

UNAUDITED SEMI-ANNUAL REPORT

FRANKLIN TEMPLETON SHARIAH FUNDS

Société d'investissement à capital variable

April 30, 2020



FRANKLIN
TEMPLETON

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société d'investissement à capital variable

UNAUDITED SEMI-ANNUAL REPORT

For the period ended April 30, 2020

This report shall not constitute an offer or a solicitation of an offer to buy shares of Franklin Templeton Shariah Funds (the "Company"). Subscriptions are to be made on the basis of the current prospectus and its addendum as the case may be, where available the relevant Key Investor Information Documents ("KIIDs"), a copy of the latest available audited annual report and, if published thereafter, the latest unaudited semi-annual report.

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société d'investissement à capital variable

8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg
(Registered with the registre de commerce et des sociétés, Luxembourg, under number B 169 965)

General Information

As at April 30, 2020

BOARD OF DIRECTORS:

Chairman

William Jackson

Director

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

5 Morrison Street

Edinburgh EH3 8BH, Scotland

United Kingdom

Directors

Caroline Carroll

Director

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

Cannon Place,

78 Cannon Street,

London, EC4N 6HL

United Kingdom

(Appointed as from April 9, 2020)

James F. Kinloch

Director

FRANKLIN TEMPLETON LUXEMBOURG S.A.

8A, rue Albert Borschette, L-1246 Luxembourg

Grand Duchy of Luxembourg

(Resigned as of April 9, 2020)

Hans-J. Wisser

Independent Director

Kälberstücksweg 37

61350 Bad Homburg

Germany

Michel Tulle

General Manager and Conducting Officer

FRANKLIN TEMPLETON FRANCE S.A.

20 rue de la Paix

F-75002 Paris

France

MANAGEMENT COMPANY:

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.

8A, rue Albert Borschette, L-1246 Luxembourg

Grand Duchy of Luxembourg

SHARIAH SUPERVISORY BOARD:

AMANIE ADVISORS SDN BHD

Level 13A-2

Menara Tokio Marine Life

189, Jalan Tun Razak

50400 Kuala Lumpur

Malaysia

– *Dr. Mohamed Ali Elgari*

– *Dr. Muhammad Amin Ali Qattan*

– *Dr. Mohd Daud Bakar*

– *Dr. Osama Al Dereai*

SHARIAH STOCK SCREENING PROVIDER:

IDEALRATINGS INC

425 Market Street, Suite 2200

San Francisco, CA 94105

United States of America

REGISTERED OFFICE:

8A, rue Albert Borschette, L-1246 Luxembourg

Grand Duchy of Luxembourg

PRINCIPAL DISTRIBUTOR:

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.

8A, rue Albert Borschette, L-1246 Luxembourg

Grand Duchy of Luxembourg

INVESTMENT MANAGERS:

FRANKLIN TEMPLETON INVESTMENTS (ME) LIMITED

Gate Building EastWing, 2nd Floor

Dubai International Financial Centre

P.O. Box 506613

Dubai, United Arab Emirates

Franklin Templeton Investments (ME) Limited manages Franklin Global Sukuk Fund.

TEMPLETON ASSET MANAGEMENT LTD

7 Temasek Boulevard

38-03 Suntec Tower One

Singapore 038987

Templeton Asset Management Ltd manages Templeton Shariah Global Equity Fund.

SUB-ADVISERS:

FRANKLIN TEMPLETON GSC ASSET MANAGEMENT Sdn. Bhd.

Suite 31-02, 31st Floor, Menara Keck Seng

203 Jalan Bukit Bintang

55100 Kuala Lumpur

Malaysia

Franklin Templeton GSC Asset Management Sdn. Bhd. has been appointed as sub-adviser for the Franklin Global Sukuk Fund.

DEPOSITARY BANK:

HSBC France, Luxembourg Branch

16, boulevard d'Avranches L-1160 Luxembourg

Grand Duchy of Luxembourg

AUDITOR:

PRICEWATERHOUSECOOPERS, Société coopérative

2, rue Gerhard Mercator, L-2182 Luxembourg

Grand Duchy of Luxembourg

LEGAL ADVISERS:

ELVINGER, HOSS & PRUSSEN, société anonyme

2, place Winston Churchill, L-1340 Luxembourg

Grand Duchy of Luxembourg

ADMINISTRATIVE AGENT

J.P. MORGAN BANK LUXEMBOURG S.A.

European Bank & Business Centre

6C, route de Trèves

L-2633 Senningerberg

Grand Duchy of Luxembourg

(Appointed as from May 18, 2020)

Report of the Investment Managers

Six months to April 30, 2020

Market Performance

Global equity markets were supported early in the review period by signs of easing US-China trade tensions, including news of a “phase one” deal. Stocks slipped in early 2020 as concerns mounted that the spread of the coronavirus would impact global business. Sentiment plummeted in March as it became clear that the virus and its effects had spread well beyond China, posing a worldwide health threat with global economic ramifications. Middle East North Africa (MENA) markets were also caught up in the coronavirus crosswinds, following the lead of global markets lower. Further declines were exacerbated by a large drop in oil prices after Saudi Arabia pulled out from OPEC+ discussions and significantly increased oil production. Central banks around the world, including across the MENA and Asia-Pacific regions, cut interest rates and made emergency liquidity funds available to help struggling businesses. Governments in these regions, including Saudi Arabia, Egypt, the UAE, Malaysia and others, also took various fiscal measures to help prop up segments of their economies. In April, global stock markets diverged from economic conditions and rebounded strongly as government officials continued pledging extraordinary measures to help support economies impacted by the coronavirus pandemic. As lockdowns appeared to be slowing the spread of the coronavirus, many investors cheered signals that governments were planning to ease restrictions and began looking forward to business activity recovering in the second half of the year. The Organization of the Petroleum Exporting Countries (OPEC) and Russia (OPEC+) reached a preliminary agreement to reduce oil production and help offset falling demand, but oil prices continued to fluctuate wildly as concerns persisted about oversupply and lack of storage. At period-end oil prices remained well below break-even levels for most producers around the world.

The global Sukuk market was up marginally over the six-month review period. Tightening spreads at the start and end of the six-month period almost completely offset the negative impact of spread widening—amidst unprecedented COVID-19-related market weakness—particularly in March. Investor sentiment started the period in broadly robust fashion, helped by signs of improvement in US-China trade relations and the supportive monetary policies of major central banks. However, unresolved geopolitical issues and economic performance in developed markets also influenced markets towards the end of 2019. The spread of the COVID-19 virus then came to the fore in the first months of 2020, leading to unprecedented moves during March, as countries worldwide responded to the pandemic by restricting the movements of their populations, while many business sectors shuttered temporarily in moves designed to contain the outbreak. Governments and central banks stepped in with sizeable fiscal and monetary stimulus. In commodities, crude oil prices plummeted during March, as worries over the damage that the virus outbreak would have on oil demand were compounded by the failure major producers to reach a new deal to limit supply. This impasse was soon followed by Saudi Arabia’s decision to cut prices and flood the market. In the final month of the period, crude oil prices continued to see volatility, and even experienced negative pricing on West Texas Intermediate for immediate delivery, given subdued demand and limits to US storage capacity. However, before period-end, major producers agreed on supply cuts, helping to shore up investor sentiment somewhat. Sukuk markets then gained ground in April, as the pandemic-related volatility subsided.

Fund Performance

Franklin Global Sukuk Fund

The Sukuk market moved slightly higher over the six-month review period. The fund returned (2.7)% on a gross basis and (3.4)% on a net basis, compared with the Dow Jones Sukuk Index, which returned 0.1%, all in US-dollar terms.

On a relative basis, compared with its benchmark, security selection detracted by 183 basis points (bps). Selection amongst corporate financials detracted the most, followed by quasi-sovereigns, corporate industrials and sovereigns. On an individual basis, DAMAC Properties had the largest negative impact amongst corporate financials. Quasi-sovereigns were hindered by port operator DP World, while real estate business Dar Al Arkan held back corporate industrials, along with an underweight to Etihad Airways. However, a high-yield issue from Virgin Mobile provided a partial positive offset amongst industrials. Sovereigns were weakened by Indonesia. Asset allocation hindered performance by 78 bps, chiefly as a result of an underweight to supranationals and an overweight to corporate industrials.

Currency effects detracted 36 bps from relative returns, hurt by exposure to the Nigerian naira. However, yield-curve positioning added slightly to performance, primarily due to Nigerian rates, although this was partially offset by underweight exposure to shorter-duration US issues.

Pricing differences contributed to returns. However, our experience has been that these differences generally tend to even out over time.

Templeton Shariah Global Equity Fund

For the six months ended April 30, 2020, the fund underperformed its benchmark index, declining 12.0% on a net basis in US-dollar terms, while the benchmark MSCI All Country World Islamic Index declined 8.3%, also in US-dollar terms.

An overweight allocation and stock selection in the energy sector hurt relative performance. Six of the fund’s top-10 relative detractors resided in the sector, including BP, Exxon Mobil, Husky Energy, Eni, Royal Dutch Shell and Total. More broadly, we have favoured large integrated oil producers with attractive dividends and improved capital discipline. However, we didn’t envisage that an exogenous demand shock would be compounded by a Russia-Saudi Arabia oil war, decimating oil prices. Our focus now is on producers with adequate financial health and sufficient levers to pull to weather a period of low prices with balance sheets and dividends intact.

In the information technology sector, an underweight allocation and stock selection undermined relative results. We have avoided high-flying stocks that looked vulnerable to a shift in sentiment. Instead, we have found opportunities amongst hardware companies with restructuring potential, semiconductor manufacturers pressured by supply concerns and mature software firms with healthy cash flows and new growth levers.

Stock selection in the communication services sector also weighed on relative performance. SES, a Luxembourg-based communications satellite owner and operator providing video and data connectivity worldwide, was the top relative sector detractor. In the first quarter of 2020, SES reported disappointing earnings and guidance and cut its dividend by half, citing the need to protect its investment-grade debt rating.

Report of the Investment Managers (continued)

Six months to April 30, 2020

Fund Performance (continued)

In contrast, stock selection and an overweighting in the health care sector contributed to relative returns. Top relative contributors included Draegerwerk, Allergan, BioMarin Pharmaceutical, Roche Holding, Sanofi and UCB. In our view, health care remains an attractive defensive growth sector with strong idiosyncratic return characteristics, a large investable universe and high merger and acquisition activity. These features create significant optionality at the company level and a compelling opportunity set for fundamental stock-pickers.

From the materials sector, Wheaton Precious Metals and LG Chem lifted relative results. Wheaton is a precious metals streaming company with approximately 60% exposure to gold and 40% to silver. The stock performed well during the period as gold prices climbed, with the yellow metal performing its traditional role of safe haven in times of volatility and financial stress. Our precious metals thesis continues to play out and Wheaton remains a core holding with what we view as lower-risk commodity price exposure than physical mining operations, which tend to be asset-heavy, labour-intensive and tightly regulated.

Regionally, investment results in China and Hong Kong pressured relative performance in Asia. Stock selection and overweighting in Europe also hampered relative results, as did an underweighting in the United States. Conversely, stock selection in Germany and Canada, positioning in South Korea and a lack of exposure to Australia supported relative performance.

Outlook

Our base-case scenario envisions a difficult road ahead for investors. We do not expect a V-shaped recovery and quick restoration of normalcy. Conditions appeared to be dangerously extended before the COVID crisis—with lofty valuations despite record-high debt, deteriorating earnings quality, and a market driven by an unhealthy combination of financial engineering and policy support.

Policy resolve has strengthened to an almost unimaginable degree, most recently with the Fed's controversial decision to finance junk bond purchases. This is not a coincidence; the Fed is well aware that the most egregious excesses have been in private credit markets and is desperate to prevent those dominoes from beginning to topple. We do not believe this will end well, but timing the scenario is impossible. Besides, the post-global financial crisis era has shown time and again the virulence of modern central banks, especially the one with the privilege of printing the world's reserve currency. This is a difficult current to swim against, and we are not putting all our eggs into one basket.

The portfolio's largest style exposure remains classic value, which we believe creates decent pro-cyclical leverage should policymakers continue to successfully engineer market strength. However, we have also used recent volatility to diversify amongst different types of value. Examples include mispriced growth stocks, undervalued quality stocks, and discounted asset and cash-flow opportunities. We have also been finding select opportunities in "eye of the storm" stocks that were directly impacted by coronavirus effects. We have leaned heavily on credit and liquidity analysis to identify stocks we're comfortable with and are focusing only on the industry leaders likely to emerge stronger in the fullness of time.

Value isn't just about finding the cheapest stocks on static, backward-looking multiples. It's about avoiding value traps and buying companies with the ability to sustainably improve returns in excess of their cost of capital over time. We have been thinking deeply about how the challenges currently facing society will impact the future investment landscape and are committed to building diverse value portfolios with idiosyncratic return prospects that can benefit our clients.

In terms of the Sukuk market, we believe that the COVID-19 virus is a shock to global markets and economies that will ultimately subside. The support measures undertaken by central banks, as populations stay at home and many industries shutter temporarily, should ultimately underpin a return to more normal conditions. The pace of policy response has been significantly faster than in previous crises, and this will continue to have important implications for markets and economies. We note that volatility—an important measure of risk—has declined materially from its peak. While it is not a guarantee that markets have troughed as volatility subsides, it is likely to suggest that a meaningful part of the downward correction has already taken place. This could also indicate that central bank interventions are working, in our view.

However, there are still high levels of uncertainty despite the broad rebound from the sharp, negative shifts of the first quarter of 2020. Another issue to contend with, in our view, is a structural change in crude oil markets, during which oil prices are likely remain volatile. Indeed, we saw unprecedented moves in April, towards period-end, despite a renewal of supply restraint amongst leading producers.

We continue to proceed in a risk-aware manner, as we remain mindful of potential risks and the opportunities that lie ahead.

THE INVESTMENT MANAGERS

May 2020

Fund Performance

Percentage Change to April 30, 2020

	Reference Share Class	Launch Date	6 Months %	1 Year %	3 Years %	5 Years %	Since Launch %
Franklin Global Sukuk Fund	A (acc) USD	10 Sep 12	(3.4)	2.1	8.6	8.6	19.4
Templeton Shariah Global Equity Fund	A (acc) USD	10 Sep 12	(12.0)	(13.9)	(11.0)	(10.3)	8.1

The Fund Performance disclosed in this table is the performance of the reference share class in base currency of the Fund.

Information on other share classes is available on request. This report shall not constitute an offer or a solicitation of an offer to buy shares. Subscriptions are to be made on the basis of the current prospectus and its addendum as the case may be, where available the relevant Key Investor Information Documents (“KIIDs”), a copy of the latest available audited annual report and, if published thereafter, the latest unaudited semi-annual report. The price of shares and income from them can go down as well as up and you may not get back the full amount that you invested. Past performance is no guarantee of future performance. Currency fluctuations may affect the value of investments.

The investment activities will be undertaken in accordance with the Shariah Guidelines. As a consequence, the performance of a fund may possibly be lower than other investment funds that do not seek to strictly adhere to the Islamic investment criteria. The requirement to “purify” cash holdings or dividend income will likely result in payments being made to charities. The return to investors will be reduced by the amount of such payments.

Data source: Performance – Franklin Templeton

Statement of Net Assets

As at April 30, 2020

	TOTAL (USD)	Franklin Global Sukuk Fund (USD)	Templeton Shariah Global Equity Fund (USD)
ASSETS			
Investment in securities at market value (note 2(b))	220,095,339	160,571,787	59,523,552
Cash	13,889,735	9,982,179	3,907,556
Amounts receivable on subscriptions	3,105,019	2,976,642	128,377
Profit payments on Sukuk and dividends receivable, net	1,639,424	1,474,613	164,811
Unrealised profit on Shariah compliant forward foreign exchange contracts (note 2(f), 15)	881	881	-
Other receivables	77,270	36,831	40,439
TOTAL ASSETS	238,807,668	175,042,933	63,764,735
LIABILITIES			
Amounts payable on redemptions	2,445,580	2,300,487	145,093
Investment management fees payable (note 4)	175,448	125,731	49,717
Payable to charity	2,457	-	2,457
Taxes and expenses payable	367,469	225,819	141,650
TOTAL LIABILITIES	2,990,954	2,652,037	338,917
TOTAL NET ASSETS	235,816,714	172,390,896	63,425,818
THREE YEAR ASSET SUMMARY			
October 31, 2019	245,401,107	167,839,276	77,561,831
October 31, 2018	225,319,834	141,168,336	84,151,498
October 31, 2017	220,250,572	128,882,926	86,301,235

The accompanying notes form an integral part of these financial statements

Statement of Operations and Changes in Net Assets

For the period ended April 30, 2020

	TOTAL (USD)	Franklin Global Sukuk Fund (USD)	Templeton Shariah Global Equity Fund (USD)
NET ASSETS AT THE BEGINNING OF THE PERIOD	245,401,107	167,839,276	77,561,831
INCOME			
Dividends (net of withholding taxes) (note 2(c))	844,699	-	844,699
Profit payments on Sukuk (net of withholding taxes) (note 2(c))	3,640,135	3,640,135	-
Sundry income	3,037	3,037	-
TOTAL INCOME	4,487,871	3,643,172	844,699
EXPENSES			
Investment management fees (note 4)	1,152,698	794,472	358,226
Administration and transfer agency fees	272,848	191,606	81,242
Depository fees	83,133	47,476	35,657
Directors fees	8,586	5,842	2,744
Audit fees	22,540	12,251	10,289
Printing and publishing expenses	40,176	27,334	12,842
Shariah Compliance Fees	75,963	38,831	37,132
Subscription tax (note 6)	27,156	17,936	9,220
Class A (dis) and Class A (acc) shares' maintenance charges (note 3)	263,025	190,449	72,576
Class AS (acc) shares' maintenance charges (note 3)	76,444	-	76,444
Class N (acc) shares' maintenance charges (note 3)	59	59	-
Other Charges (note 7)	102,990	70,084	32,906
TOTAL EXPENSES	2,125,618	1,396,340	729,278
Expenses reimbursement (note 8)	(328,270)	(242,185)	(86,085)
NET EXPENSES	1,797,348	1,154,155	643,193
NET PROFIT/(LOSS) FROM INVESTMENTS	2,690,523	2,489,017	201,506
Net realised profit/(loss) on sale of investments	(5,544,715)	597,843	(6,142,558)
Net realised profit/(loss) on Shariah compliant forward foreign exchange contracts	(3,585)	(3,585)	-
Net realised profit/(loss) on foreign exchange transactions	(448,210)	(377,328)	(70,882)
NET REALISED PROFIT/(LOSS) FOR THE PERIOD	(3,305,987)	2,705,947	(6,011,934)
Change in net unrealised appreciation/(depreciation) on:			
Investments	(12,759,246)	(9,331,354)	(3,427,892)
Shariah compliant forward foreign exchange contracts	(275)	(275)	-
Foreign exchange transactions	(3,932)	(14)	(3,918)
Capital gains tax	(959)	(959)	-
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	(16,070,399)	(6,626,655)	(9,443,744)
DONATIONS TO CHARITY			
Purification of non-Shariah compliant dividends (note 10)	(8,925)	-	(8,925)
NET DECREASE IN NET ASSETS AS A RESULT OF DONATIONS TO CHARITY	(8,925)	-	(8,925)
MOVEMENT OF CAPITAL			
Issue of shares	77,231,433	69,469,558	7,761,875
Redemption of shares	(64,331,526)	(52,792,271)	(11,539,255)
Equalisation (note 17)	(31,296)	(10,426)	(20,870)
Dividends paid/accumulated (note 11)	12,868,611	16,666,861	(3,798,250)
	(6,373,680)	(5,488,586)	(885,094)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	6,494,931	11,178,275	(4,683,344)
NET ASSETS AT THE END OF THE PERIOD	235,816,714	172,390,896	63,425,818
Portfolio Turnover Ratio (note 14)		(4.12)%	43.37%

The accompanying notes form an integral part of these financial statements

Statistical Information

	Total Expense Ratio April 30, 2020 (see note 9)	Shares Outstanding April 30, 2020	Net Asset Value per Share		
			April 30, 2020	October 31, 2019	October 31, 2018
Franklin Global Sukuk Fund - USD					
A (acc) EUR	1.50%	113,400.185	13.20	13.42	11.83
A (acc) USD	1.50%	4,601,128.813	11.94	12.36	11.06
A (Mdis) SGD	1.50%	1,986,799.116	9.80	9.99	9.54
A (Mdis) USD	1.50%	6,375,708.615	8.97	9.48	8.89
I (acc) USD	0.86%	2,044,331.635	12.37	12.76	11.35
N (acc) EUR	2.45%	389.772	12.29	12.56	11.19
N (acc) USD*	2.45%	500.000	9.61	-	-
W (Acc) USD	0.90%	115,800.000	10.68	11.01	-
W (Qdis) EUR-H1	0.90%	13,593.020	8.58	9.15	8.80
W (Qdis) USD	0.90%	1,982,188.903	9.16	9.65	9.00
X (Qdis) USD	0.37%	500.000	9.35	9.99	9.27
Templeton Shariah Global Equity Fund - USD					
A (acc) SGD	1.90%	318,734.033	11.57	12.68	13.05
A (acc) USD	1.90%	2,194,675.357	10.81	12.29	12.41
AS (acc) SGD	1.75%	4,782,201.732	10.10	11.07	11.37
I (acc) USD	1.05%	244,770.640	11.55	13.08	13.09
X (Ydis) USD	0.35%	500.000	8.92	10.32	10.48

*This share class was launched on December 6, 2020

Notes to the Financial Statements

For the period ended April 30, 2020

Note 1 — The Company

Franklin Templeton Shariah Funds ("FTSF" or the "Company") is a collective investment undertaking pursuant to Part I of the amended Luxembourg law of December 17, 2010 on undertakings for collective investment and qualifies as a *société d'investissement à capital variable*. The Company was incorporated in Luxembourg on July 3, 2012, for an undetermined period. At the date of this report, it offers shares in 2 sub-funds of the Company (the "Funds"). The Board of Directors of the Company may authorise the creation of additional Funds in future with different investment objectives.

The Company aims to provide Investors with a choice of Funds which invest in a wide range of Shariah-compliant transferable securities and other Shariah-compliant eligible assets on a worldwide basis and which feature a diverse array of investment objectives including capital growth and income. The overall objective of the Company is to seek to minimise investment risk exposure through diversification and to provide Investors with the benefit of a portfolio managed by entities of Franklin Templeton according to its successful time-tested investment selection methods.

Note 2 — Significant accounting policies

(a) General

The financial statements are prepared in accordance with the regulations of the Grand Duchy of Luxembourg relating to investment funds under the going concern basis of accounting.

(b) Investment in securities

Securities which are listed on a stock exchange or traded on any other organised market are valued at the last available price on such exchange or market which is normally the principal market for each security, and those securities dealt in on an over-the-counter market are valued in a manner as near as possible to that for quoted securities.

Securities not listed on any stock exchange nor traded on any organised market are valued at the last available price, or if such price is not representative of their fair value, they are valued prudently and in good faith on the basis of their reasonably foreseeable sales prices.

The Company has procedures to determine the fair value of individual securities and other assets for which market prices are not readily available or which may not be reliably priced. In such circumstances, the price of such investment shall be adjusted in accordance with the procedures adopted, as determined by or under the direction of the Board of Directors.

During the accounting period under review, gains and losses on investment securities sold were computed on the average cost basis for all Funds.

During the accounting period under review, discounts and premiums were amortised to income over the period to maturity, or date sold, if earlier.

(c) Income

Dividends are credited to income on their ex-dividend date. Profit payments (including profit payments on Sukuk) are accrued on a daily basis.

(d) Formation expenses

Formation expenses associated with the launch of the new Funds are expensed as incurred and are disclosed in "Other charges" in the Statement of Operations and Changes in Net Assets.

(e) Foreign exchange transactions

Transactions expressed in currencies other than each Fund's currency are translated into each Fund's currency at the exchange rates applicable on the transaction dates.

Assets and liabilities designated in currencies other than each Fund's currency are translated into each Fund's currency at the appropriate exchange rates ruling at the period-end. Gains and losses on foreign exchange transactions are recognised in the "Statement of Operations and Changes in Net Assets" in determining the results for the accounting period.

The reference currency of the Company as reflected in the financial statements is U.S. dollar. The principal exchange rates applied as at April 30, 2020 are as follows:

Exchange Rate	U.S. dollar
Euro	0.9127
Singapore dollar	1.4103

(f) Shariah compliant forward foreign exchange contracts

Shariah compliant forward foreign exchange contracts are valued at the foreign exchange currency rate applicable at the "Statement of Net Assets" date for the remaining period, until maturity. Gains or losses resulting from Shariah compliant forward exchange contracts are recognised in the "Statement of Operations and Changes in Net Assets".

(g) Swing pricing

A Fund may suffer dilution of the net asset value per share due to investors buying or selling shares in a Fund at a price that does not reflect dealing and other costs that arise when security trades are undertaken by the Investment Manager to accommodate cash inflows or outflows.

In order to counter this impact, a swing pricing mechanism may be adopted to protect the interests of Shareholders of the Fund. If on any valuation date, the aggregate net capital activity of a Fund exceeds a pre-determined threshold, as determined and reviewed for each Fund on a periodic basis, the net asset value per share will be adjusted upwards or downwards to reflect net capital inflows or net capital outflows respectively.

The net capital inflows and net capital outflows will be determined based on the latest available information at the time of calculation of the net asset value per share. The swing pricing mechanism may be applied across all Funds. The extent of the price adjustment is set to reflect dealing and other costs. Such adjustment may vary from Fund to Fund and will not exceed 2% of the original net asset value per share.

Notes to the Financial Statements (continued)

For the period ended April 30, 2020

Note 2 — Significant accounting policies (continued)

(g) Swing pricing (continued)

In the case of a swing pricing event on the last day of the annual/semi-annual period, the net assets as disclosed in the “Statement of Net Assets”, exclude the swing pricing adjustment, however, the net asset value per share as at year/semi-annual period end, as disclosed in the Statistical Information, would include the swing pricing adjustment.

Due to the considerable impact and current exceptional market circumstances involved by the propagation of the Coronavirus (COVID-19), the board of directors of the Company have decided that, on a temporary basis and in order to protect the best interest of the shareholders, the swing factor applied to the Funds could be increased beyond the 2% limit. This may be necessary in order to ensure the increased costs of trading experienced at this time (due to the exceptional market conditions) are captured in the swing factor, in order to protect investors in the Funds. Shareholders of Funds for which swing factor greater than 2% has been applied will be receiving specific shareholder notice informing them that this event has actually occurred.

Note 3 — Share classes

Class A shares: are offered at the applicable net asset value, plus an entry charge of up to 5.75% of the total amount invested varying per asset class. In addition, a maintenance charge of up to 0.50% per annum of the applicable average net asset value is deducted and paid to the Principal Distributor. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor. A contingent deferred sales charge of up to 1%, retained by the Principal Distributor, applies to certain redemptions on qualified investments of USD 1 million or more within 18 months after repurchase.

Class AS shares: are offered in Singapore to CPF Investors as more fully described in the current prospectus of the Company. Class AS shares are offered at the applicable net asset value, plus an entry charge of up to 3% of the total amount invested until September 30, 2018. With effect from October 1, 2018, the entry charge is up to 1.50% and 0% from October 1, 2019. In addition, a maintenance charge of up to 0.40% per annum of the applicable average net asset value is deducted and paid to the Principal Distributor. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor.

Class I shares: are offered to institutional investors as more fully described in the current prospectus of the Company. Purchases of Class I shares are not subject to an entry charge, nor a contingent deferred sales charge or any maintenance or servicing charges.

Class N shares: are subject to an entry charge of up to 3% of the total amount invested. In addition, a maintenance charge of up to 1.25% per annum of the applicable average net asset value is accrued daily and is deducted and paid monthly to the Principal Distributor. Class N shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company.

Class W shares: are not subject to an entry charge, contingent deferred sales charge nor any maintenance or servicing charge. Class W shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company.

Class X shares: are not subject to an entry charge and no management fees will be payable by an investor on the acquisition of Class X shares (instead a fee is paid to the Investment Manager or affiliates under an agreement between the Investment Manager and the investor). Class X shares are offered to institutional investors in certain limited circumstances as more fully described in the current prospectus of the Company.

Distributing shares: may have different frequencies. (Mdis) share classes distribute monthly, (Qdis) share classes distribute quarterly and (Ydis) share classes distribute annually.

Accumulating shares (acc): do not distribute any dividends but the income attributable is reflected in the increased value of the shares. All other terms and conditions are the same as those which apply to distributing share classes.

Hedged share classes: in order to reduce exchange rate fluctuations and return fluctuations, the Company offers H1 classes. The base currency exposure of the hedged share class is hedged into a specified alternative currency.

Note 4 — Investment management fees

The Management Company receives from the Company a monthly investment management fee equivalent to a certain percentage per annum (as detailed below) of each Fund’s average daily net assets during the accounting period. The following percentages apply in respect of the different Funds as at April 30, 2020.

The Investment Managers, as noted on page 4, will be remunerated by the Management Company out of the investment management fee received from the Company.

	Class A, AS, N	Class I	Class W
Franklin Global Sukuk Fund	1.00%	0.70%	0.70%
Templeton Shariah Global Equity Fund	1.00%	0.70%	N/A

No management fee is payable by an investor on the acquisition of Class X shares, instead a fee is paid to the Investment Manager or affiliates under a separate agreement.

Note 5 — Connected party transactions

Certain Directors of the Company are or may also be Officers and/or Directors of the Registrar and Transfer, Corporate, Domiciliary and Administrative Agent, Franklin Templeton International Services S.à r.l. All transactions with connected parties were entered into in the ordinary course of business and under normal commercial terms.

The investment management fees that are accrued by the Company in respect of the Management Company are detailed in note 4 to the financial statements.

There are no connected brokers in Franklin Templeton, and no transactions were entered into with connected brokers during the period ended April 30, 2020.

Notes to the Financial Statements (continued)

For the period ended April 30, 2020

Note 5 — Connected party transactions (continued)

The Company accrued fees in respect of Franklin Templeton International Services S.à r.l. as the Management Company and as the Principal Distributor of the Funds.

Note 6 — Taxation

The Company is not liable in the Grand Duchy of Luxembourg to any tax on its profits or income.

The Company, however, is liable in the Grand Duchy of Luxembourg to a tax of 0.05% per annum of its NAV, such tax being payable quarterly on the basis of the value of the net assets of the Company at the end of the relevant calendar quarter. This tax is not applicable for the portion of the assets of a Fund invested in other undertakings for collective investment which have been already subject to such tax.

Class I Shares and Class X Shares may qualify for the reduced tax rate of 0.01% if all the investors of these Share Classes are respectively Institutional Investors. No stamp duty or other tax is payable in the Grand Duchy of Luxembourg on the issue of the Shares in the Company. Under current laws and practice, no capital gains tax is payable in the Grand Duchy of Luxembourg on the realised or unrealised capital appreciation of the assets of the Company.

The Company is registered for Value Added Tax in the Grand Duchy of Luxembourg and subject to account for Value Added Tax in accordance with applicable laws. Investment income received or capital gains realised by the Company may be subject to tax in the countries of origin at varying rates. The Company may benefit in certain circumstances from double taxation treaties which the Grand Duchy of Luxembourg has concluded with other countries.

Note 7 — Other charges analysis

The breakdown of the other charges is as follows:

	Total	Franklin Global Sukuk Fund	Templeton Shariah Global Equity Fund
	(USD)	(USD)	(USD)
Legal fees	28,197	19,184	9,013
Miscellaneous expenses	19,484	13,265	6,219
Paying agent	30,619	20,836	9,783
Registration and filing fees	21,163	14,399	6,764
Tax fees	3,527	2,400	1,127
	102,990	70,084	32,906

Note 8 — Expenses reimbursement

On a daily basis, for share classes where the expenses are capped, the level of expenses is calculated and compared to the cap and where the level of expenses is higher than the cap, this difference is booked as a decrease of expense (the "waiver fees"). On a monthly basis the waiver fees are deducted from the fees received by Franklin Templeton International Services S.à r.l.

The amount of waiver fees is disclosed as "Expenses reimbursement" in the "Statement of Operations and Changes in Net Assets".

Note 9 — Total expense ratio

The Total Expense Ratio ("TER"), expressed as a percentage, represents how the total expenses of each share class relates to the average net assets of each share class for the period ended April 30, 2020. The total expenses comprise the investment management fees, the administration and transfer agency fees, the depositary fees and other expenses as summarised in the "Statement of Operations and Changes in Net Assets". For share classes launched during the year, the TER is annualised.

Note 10 — Purification of non-Shariah compliant income

The Shariah Supervisory Board from time to time issues guidelines to quantify the annual amount of income of a Fund that should be donated to charity, being derived from eligible securities for investment pursuant to the investment objective, policy and restrictions set out in the prospectus, but that are engaged in an activity or activities of a marginal nature which are not Shariah-compliant and which are not screened out by the Shariah restrictions. Such amount is calculated on each relevant transaction, based on the purification ratios, expressed as a percentage of each target company's dividend payments. The resulting amount is donated to a charity. Any such amounts are deducted only upon their actual determination and no anticipated accrual thereof is made.

For the period ended April 30, 2020, this amount was donated to the United Kingdom Committee for the United Nations Children's Fund (UNICEF).

Notes to the Financial Statements (continued)

For the period ended April 30, 2020

Note 11 — Dividends distributed

For the period ended April 30, 2020, the following amounts per share were paid out to distribution class shareholders.

Accumulated dividends have not been paid out and are reflected as an increase in the "Issue of shares" account in the "Statement of Operations and Changes in Net Assets".

	Nov-2019	Annual Nov-2019	Dec-2019	Jan-2020	Feb-2020	Mar-2020	Apr-2020
Franklin Global Sukuk Fund							
A (Mdis) SGD	0.035		0.036	0.033	0.033	0.034	0.034
A (Mdis) USD	0.033		0.035	0.031	0.032	0.030	0.032
W (Qdis) EUR-H1	0.094				0.094		
W (Qdis) USD	0.100				0.099		
X (Qdis) USD	0.104				0.266		
Templeton Shariah Global Equity Fund							
X (Ydis) USD		0.257					

Note 12 — Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities. They include fees and commissions paid to agents, brokers and dealers. During the period ended April 30, 2020 the Company incurred the following transaction costs:

Fund	Currency	Amount
Franklin Global Sukuk Fund	USD	-
Templeton Shariah Global Equity Fund	USD	42,120

*For Sukuk, transaction costs are not separately identifiable from the purchase price of the security and therefore cannot be disclosed separately.

Note 13 — Soft commission

Consistent with obtaining best execution, brokerage commissions on portfolio transactions for the Company may be directed by the Investment Managers to broker-dealers in recognition of research services furnished by them as well as for services rendered in the execution of orders by such broker-dealers.

The receipt of investment research and information and related services permits the Investment Managers to supplement their own research and analysis and makes available to them the views and information of individuals and research staffs of other firms.

Such services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payment, which are paid for directly by the Investment Managers.

Note 14 — Portfolio Turnover Ratio

The portfolio turnover ratio, expressed as a percentage, is equal to the total of purchases and sales of securities netted against the total of subscriptions and redemptions, over average net assets of the Fund for a year. It is effectively a measure of how frequently a Fund buys or sells securities.

Note 15 — Shariah compliant forward foreign exchange contracts

As at April 30, 2020, the Company had entered the following outstanding contracts:

Franklin Global Sukuk Fund

Purchases	Sales	Maturity Date	Unrealised profit/(loss) USD
Shariah compliant forward foreign exchange contracts used for share class hedging:			
EUR	115,463	USD	125,669
			15-May-20
			881

The above contracts were open with the following counterparties:

JPMorgan	520
Standard Chartered	361
	881

Note 16 — Statement of changes in the investment portfolio

A list, specifying for each Fund total purchases and sales transacted during the period under review, may be obtained, upon request, at the registered office of the Company.

Notes to the Financial Statements (continued)

For the period ended April 30, 2020

Note 17 — Equalisation

The Funds use an accounting practice known as equalisation, by which a portion of the proceeds from issue and costs of redemption of shares, equivalent on a per share basis to the amount of undistributed investment income on the date of the transaction, is credited or charged to undistributed income which is disclosed as equalisation in the "Statement of Operations and Changes in Net Assets". As a result, undistributed investment income per share is unaffected by sales or redemptions of shares.

Note 18 — Audited annual reports and unaudited semi-annual reports

The audited annual reports and unaudited semi-annual reports are available on the following Franklin Templeton website, www.franklintempleton.lu, or may be obtained, free of charge, on request at the registered office of the Company. They are only distributed to registered Shareholders in those countries where local regulation so requires.

Note 19 — Abbreviations

Countries

ARE United Arab Emirates	DEU Germany	ITA Italy	SAU Saudi Arabia
BEL Belgium	DNK Denmark	JPN Japan	SP Supranational
BHR Bahrain	FRA France	KOR South Korea	TUR Turkey
CAN Canada	GBR United Kingdom	KWT Kuwait	TWN Taiwan
CHE Switzerland	HKG Hong Kong	MYS Malaysia	USA United States
CHN China	IDN Indonesia	NOR Norway	
	IRL Ireland	QAT Qatar	

Currencies

CAD Canadian Dollar	EUR Euro	JPY Japanese Yen	TWD New Taiwan Dollar
CHF Swiss Franc	GBP British Pound Sterling	KRW South Korean Won	USD US Dollar
DKK Danish Krone	HKD Hong Kong Dollar	NOK Norwegian Krone	

Note 20 — Subsequent events

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel corona virus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers, all of which may negatively impact the Fund's performance.

Schedule of Investments

As of April 30, 2020

Franklin Global Sukuk Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	SUKUK				
	Corporate Sukuk				
6,300,000	Riyad Bank, Reg S, sub. note, 3.174%, 02/25/30	SAU	USD	6,048,000	3.51
5,242,000	Equate Sukuk SPC Ltd., senior note, Reg S, 3.944%, 02/21/24	KWT	USD	5,475,531	3.18
4,670,000	QIB Sukuk Ltd., senior note, Reg S, 3.982%, 03/26/24	QAT	USD	4,858,364	2.82
4,265,000	Aldar Sukuk Ltd., senior note, Reg S, 4.75%, 09/29/25	ARE	USD	4,421,611	2.56
4,140,000	Saudi Electricity Global Sukuk Co. 2, senior bond, Reg S, 5.06%, 04/08/43	SAU	USD	4,401,975	2.55
4,420,000	ESIC Sukuk Ltd., senior note, Reg S, 3.939%, 07/30/24	ARE	USD	4,176,900	2.42
4,210,000	Dar Al-Arkan Sukuk Co. Ltd., senior note, Reg S, 6.75%, 02/15/25	SAU	USD	3,413,918	1.98
3,857,000	Arabian Centres Sukuk Ltd., 5.375%, 11/26/24	SAU	USD	3,374,875	1.96
3,025,000	Tabreed Sukuk SPC Ltd., senior note, Reg S, 5.50%, 10/31/25	ARE	USD	3,181,453	1.85
2,850,000	Saudi Electricity Co., senior note, Reg S, 4.723%, 09/27/28	SAU	USD	3,151,387	1.83
3,000,000	Virgin Mobile Middle East & Africa Sukuk Ltd., cvt., secured note, 12.00%, 03/31/23	ARE	USD	3,082,500	1.79
2,900,000	Saudi Telecom Co., senior note, Reg S, 3.89%, 05/13/29	SAU	USD	3,037,750	1.76
3,195,000	Mumtalakat Sukuk Holding Co., senior note, Reg S, 4.10%, 01/21/27	BHR	USD	2,925,608	1.70
3,065,000	SD International Sukuk II Ltd., senior note, Reg S, 6.996%, 03/12/25	MYS	USD	2,819,882	1.64
2,965,000	MAF Sukuk Ltd., senior note, Reg S, 4.50%, 11/03/25	ARE	USD	2,815,001	1.63
2,725,000	Unity 1 Sukuk Ltd., senior note, Reg S, 3.86%, 11/30/21	ARE	USD	2,741,691	1.59
2,700,000	DIB Sukuk Co. Ltd., senior note, Reg S, 2.95%, 02/20/25	ARE	USD	2,626,830	1.52
2,525,000	DP World Crescent Ltd., senior note, Reg S, 4.848%, 09/26/28	ARE	USD	2,441,044	1.42
2,750,000	DP World Crescent Ltd., senior note, Reg S, 3.875%, 07/18/29	ARE	USD	2,433,750	1.41
3,080,000	Dar Al-Arkan Sukuk Co. Ltd., Reg S, 6.875%, 02/26/27	SAU	USD	2,350,410	1.36
3,165,000	Alpha Star Holding V Ltd., senior note, Reg S, 6.625%, 04/18/23	ARE	USD	2,297,404	1.33
2,900,000	Alpha Star Holding III Ltd., senior note, Reg S, 6.25%, 04/20/22	ARE	USD	2,232,104	1.29
2,375,000	MAF Sukuk Ltd., senior note, Reg S, 4.638%, 05/14/29	ARE	USD	2,209,512	1.28
1,880,000	Saudi Electricity Global Sukuk Co. 3, senior bond, Reg S, 5.50%, 04/08/44	SAU	USD	2,122,986	1.23
1,750,000	QIB Sukuk Ltd., senior note, Reg S, 3.251%, 05/23/22	QAT	USD	1,771,805	1.03
1,600,000	Senaat Sukuk Ltd., senior note, Reg S, 4.76%, 12/05/25	ARE	USD	1,717,008	1.00
1,645,000	QIIB Senior Sukuk Ltd., senior note, Reg S, 4.264%, 03/05/24	QAT	USD	1,706,687	0.99
1,690,000	Noor Sukuk Co. Ltd., senior note, Reg S, 4.471%, 04/24/23	ARE	USD	1,701,864	0.99
1,525,000	IDB Trust Services Ltd., senior note, Reg S, 0.037%, 12/04/24	SP	EUR	1,674,714	0.97
1,490,000	IDB Trust Services Ltd., senior note, Reg S, 0.554%, 11/07/23	SP	EUR	1,662,308	0.96
1,620,000	Mumtalakat Sukuk Holding Co., senior note, Reg S, 5.625%, 02/27/24	BHR	USD	1,610,418	0.93
1,750,000	MAF Sukuk Ltd., senior bond, Reg S, 3.933%, 02/28/30	ARE	USD	1,535,520	0.89
1,445,000	Warba Sukuk Ltd., senior note, Reg S, 2.982%, 09/24/24	KWT	USD	1,456,951	0.85
1,330,000	Boubyan Sukuk Ltd., senior note, Reg S, 2.593%, 02/18/25	KWT	USD	1,330,160	0.77
1,225,000	SIB Sukuk Co. III Ltd., senior note, Reg S, 4.231%, 04/18/23	ARE	USD	1,263,024	0.73
8,820,000	Asya Sukuk Co. Ltd., sub. note, Reg S, 0.00%, 03/28/23 *	TUR	USD	1,049,580	0.61
1,000,000	MAR Sukuk Ltd., senior note, Reg S, 3.025%, 11/13/24	QAT	USD	991,290	0.58
900,000	Boubyan Tier 1 Capital SPC Ltd., sub. bond, Reg S, 6.75% to 05/16/21, FRN thereafter, Perpetual	KWT	USD	919,469	0.53
775,000	Aldar Sukuk Ltd., senior note, Reg S, 3.875%, 10/22/29	ARE	USD	768,219	0.45
850,000	DP World Crescent Ltd., senior bond, Reg S, 3.75%, 01/30/30	ARE	USD	750,159	0.44
476,897	Khdrawy Ltd., senior note, Reg S, 2.471%, 03/31/25	GBR	USD	465,103	0.27
400,000	Dar Al-Arkan Sukuk Co. Ltd., senior note, Reg S, 6.875%, 03/21/23	SAU	USD	365,540	0.21
				101,380,305	58.81
	Government and Municipal Sukuk				
8,545,000	Perusahaan Penerbit SBSN Indonesia III, senior note, Reg S, 4.40%, 03/01/28	IDN	USD	9,099,827	5.28
5,475,000	Perusahaan Penerbit SBSN Indonesia III, senior note, Reg S, 4.325%, 05/28/25	IDN	USD	5,736,486	3.33
5,115,000	Perusahaan Penerbit SBSN Indonesia III, Reg S, 4.55%, 03/29/26	IDN	USD	5,476,989	3.17
4,660,000	KSA Sukuk Ltd., senior bond, Reg S, 4.303%, 01/19/29	SAU	USD	5,186,999	3.01
4,850,000	KSA Sukuk Ltd., senior note, Reg S, 2.969%, 10/29/29	SAU	USD	4,960,832	2.88
4,300,000	Perusahaan Penerbit SBSN Indonesia III, Reg S, 4.15%, 03/29/27	IDN	USD	4,533,490	2.63
3,575,000	KSA Sukuk Ltd., senior note, Reg S, 3.628%, 04/20/27	SAU	USD	3,757,396	2.18
3,250,000	Perusahaan Penerbit SBSN Indonesia III, senior note, Reg S, 3.90%, 08/20/24	IDN	USD	3,360,793	1.95
2,550,000	Hong Kong Sukuk 2017 Ltd., senior note, Reg S, 3.132%, 02/28/27	HKG	USD	2,769,122	1.60
1,800,000	Sharjah Sukuk Programme Ltd., senior note, Reg S, 4.226%, 03/14/28	ARE	USD	1,874,520	1.09
1,450,000	Malaysia Sukuk Global Bhd., Reg S, 4.08%, 04/27/46	MYS	USD	1,704,452	0.99
1,550,000	Malaysia Sovereign Sukuk Bhd., Reg S, 3.043%, 04/22/25	MYS	USD	1,618,820	0.94
1,400,000	Perusahaan Penerbit SBSN Indonesia III, Reg S, 4.35%, 09/10/24	IDN	USD	1,473,920	0.85
1,300,000	RAK Capital, senior note, Reg S, 3.094%, 03/31/25	ARE	USD	1,289,696	0.75

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Franklin Global Sukuk Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	Government and Municipal Bonds (continued)				
790,000	KSA Sukuk Ltd., senior note, Reg S, 2.894%, 04/20/22	SAU	USD	808,040	0.47
				53,651,382	31.12
	Securities Maturing Within One Year				
6,260,000	Nile Delta Sukuk Ltd., first lien, Reg S, 4.00%, 10/31/20	ARE	USD	5,540,100	3.21
	TOTAL SUKUK			160,571,787	93.14
	TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET			160,571,787	93.14
	TOTAL INVESTMENTS			160,571,787	93.14

* This Sukuk is currently in default

The accompanying notes form an integral part of these financial statements

Schedule of Investments

As of April 30, 2020

Templeton Shariah Global Equity Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING				
	SHARES				
	Air Freight & Logistics				
599,000	Kerry Logistics Network Ltd.	CHN	HKD	819,156	1.29
	Auto Components				
13,900	Toyota Industries Corp.	JPN	JPY	703,191	1.11
6,352	Cie Generale des Etablissements Michelin SCA	FRA	EUR	620,126	0.98
				1,323,317	2.09
	Automobiles				
652,000	Brilliance China Automotive Holdings Ltd.	CHN	HKD	603,259	0.95
	Biotechnology				
12,990	BioMarin Pharmaceutical Inc.	USA	USD	1,195,340	1.88
	Chemicals				
2,910	LG Chem Ltd.	KOR	KRW	906,899	1.43
11,950	Albemarle Corp.	USA	USD	734,089	1.16
18,627	Yara International ASA	NOR	NOK	632,609	1.00
15,089	Johnson Matthey PLC	GBR	GBP	378,652	0.60
261	Lotte Chemical Corp.	KOR	KRW	46,521	0.07
				2,698,770	4.26
	Communications Equipment				
9,170	F5 Networks Inc.	USA	USD	1,277,014	2.01
	Construction Materials				
10,604	CRH PLC	IRL	EUR	320,098	0.50
	Containers & Packaging				
963,000	Greatview Aseptic Packaging Co. Ltd.	CHN	HKD	354,894	0.56
	Diversified Telecommunication Services				
3,410,000	China Telecom Corp. Ltd., H	CHN	HKD	1,177,823	1.86
	Electrical Equipment				
480,867	Johnson Electric Holdings Ltd.	HKG	HKD	807,431	1.27
43,600	Mitsubishi Electric Corp.	JPN	JPY	544,518	0.86
				1,351,949	2.13
	Electronic Equipment, Instruments & Components				
14,100	Kyocera Corp.	JPN	JPY	759,155	1.20
30,400	Alps Alpine Co. Ltd.	JPN	JPY	318,062	0.50
				1,077,217	1.70
	Food & Staples Retailing				
48,200	Matsumotokiyoshi Holdings Co. Ltd.	JPN	JPY	1,666,018	2.63
18,300	Walgreens Boots Alliance Inc.	USA	USD	792,207	1.25
				2,458,225	3.88
	Gas Utilities				
852,000	Kunlun Energy Co. Ltd.	CHN	HKD	555,077	0.88
	Health Care Equipment & Supplies				
15,087	Draegerwerk AG & Co. KGaA	DEU	EUR	1,054,667	1.66
10,500	Medtronic PLC	USA	USD	1,025,115	1.62
				2,079,782	3.28
	Household Durables				
104,900	Panasonic Corp.	JPN	JPY	808,043	1.27
	Industrial Conglomerates				
10,531	Siemens AG	DEU	EUR	977,107	1.54
	Marine				
440	AP Moeller-Maersk A/S, B	DNK	DKK	437,406	0.69

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Templeton Shariah Global Equity Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Metals & Mining					
55,900	Sumitomo Metal Mining Co. Ltd.	JPN	JPY	1,415,793	2.23
32,464	Wheaton Precious Metals Corp.	CAN	CAD	1,233,669	1.94
77,300	Freeport-McMoRan Inc.	USA	USD	682,559	1.08
				<u>3,332,021</u>	<u>5.25</u>
Multiline Retail					
11,410	Dollar Tree Inc.	USA	USD	909,035	1.43
Multi-Utilities					
148,397	E.ON SE	DEU	EUR	1,487,127	2.34
Oil, Gas & Consumable Fuels					
448,396	BP PLC	GBR	GBP	1,768,177	2.79
42,343	Total SA	FRA	EUR	1,524,083	2.40
30,040	Exxon Mobil Corp.	USA	USD	1,395,959	2.20
69,056	Eni SpA	ITA	EUR	659,342	1.04
30,728	Equinor ASA	NOR	NOK	425,454	0.67
131,400	Husky Energy Inc.	CAN	CAD	422,013	0.67
				<u>6,195,028</u>	<u>9.77</u>
Pharmaceuticals					
18,700	Johnson & Johnson	USA	USD	2,805,748	4.42
6,450	Roche Holding AG	CHE	CHF	2,241,198	3.53
20,363	Sanofi	FRA	EUR	1,989,984	3.14
9,340	Allergan PLC	USA	USD	1,749,756	2.76
37,170	Pfizer Inc.	USA	USD	1,425,841	2.25
11,778	UCB SA	BEL	EUR	1,078,097	1.70
38,700	Tsumura & Co.	JPN	JPY	1,075,891	1.70
63,600	Astellas Pharma Inc.	JPN	JPY	1,058,568	1.67
11,947	Novartis AG	CHE	CHF	1,017,982	1.60
6,329	Merck KGaA	DEU	EUR	735,770	1.16
				<u>15,178,835</u>	<u>23.93</u>
Real Estate Management & Development					
157,500	Swire Pacific Ltd., A	HKG	HKD	1,024,256	1.61
Semiconductors & Semiconductor Equipment					
61,260	Infineon Technologies AG	DEU	EUR	1,137,728	1.79
16,400	Micron Technology Inc.	USA	USD	785,396	1.24
4,914	SK Hynix Inc.	KOR	KRW	339,188	0.54
				<u>2,262,312</u>	<u>3.57</u>
Software					
5,140	SAP SE	DEU	EUR	613,539	0.97
Specialty Retail					
13,200	The TJX Cos. Inc.	USA	USD	647,460	1.02
283,542	Kingfisher PLC	GBR	GBP	561,729	0.89
				<u>1,209,189</u>	<u>1.91</u>
Technology Hardware, Storage & Peripherals					
65,837	Samsung Electronics Co. Ltd.	KOR	KRW	2,715,211	4.28
134,500	Asustek Computer Inc.	TWN	TWD	907,538	1.43
1,667,550	Lenovo Group Ltd.	CHN	HKD	900,811	1.42
				<u>4,523,560</u>	<u>7.13</u>
Textiles, Apparel & Luxury Goods					
1,320	Adidas AG	DEU	EUR	302,571	0.48
Transportation Infrastructure					
44,400	Mitsubishi Logistics Corp.	JPN	JPY	989,470	1.56

The accompanying notes form an integral part of these financial statements

Schedule of Investments (continued)

As of April 30, 2020

Templeton Shariah Global Equity Fund

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	Wireless Telecommunication Services				
174,500	China Mobile Ltd.	CHN	HKD	1,402,824	2.21
20,000	KDDI Corp.	JPN	JPY	579,308	0.92
				1,982,132	3.13
	TOTAL SHARES			59,523,552	93.85
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			59,523,552	93.85
	TOTAL INVESTMENTS			59,523,552	93.85

The accompanying notes form an integral part of these financial statements

Additional Information

Calculation Method of the Risk Exposure

The Commitment Approach* is used for measuring the Global Exposure** for:

Franklin Global Sukuk Fund

Templeton Shariah Global Equity Fund

*Commitment Approach is an approach for measuring risk or "global exposure" that factors in the market risk of the investments held in a UCITS sub-fund, including risk associated with any financial derivatives instruments held by converting the financial derivatives into equivalent positions in the underlying assets of those derivatives (sometimes referred to as "notional exposure"), after netting and hedging arrangements where the market value of underlying security positions may be offset by other commitments related to the same underlying positions.

** Global Exposure refers to a measure of the risk exposure for a UCITS sub-fund that factors in the market risk exposure of underlying investments, as well as the incremental market risk exposure and implied leverage associated with financial derivative instruments held in the portfolio.

Additional Information (continued)

UCITS Remuneration Disclosure

Franklin Templeton International Services S.à r.l. (“FTIS”), as UCITS licensed management company (the “Management Company”) has a remuneration policy (the “Policy”) in place which applies to all UCITS funds (each a “UCITS” and together the “UCITS”) under its management. The Policy has been designed to discourage excessive risk taking, integrating in its performance management systems risk criteria specific to the business units it covers. The policy has a governance structure aimed at preventing internal conflicts of interest.

There are defined procedures in place for the creation, update, review and approval of the Policy as well as for communication and implementation of the Policy. Senior Management, Human Resources, Compliance and other functions are all involved in this process and the Policy is approved by Senior Management and the Board of managers of the Management Company.

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

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

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

Total amount of fixed remuneration paid by FTIS and its delegates during the year ended September 30, 2019*,**	€32,941
Total amount of variable remuneration paid by FTIS and its delegates during the year ended September 30, 2019	€10,051
Number of staff of FTIS and in its delegates as at September 30, 2019	173
Total amount of compensation paid by FTIS and its delegates to Senior managers during the year ended September 30, 2019*,**	€13,244
Total amount paid by FTIS and its delegates to other members of staff who have a material impact on the profile of AIF during year ended September 30, 2019*,**	€ -

*The total amount of compensation paid by FTIS has been allocated to FTIS based on its pro rata share of the average month end total net assets of the funds under management of FTIS for the year ended September 30, 2019.

** The total amount of compensation paid by the FTIS delegates has been allocated to FTIS based on its pro rata share of the average month end total net assets of the funds under management of the FTIS delegates for the year ended September 30, 2019.

Franklin Templeton Office Directory

Further information regarding Franklin Templeton Shariah Funds is available from the following Franklin Templeton offices:

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Luxembourg

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Grand Duchy of Luxembourg
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Please note that the websites mentioned above are directed at residents within the country stated on these websites. (Please refer to the website disclaimers).



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