek advice from a financial adviser, he/she should consider whether the Fund is suitable for him/her.

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1. Source for all information is Franklin Templeton Investments. Benchmark related data provided by FactSet. Fund performance computed in share class currency, on NAV-NAV basis and dividends reinvested. Net of Sales Charge figures are after 5% sales charge. Past performance is no guarantee of future results. Portfolio holdings are subject to change. Periods greater than one year are shown as average annual total returns. Other commissions, taxes and other relevant costs paid by investor are not included.



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