

AUDITED ANNUAL REPORT

FRANKLIN TEMPLETON SHARIAH FUNDS

société d'investissement à capital variable

October 31, 2022



FRANKLIN
TEMPLETON

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société d'investissement à capital variable

AUDITED ANNUAL REPORT

For the year ended October 31, 2022

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. The auditor's report refers only to the English version of the Annual Report and not to any translated versions.

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General Information

As at October 31, 2022

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)

BOARD OF DIRECTORS:

Chairwoman

Caroline Carroll

Director

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

Cannon Place, 78 Cannon Street, London EC4N 6HL

United Kingdom

Directors

A. Craig Blair

Conducting Officer

FRANKLIN TEMPLETON INTERNATIONAL SERVICES

S.à r.l.

8A, rue Albert Borschette

L-1246 Luxembourg

Grand Duchy of Luxembourg

William Jackson

Director

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

5 Morrison Street

Edinburgh EH3 8BH, Scotland

United Kingdom

Hans-J. Wisser

Independent Director

Kalberstucksweg 37

61350 Bad Homburg

Germany

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

The Gate, East Wing, Level 2

Dubai International Financial Centre

P.O. Box 506613, Dubai

United Arab Emirates

Franklin Templeton Investments (ME) Ltd. Manages

Franklin Global Sukuk Fund.

TEMPLETON ASSET MANAGEMENT LTD

7 Temasek Boulevard

#38-03 Suntec Tower One

Singapore 038987

Templeton Asset Management limited manages Templeton

Shariah Global Equity Fund.

FRANKLIN TEMPLETON INVESTMENTS (ASIA) LIMITED

17/F, Chater House

8 Connaught Road Central

Hong Kong

Franklin Templeton Investments (Asia) limited manages

Templeton Shariah Global Equity Fund.

TEMPLETON GLOBAL ADVISORS LIMITED

P.O. Box N-7759

Lyford Cay

Nassau

Bahamas

Templeton Global Advisors Limited manages Templeton

Shariah Global Equity Fund.

FRANKLIN ADVISERS, INC.

One Franklin Parkway
San Mateo, CA 94403-1906
USA

Franklin Advisers, Inc manages Franklin Shariah Technology
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 Continental Europe, Luxembourg Branch
16, boulevard d'Avranches, L-1160 Luxembourg
Grand Duchy of Luxembourg

ADMINISTRATIVE AGENT:

J.P. Morgan SE, Luxembourg Branch
European Bank & Business Centre
6C, route de Trèves
L-2633, Senningerberg
Grand Duchy of Luxembourg

REGISTRAR AND TRANSFER AGENT:

VIRTUS PARTNERS FUND SERVICES LUXEMBOURG
S.à r.l. (With effect October 3, 2022)
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

AUDITOR:

PRICEWATERHOUSECOOPERS, Société coopérative
2, rue Gerhard Mercator, L-2182 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISER:

ELVINGER HOSS PRUSSEN, société anonyme
2, Place Winston Churchill, L-1340 Luxembourg
Grand Duchy of Luxembourg

Report of the Board of Directors


At October 31, 2022, total net assets of Franklin Templeton Shariah Funds (“FTSF,” or the “Company”) stood at US\$560.36 million, higher than the US\$454.90 million under management at October 31, 2021.

It has been a turbulent year for the financial market, but the size and depth of the Shariah-compliant investment universe has continued to increase. A wide range of factors—such as new fixed income issuances and the inclusion of Sukuk securities in some conventional benchmark indices—have all contributed to the growth of this sector.

With its specialised expertise and on-the-ground resources in key markets in the Middle East and Southeast Asia, Franklin Templeton stands ready to capture future opportunities amidst a dynamic and changing investment landscape. The ongoing progress of economic reforms across Asia and the Gulf Cooperation Council region, the continued development of emerging market nations and geopolitical events worldwide have all focused an increasing amount of investor attention on the Shariah-compliant space. With a long track record in these regions, we believe the Company is well-positioned to navigate this complex territory and to look beyond the headlines to identify fundamentally sound value for our investors.

THE BOARD OF DIRECTORS

Luxembourg, November 2022

DocuSigned by:

BD0F1D6D795F49E...

William Jackson

14 December 2022

Franklin Templeton International Services S.à r.l.

8A, Rue Albert Borschette,
L-1246 Luxembourg
Grand Duchy of Luxembourg

Attn: **The Conducting Officers**

ANNUAL SHARIAH COMPLIANCE REPORT FOR FRANKLIN TEMPLETON SHARIAH FUNDS FOR THE PERIOD BETWEEN 1 NOVEMBER 2021 AND 31 OCTOBER 2022

Based on our view of the investments of Franklin Global Sukuk Fund, Franklin Shariah Technology Fund and Templeton Shariah Global Equity Fund ("the sub-funds") and on the information provided to us by the representative of Franklin Templeton Shariah Funds, we hereby confirm that the Funds' investments as well as their transactions during the financial year ended 31 October 2022 are in compliance with the Islamic investment guidelines as interpreted and issued by Amanie Shariah Supervisory Board Members.

Yours faithfully,



TAN SRI DR MOHD DAUD BAKAR

(On behalf of the Amanie Advisors Shariah Supervisory Board)

Shariah Supervisory Board Members

Dr. Mohamed Ali Elgari (Chairman)

Dr. Mohd. Daud Bakar

Dr. Muhammad Amin Ali Qattan

Dr. Osama Al Dereai

Report of the Investment Managers

Year to October 31, 2022

Market Performance

In broad terms, financial markets fell sharply during the 12-month period ended 31 October 2022, as investors worried that the global economy would enter a recession as many central banks tighten monetary policy. Global equities benefitted earlier in the period from the easing of COVID-19 restrictions and economic reopening in many regions. However, the combination of resilient consumer demand and persistent supply-chain disruptions contributed to record-high inflation in multiple regions, leading many central banks to tighten monetary policy in 2022, hindering stocks. The Russia-Ukraine war also weighed on investor sentiment, as sanctions on Russia disrupted trade and commodity markets. As measured by MSCI indices in US-dollar terms, developed market equities fared slightly better than a global index, whilst emerging and frontier market equities performed significantly worse than it.

US equities declined as investors feared that the US Federal Reserve's (Fed) aggressive rate hikes to combat high inflation could lead to a recession. Equities in Europe fell amidst investor concerns about a potential recession, high energy prices and the significant decline of the euro and British pound against the US dollar. To fight record-high inflation, the European Central Bank and the Bank of England raised their benchmark interest rates multiple times. In Asia, the Bank of Korea raised its benchmark interest rate several times to combat high inflation, whilst the People's Bank of China cut its key rate several times to support economic growth. China's Zero-COVID policy, which has brought recurring lockdowns and restrictions to many cities in the country, contributed to significant declines in Chinese and other Asian stocks.

Global Sukuk bond markets, as represented by the Dow Jones Sukuk Index, declined over the 12-month review period. However, the Sukuk market performed relatively well compared with broader global bond indices, such as the FTSE World Government Bond Index and the Barclays Global Aggregate Index. Global Sukuk also fared better than emerging market (EM) bonds, represented by the JPMorgan Emerging Market Bonds Index Global Diversified (EMBIGD), which tracks hard-currency EM government bonds, as tightening monetary conditions around the world and a stronger US dollar sparked outflows from the asset class.

Late in 2021, a rally in global commodities, rising demand, wage pressures and supply chain disruptions saw inflation accelerate, continuing a trend from earlier in the year. Over the first half of 2022, escalating geopolitical tensions and the Russian invasion of Ukraine drove negative market sentiment, adding to concerns surrounding inflation and tighter monetary policy. From April, the US Fed aggressively tightened policy in an effort to control inflation, sending investors to safe-haven assets amidst concerns of a recession, and hawkish comments from policymakers about the monetary policy outlook. In commodity markets, crude oil prices rose due to tight supply, exacerbated by fallout from the war in Ukraine, though prices receded late in the period amidst fears of a global economic slowdown.

Fund Performance

Franklin Global Sukuk Fund

Franklin Global Sukuk Fund returned -9.8% on a gross basis and -11.2% on a net basis in the 12 months to 31 October 2022, compared with its benchmark, the Dow Jones Sukuk Index, which returned -10.4% over the same period, all in US dollars.

Security selection was positive for relative performance. Selection amongst corporate industrials and financials were the strongest contributors, whilst supranationals held back returns. Asset allocation also had a small positive impact, mainly due to an underweight to supranationals and exposure to local-currency treasuries.

Yield-curve movements had a significant positive impact on relative returns, mainly due to underweight US-dollar duration exposure. However, this was partially offset by a detractor from interest rate derivatives designed to hedge against rising real interest rates. Elsewhere, currency exposure weighed on performance, as a result of an allocation to the Malaysian ringgit.

Franklin Shariah Technology Fund

For the period 24 February 2022 to 31 October 2022, the fund returned -22.70% (net), while the S&P Global 1200 Shariah Information Technology Index returned -18.28%, all in US dollars.

Our relative underperformance was driven by an underweight in Technology Hardware Storage and Peripherals, weak stock selection in IT Services, and an overweight and weak stock selection in Software.

Within Technology Hardware Storage and Peripherals, the Fund's significant underweight to Apple was a main detractor. Other notable detractors within IT Services included Okta and MongoDB. Okta was sold during the period after the company's management provided meaningfully lower billings guidance as the company works through a sales team reorganisation, cited issues with the Auth0 integration, and noted increased employee attrition. MongoDB traded lower due to what appears to be a cyclical slowing in revenue. However, we believe MongoDB is well-capitalised, with strong unit economics, a leading market position, and a significant opportunity to increase market share. Lastly, in Software, Datadog was a notable detractor as the company reported lower billings and weakness in some of its consumer discretionary customer relationships. Despite these challenges, we believe DataDog is a best in breed business, with excellent long-term growth potential in a large and expanding total addressable market. In our opinion, DataDog is a high-quality business, as shown by its strong unit economics, compelling platform potential and high free cash flow.

Templeton Shariah Global Equity Fund

For the year ended 31 October 2022, the fund performed better than its benchmark index. In US-dollar terms, the fund returned -13.78% (net) whilst the benchmark MSCI All Country World Islamic Index-NR delivered -14.18%. The relative performance was driven by stock selection in the information technology and industrials sectors; our overweight exposure to the energy sector and a lack of exposure to the real estate sector also helped. In addition, holding cash amidst the market volatility added to relative performance as well.

Supported by strong oil prices and sustained earnings growth, the energy sector was the benchmark's top performer during the period under review, and the fund similarly benefitted from its key holdings in the sector. As a result, Marathon Petroleum Corporation, BP, TotalEnergies, Equinor and Shell were amongst the top contributors to relative performance. We have fine-tuned our holdings by exiting from the Marathon Petroleum and Equinor positions to realise their outperformance, for instance, but we stay overweight on the sector relative to the benchmark. Broadly, we remain encouraged by the number of energy companies generating double-digit free cash flow yields and returning significant amounts of capital to shareholders through buybacks and dividends.

In the information technology sector, SAP was the leading contributor. Shares of the Germany-based enterprise software company weakened over the first nine months of 2022—this presented us with an opportunity to invest in a high-quality growing company at an attractive valuation. We entered into a new position in July and added to it in October, in time to benefit from the stock's recovery since late September. In the long term, we think SAP will benefit from its transition to cloud where it can better cross-sell its software-as-a-service solutions to further boost revenue share. Other performance contributors in the sector included Ciena Corporation, Salesforce, and SK hynix.

LG Energy Solution and Westinghouse Air Brake Technologies Corporation (also known as WABTEC) from the industrials sector also contributed to relative performance. We have closed our LG Energy Solution position for a profit, but US-based WABTEC—one of the leaders in freight and transit rail equipment—remains a core holding given its durable business model, strong free cash generation, prudent capital deployment and further cyclical recovery in North American freight.

In contrast, stock selection and underweight exposure to the materials sector detracted from the fund's relative performance during the period under review. Our underweight exposure to the consumer staples sector and a lack of exposure to the financials sector also dragged on performance.

LG Chem was the top detractor in the materials sector. With the cyclical sector broadly pressured by selloffs due to macroeconomic concerns, shares of the South Korea-based chemical company weakened in the first quarter of 2022. We stay invested partly for its position as a leading battery producer and exposure to the structural growth drivers in the electric vehicle market. Other performance detractors in the materials sector included steel company ArcelorMittal—a position which we have closed—and Freeport-McMoRan.

Facing elevated inflation and economic slowdown globally, the consumer staples sector has generally struggled with weak pricing power and heightened margin pressure. Our sector holdings such as Haleon, Procter & Gamble Company and Mondelez International impeded relative performance. We exited from several positions during the period under review and will stay underweight on the sector as part of our focus on limiting risk exposure.

Whilst the information technology sector contributed to relative performance, Infineon Technologies, Applied Materials and Taiwan Semiconductor Manufacturing Company (TSMC) detracted. These semiconductor-related holdings were affected by concerns of weaker end-market demand for devices and chips amidst the economic uncertainties. The recently stepped-up US restrictions to limit China's access to advanced chip technologies have also worried investors. We have closed our TSMC position and will continue to watch the situation. However, we stay overweight on the semiconductors sector relative to the benchmark, as we remain confident of its long-term structural growth trends tied to digitalisation, energy efficiency and electric vehicles.

From a regional standpoint, stock selection and overweight exposure to the United Kingdom contributed to relative performance, as did stock selection in France. In contrast, stock selection in Germany and Canada detracted from relative performance.

Outlook

Following the turbulent third quarter of 2022, October's bullish action in global equity markets was fuelled in part by optimism that we may be approaching peak inflation, increasing the odds of a Fed pivot that could ease headwinds for the US economy. Whilst we may get a slowdown in the pace of rate hikes, it became increasingly clear as the month progressed that the Fed is likely to remain generally committed to tighter monetary policy, requiring a more material change in economic growth and inflation data for a Fed policy shift. Chinese equities may struggle as hopes of a less severe COVID policy have been dashed for now, and investors digest new, less investor-friendly policies and lackluster economic growth. There continues to be a range of potential outcomes for Chinese equities, driven chiefly by a single individual (Chinese leader Xi Jinping). There also continues to be elevated tail risks associated with the Russia-Ukraine war, as they relate to both energy supply and consumer demand in Europe, and broader geopolitical stability, given the hardened demands on both sides of the conflict. Ukraine remains adamant it will not cede an inch of ground to Russia, whilst Moscow believes its annexation of the eastern part of Ukraine represents the will of the ethnically Russian majority and is entirely unwilling to give up control of its warm-water ports in the disputed territories. The intransigence on both sides significantly raises the risk of escalation, a prospect made all the more troublesome by Russia's vast cache of nuclear weapons.

Developments in Ukraine, China and the inner chambers of the world's leading central banks all have the potential to significantly move financial markets in the months ahead and are all, unfortunately, outside of the control of capital allocators and managers. However, recently we have been encouraged by the market's growing responsiveness to factors closer to our realm of control and analysis: corporate fundamentals. Indeed, at the sector level, year-to-date performance largely tracks year-to-date earnings-per-share growth, with sectors like energy, health care and consumer staples performing the best on solid earnings growth, and sectors like consumer discretionary, communication services, real estate and information technology all paying the price for earnings contraction (or at least slowing growth in the case of IT and real estate). Whilst monetary policy and geopolitics will likely continue to have an outsized impact on market performance in the near term, we are increasingly encouraged by signs that higher interest rates and a growing divergence in corporate fundamentals are underpinning a more discriminate trading environment that, over the longer term, can reward the type of fundamental analysis we practice at Templeton.

Within IT and communication services, our managed focused on Shariah technology investments thinks quality secular growth is more valuable than cyclical growth, and that investors will want to own high-quality, well-capitalised, highly profitable secular growth businesses with pricing power. In our view, this is the very definition of many of the world's largest technology-centric businesses. Relative to the other nine major equity sectors, IT and communication services are amongst the best-capitalised sectors in the market. These sectors collectively are net cash positive, with generally self-financing business models. We believe the strongest businesses in these sectors are unlikely to need to return to the capital markets to fund their business models going forward. These sectors also have some of the most profitable business models across the market.

However, we also acknowledge inflation, increased interest rates, and increased equity capital costs are the primary near-term risks in the IT and communication services sectors. If inflation headwinds begin to abate and the world's largest economies can avoid a deep recession, we consider sector valuations to be reasonable to attractive. If inflation intensifies, central bank rate increases prove ineffective or the world's largest economies enter a significant recession, we believe there may be additional valuation headwinds for "cash in the future" growth businesses.

Looking further ahead to 2023 and beyond, we continue to believe the Digital Transformation (DT) theme offers a multi-trillion-dollar opportunity as it enables a widening array of companies to leverage software and data to better understand their customer and business processes, as well as various technologies to radically transform how they operate. Furthermore, with evidence that DT drives improved productivity and deeper customer relationships, we believe companies are now operationalising and scaling what worked during the COVID crisis and extending their DT initiatives into other parts of their operations. We are firm believers that DT is just getting started and has a long runway for sustained and significant growth, even as the macro environment becomes more challenging.

In our Sukuk manager's analysis, inflation has been the main theme of the year; a period marked by weak and volatile financial market performance across a broad range of asset classes. Some market measures of inflation, such as the 10-year breakeven rate, are almost unchanged, even slightly lower, over the year-to-date. US Treasury yields are the sum of two components: breakeven rates, the measure of inflation, and real rates, the return after inflation. The story of markets is about more than strong inflation; it is also about the repricing of real rates and tighter financial conditions.

With the Fed expected to continue aggressively hiking into a slowdown, the risk of a disruptive end is growing. The Fed remains convinced of a soft landing for the economy, but inflation may realistically only normalise in a downturn, with higher unemployment. History offers no comfort from periods where unemployment rises even by small margins. Few markets, if any, are currently priced for that risk and that includes the Sukuk markets.

Global Sukuk defensive characteristics have stood out to us during a challenging year, demonstrating resilience in the face of interest-rate volatility and a general EM bond selloff. Global Sukuk market declines, as measured by the Dow Jones Sukuk Index, are less than half the declines of EMs, as measured by the EMBIGD.

Despite all the headwinds, spreads are at relatively low levels, as commodity-exporting countries benefit from a natural buffer to high inflation through exposure to rising oil prices. The improvement in sovereign fiscal balances has improved credit profiles, but the relative resilience of spreads is now a potential risk. It is reasonable to expect, as a result, for credit spreads to widen from current levels, dampening potential returns.

The more meaningful risk, however, continues to reside in rising benchmark rates, likely alongside continued upside surprises in inflation—this scenario, however, might be challenged by an approaching recession, limiting the time rates stay elevated.

With absolute yields now at levels we have not seen in 20 years, excluding the financial crisis, and a history of 12-month forward returns from similar yield levels consistently delivering double-digit returns, valuations provide a compelling rationale, particularly for higher-quality issuers. The broader universe of risk assets, such as equities or high-yield bonds, may have further to decline in a downturn, and historically bottom only slightly before economic troughs, or at a pivot in Fed policy towards easy; neither of which are currently in place.

Despite the risks, or rather because of the abundance of risk, higher-quality fixed income assets are poised to better defend portfolios and provide attractive levels of income, justifying an increase in fixed income allocations, especially to those with active mandates.

THE INVESTMENT MANAGERS

November 2022

The information stated in this report represents historical data and is not an indication of future results.



Audit report

To the Shareholders of
Franklin Templeton Shariah Funds

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Franklin Templeton Shariah Funds (the “Fund”) and of each of its sub-funds as at 31 October 2022, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund’s financial statements comprise:

- the statement of net assets as at 31 October 2022;
- the statement of operations and changes in net assets for the year then ended;
- the schedule of investments as at 31 October 2022; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or close any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;



- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund or any of its sub-funds to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 13 February 2023

Electronically signed by:
Laurent Buttice

A handwritten signature in black ink, appearing to read 'Laurent Buttice', is written over a faint, larger version of the same signature.

Laurent Buttice

Fund Performance*

Percentage change to October 31, 2022

	Reference Share Class	Launch Date of Fund	6 Months %	1 Year %	3 Years %	5 Years %	Since Launch %
Franklin Global Sukuk Fund	A (acc) USD	10 Sep 12	(6.0)	(11.2)	(5.7)	2.0	16.6
Franklin Shariah Technology Fund	I (acc) USD	24 Feb 22	(17.8)	-	-	-	(22.7)
Templeton Shariah Global Equity Fund	A (acc) USD	10 Sep 12	(8.0)	(13.8)	6.4	0.9	30.7

*The performance is based on the net asset values as calculated on the last business day of the year. Those net asset values reflect the market prices of the investments as of the last business day of the year. The performance is based on the change of the net asset value per share. The year to date performance includes the year from 01.11.2021 until 31.10.2022.

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, 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 and JPMorgan

Statement of Net Assets

As at October 31, 2022

	Total (USD)	Franklin Global Sukuk Fund (USD)	Franklin Shariah Technology Fund ¹ (USD)	Templeton Shariah Global Equity Fund (USD)
ASSETS				
Investments in securities at market value (note 2(b))	545,573,747	467,104,747	7,120,920	71,348,080
Cash at bank and at brokers	14,931,349	5,019,856	791,548	9,119,945
Amounts receivable on subscriptions	1,130,440	963,180	12,264	154,996
Profit payments on Sukuk and dividends receivable, net	4,760,258	4,637,611	–	122,647
Unrealised profit on Shariah compliant forward foreign exchange contracts (notes 2(c),3)	66,357	65,610	747	–
Other receivables	108,412	39,768	32,372	36,272
TOTAL ASSETS	566,570,563	477,830,772	7,957,851	80,781,940
LIABILITIES				
Amounts payable on redemptions	1,307,477	1,260,677	–	46,800
Investment management fees payable (note 5)	394,902	326,479	4,580	63,843
Payable to charity	169	–	169	–
Unrealised loss on Shariah compliant forward foreign exchange contracts (notes 2(c), 3)	1,555	1,533	22	–
Unrealised loss on Shariah compliant profit rate swap contracts (notes 2(d), 4)	3,995,113	3,995,113	–	–
Taxes and expenses payable	509,978	363,833	28,151	117,994
TOTAL LIABILITIES	6,209,194	5,947,635	32,922	228,637
TOTAL NET ASSETS	560,361,369	471,883,137	7,924,929	80,553,303
THREE YEAR ASSET SUMMARY				
October 31, 2021	454,902,030	365,827,635	–	89,074,395
October 31, 2020	320,040,118	252,618,055	–	67,422,063
October 31, 2019	245,401,107	167,839,276	–	77,561,831

¹Franklin Shariah Technology Fund launched on February 24, 2022.

Statement of Operations and Changes in Net Assets

For the year ended October 31, 2022

	Total	Franklin Global Sukuk Fund	Franklin Shariah Technology Fund ¹	Templeton Shariah Global Equity Fund
	(USD)	(USD)	(USD)	(USD)
NET ASSETS AT THE BEGINNING OF THE YEAR	454,902,030	365,827,635	–	89,074,395
INCOME				
Dividends (net of withholding taxes) (note 2(f))	1,596,892	–	10,430	1,586,462
Profit payments on Sukuk (net of withholding taxes) (note 2(f))	16,278,150	16,278,150	–	–
Net income on swaps (note 2(f))	198,338	198,338	–	–
Sundry income (note 2(f))	48,864	12,191	–	36,673
TOTAL INCOME	18,122,244	16,488,679	10,430	1,623,135
EXPENSES				
Investment management fees (note 5)	4,374,665	3,501,175	26,729	846,761
Administration and transfer agency fees	1,116,201	916,307	7,913	191,981
Directors fees	18,612	14,801	132	3,679
Subscription tax (note 8)	200,277	161,444	717	38,116
Depository fees	217,552	131,301	30,817	55,434
Audit fees	50,297	29,189	1,942	19,166
Printing and publishing expenses	80,913	64,536	598	15,779
Shariah compliance fees	192,613	103,434	19,000	70,179
Maintenance and service charges (note 9)	1,003,577	645,322	717	357,538
Other charges (note 10)	358,091	266,331	20,344	71,416
TOTAL EXPENSES	7,612,798	5,833,840	108,909	1,670,049
Expense reimbursement (note 11)	(1,103,253)	(889,040)	(73,558)	(140,655)
NET EXPENSES	6,509,545	4,944,800	35,351	1,529,394
NET INCOME/(EXPENSES) FROM INVESTMENTS	11,612,699	11,543,879	(24,921)	93,741
Net realised profit/(loss) on sale of investments	1,003,982	(1,993,158)	(240,459)	3,237,599
Net realised profit/(loss) on Shariah compliant forward foreign exchange contracts	278,249	281,462	(3,198)	(15)
Net realised profit/(loss) on foreign exchange transactions	(248,595)	(162,566)	791	(86,820)
Net realised profit/(loss) on Shariah compliant profit rate swap contracts	2,158,489	2,158,489	–	–
NET REALISED PROFIT/(LOSS) FOR THE YEAR	14,804,824	11,828,106	(267,787)	3,244,505
Change in net unrealised appreciation/(depreciation) on:				
Investments	(74,644,634)	(58,220,234)	(1,325,054)	(15,099,346)
Shariah compliant forward foreign exchange contracts	64,171	63,446	725	–
Shariah compliant profit rate swap contracts	(3,995,909)	(3,995,909)	–	–
Foreign exchange transactions	(1,391,102)	(85,963)	–	(1,305,139)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	(65,162,650)	(50,410,554)	(1,592,116)	(13,159,980)
DONATION TO CHARITY				
Purification of non-Shariah compliant Income (note 16)	(169)	–	(169)	–
Purification of net realised profit on non-shariah compliant profit (Note 16)	(11,085)	–	–	(11,085)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF DONATION TO CHARITY	(11,254)	–	(169)	(11,085)
MOVEMENT OF CAPITAL				
Issue of shares	306,966,609	271,396,769	9,518,759	26,051,081
Redemption of shares	(130,053,089)	(108,655,724)	(1,545)	(21,395,820)
Equalisation (note 14)	2,105,131	2,110,270	–	(5,139)
	179,018,651	164,851,315	9,517,214	4,650,122
Dividends paid/accumulated	(8,385,408)	(8,385,259)	–	(149)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	170,633,243	156,466,056	9,517,214	4,649,973
NET ASSETS AT THE END OF THE YEAR	560,361,369	471,883,137	7,924,929	80,553,303

¹ Franklin Shariah Technology Fund launched on February 24, 2022.

Statistical Information

For the year ended October 31, 2022

	Total Expense Ratio October 31, 2022 (See note 15)	Shares Outstanding as at October 31, 2022	Net Asset Value per share as at October 31, 2022	Net Asset Value per share as at October 31, 2021	Net Asset Value per share as at October 31, 2020
Franklin Global Sukuk Fund - USD					
A (acc) EUR	1.50%	117,429.321	14.33	13.80	13.42
A (acc) USD	1.50%	6,178,702.319	11.66	13.13	12.89
A (Mdis) SGD	1.50%	7,493,068.554	8.75	9.74	10.04
A (Mdis) USD	1.50%	8,919,795.537	7.98	9.33	9.48
C (Mdis) USD	2.28%	500.000	8.19	9.65	–
I (acc) USD	0.86%	12,694,809.675	12.29	13.74	13.40
I (Qdis) USD ¹	0.86%	329,934.734	9.56	–	–
M (acc) USD	1.88%	112,125.997	8.79	9.93	–
N (acc) EUR	2.45%	152,678.114	13.04	12.67	12.43
W (acc) USD	0.90%	1,424,314.658	10.59	11.85	11.56
W (Qdis) EUR-H1 (hedged)	0.90%	100,832.570	7.49	8.87	9.05
W (Qdis) GBP-H1 (hedged) ²	0.90%	162,326.224	8.63	–	–
W (Qdis) USD	0.90%	10,720,435.299	8.28	9.61	9.71
X (Qdis) USD	0.28%	1,447,873.577	8.56	9.88	9.93
Franklin Shariah Technology Fund - USD³					
A (acc) SGD	1.87%	12,823.922	7.01	–	–
A (acc) SGD-H1 (hedged)	1.87%	10,843.229	6.57	–	–
A (acc) USD	1.87%	74,715.429	6.70	–	–
I (acc) USD	0.90%	895,382.792	7.73	–	–
W (acc) USD	0.95%	50,000.000	7.73	–	–
Templeton Shariah Global Equity Fund - USD					
A (acc) SGD	1.90%	712,274.823	14.05	15.51	11.98
A (acc) USD	1.90%	2,490,127.532	13.07	15.16	11.55
AS (acc) SGD	1.75%	3,928,068.022	12.31	13.58	10.47
I (acc) USD	1.05%	473,062.959	14.27	16.41	12.40
X (Ydis) USD	0.35%	500.000	10.69	12.51	9.61

¹This share class was launched on September 14, 2022

²This share class was launched on November 15, 2021

³This fund was launched on February 24, 2022

Notes to Financial Statements

For the year ended October 31, 2022

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 3 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.

Fund launches:

The Franklin Shariah Technology Fund launched on February 24, 2022.

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.

In accordance with the provisions of the current prospectus, Market Level Fair Valuation may be implemented to protect the interests of the Company’s shareholders against market timing practices, as market timers may seek to exploit possible delays between the change in the value of a Fund’s portfolio holdings and the Net Asset Value of the Fund’s Shares in Funds that hold significant investments in foreign securities because certain foreign markets close several hours ahead of the US markets.

The Company’s directors are using several methods to reduce the risk of market timing. As at October 31, 2022, a Market Level Fair Valuation was applied to the following Funds:

Franklin Shariah Technology Fund

Templeton Shariah Global Equity Fund

The Management Company and/or the Administrative Agent 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 year under review, gains and losses on investment securities sold were computed on the average cost basis for all Funds.

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

Note 2 - Significant accounting policies (continued)

(c) 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".

(d) Shariah compliant profit rate swap contracts

The profit rate swap uses reciprocal Murabaha transactions. Murabaha is an Islamic financing structure in which the seller and buyer agree to the cost and mark-up of an asset. The Murabaha is a sale arrangement whereby a financier purchases goods from a supplier (at the cost price) and then on-sells them to a counterparty at a deferred price that is marked-up to include the financier's profit margin. Gains or losses resulting from Shariah compliant profit rate swaps are recognised 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 year-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 year.

The reference currency of the Company as reflected in the financial statements is U.S. dollar. The principal exchange rates applied as at October 31, 2022, are as follows:

EUR	1.0034
GBP	0.8609
SGD	1.4101

The list of the currency abbreviations is available in note 17.

(f) Income

Dividends are credited to income on their ex-dividend date, Profit payments (including profit payments on Sukuk) are accrued on a daily basis, and includes the amortization of premiums and accretion of discounts, where applicable. Net profit income on swaps is recognised on accruals basis and Sundry income is recognised as earned.

(g) Senior floating rate interest

Senior secured corporate financing pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. These base lending rates are generally the prime rate offered by a designated U.S. bank or the London InterBank Offered Rate (LIBOR). Senior secured corporate financing often require prepayment of principal from excess cash flows or at the discretion of the borrower. As a result, actual maturity may be substantially less than the stated maturity.

The interest rate is a general indicator. Although the Fund does not invest in interest bearing instruments, the movement of the interest rate will have an impact on the profit rate of the Islamic instruments and consequently affect the expected return of the Fund's investments.

(h) Swing pricing

A Fund may suffer reduction of the Net Asset Value per Share due to Investors purchasing, selling and/or switching in and out of the Fund at a price that does not reflect the dealing costs associated with this Fund's portfolio trades undertaken by the Investment Manager to accommodate cash inflows or outflows.

To counter this dilution impact and to protect Shareholders' interests, a swing pricing mechanism may be adopted by the Company as part of its valuation policy.

Note 2 - Significant accounting policies (continued)

(h) Swing pricing (continued)

The Fund operates a swing pricing mechanism which is applied when the total capital activity (aggregate of inflows and outflows) at a Fund level exceeds a pre-determined threshold as determined as a percentage of the net assets of that Fund for the Valuation Day. Funds can operate a full swing pricing mechanism where the threshold is set to zero or a partial swing pricing mechanism where the threshold is greater than zero.

Typically, such adjustment will increase the Net Asset Value per Share when there are net inflows into the Fund and decrease the Net Asset Value per Share when there are net outflows. The Net Asset Value per Share of each Share Class in a Fund will be calculated separately but any adjustment will, in percentage terms, affect the Net Asset Value per Share of each Share Class in a Fund identically. Swing pricing does not address the specific circumstances of each individual investor transaction.

The adjustments will seek to reflect the anticipated prices at which the Fund will be buying and selling assets, as well as estimated transaction costs. Investors are advised that the volatility of the Fund's Net Asset Value might not reflect the true portfolio performance as a consequence of the application of swing pricing.

The size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying investments and the valuation method adopted to calculate the value of such underlying investments of the Fund.

The swing pricing mechanism may be applied across all Funds of the Company. The extent of the price adjustment will be reset by the Company on a periodic basis to reflect an approximation of current dealing and other costs. Such adjustment may vary from Fund to Fund and under normal market conditions will not exceed 2% of the original Net Asset Value per Share. The Board of Directors can approve an increase of this limit in case of exceptional circumstances, unusually large Shareholders trading activities, and if it is deemed to be in the best interest of Shareholders.

The Franklin Templeton International Services S.à r.l. ("FTIS"), as UCITS licensed management company (the "Management Company") mandates authority to the Swing Pricing Oversight Committee to implement and on a periodic basis review, the operational decisions associated with swing pricing. This committee is responsible for decisions relating to swing pricing and the ongoing approval of swing factors which form the basis of pre-determined standing instructions.

The price adjustment is available on request from the Management Company at its registered office.

There was no swing pricing adjustment affecting the Fund's Net Asset Value per share on the last day of the year.

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 annual/semiannual period end, as disclosed in the Statistical Information, would include the swing pricing adjustment.

During the year ended October 31, 2022, swing pricing adjustments affected the net asset value per share of the following Funds:

- Franklin Global Sukuk Fund
- Franklin Shariah Technology Fund
- Templeton Shariah Global Equity Fund

Note 3 - Shariah compliant forward foreign exchange contracts

As at October 31, 2022, the Company had entered into the following outstanding contracts:

Franklin Global Sukuk Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	772,347	USD	751,606	11/15/2022	12,406
GBP	1,435,490	USD	1,593,600	11/15/2022	53,204
USD	18,837	EUR	19,324	11/15/2022	(279)
USD	37,464	GBP	33,750	11/15/2022	(1,254)
					64,077

The above contracts were opened with the below counterparties:

J.P. Morgan	64,077
	64,077

Franklin Shariah Technology Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
SGD	75,846	USD	52,834	11/15/2022	747
USD	2,601	SGD	3,713	11/15/2022	(22)
					725

The above contracts were opened with the below counterparties:

J.P. Morgan	725
	725

Note 4 - Shariah compliant profit rate swap contracts

As at October 31, 2022, the Company had entered into the following outstanding contract:

Franklin Global Sukuk Fund

Nominal amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
40,000,000	Islamic Profit Rate Swap 1 day Receive fixed 2.895%	J.P. Morgan	05/11/32	USD	(2,977,614)
40,000,000	Islamic Profit Rate Swap 1 day Receive fixed 3.521%	J.P. Morgan	09/29/32	USD	(1,017,499)
					(3,995,113)

Note 5 - 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 year. The following percentages apply in respect of the different Funds as at October 31, 2022.

The Investment Managers, as noted on page 6, will be remunerated by the Management Company out of the investment management fee received from the Company.

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 - Investment management fees (continued)

	Class A, AS, C, N	Class I	Class M	Class W
Franklin Global Sukuk Fund	1.00%	0.70%	USD 0 to 100 M - 0.45% USD 100 M to 250 M - 0.40% Above USD 250 M - 0.35%	0.70%
Franklin Shariah Technology Fund	1.00%	0.70%	NA	0.70%
Templeton Shariah Global Equity Fund	1.00%	0.70%	NA	0.70%

Note 6 - 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 7 - Connected party transactions

Certain Directors of the Company are or may also be Officers and/or Directors of the Management Company, 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 5 to the financial statements.

There are no connected brokers in Franklin Templeton, and no transactions were entered into with connected brokers during the year ended October 31, 2022.

During the year ended October 31, 2022, the Company accrued fees in respect of Franklin Templeton International Services S.à r.l. as Management Company and Principal Distributor of the Funds.

Note 8 - 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 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. A EUR 75 registration duty is to be paid upon incorporation and each time the Articles are amended.

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.

Note 8 - Taxation (continued)

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 9 - Share classes

Class A shares: are offered at the applicable net asset value, plus an entry charge of up to 5.00% for Franklin Global Sukuk Fund and up to 5.75% for Templeton Shariah Global Equity Fund of the total amount invested varying per asset class. In addition, a maintenance charge of up to 0.30% per annum for Franklin Global Sukuk Fund and up to 0.50% for Templeton Shariah Global Equity Fund and Franklin Shariah Technology Fund 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. The price at which Class AS Shares will be offered is the Net Asset Value per Share. Purchases of Class AS shares are not subject to an entry charge.

Class C shares: are offered to institutional investors as more fully described in the current prospectus of the Company. Purchases of Class C shares are not subject to an entry charge but are subject to a maintenance or serving charge of 1.08%. However, Class C Shares are subject to a CDSC of 1.00% if an Investor sells Shares within one year of purchase.

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 M shares: are not subject to an entry charge, contingent deferred sales charge nor servicing charge. Maintenance charge of up to 1.23% per annum of the applicable average net asset value is deducted and paid to the Principal Distributor. Class M shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company.

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.

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.

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

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 10 - Other Charges

Other expenses mainly consist of legal fees, registration & filing fees, paying agent fees, tax fees and miscellaneous comprising of various pricing vendors.

Note 11 - Expense 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 the management company.

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

Note 12 - Statement of changes in the investment portfolio

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

Note 13 - Transaction costs

Transaction costs are costs incurred to acquire and dispose of financial assets or liabilities. They include fees and commissions paid to agents, brokers and dealers. During the year ended October 31, 2022, the Company incurred the following transaction costs:

Fund Name	Currency	Amount
Franklin Global Sukuk Fund	USD	—*
Franklin Shariah Technology Fund	USD	2,616
Templeton Shariah Global Equity Fund	USD	174,333

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

Note 14 - Equalisation

The Funds use an accounting practice known as equalisation, by which a portion of the proceeds from issues and the costs of sales of shares, equivalent on a per share basis to the amount of undistributed net investment income on the date of the transaction, is credited or charged to undistributed income. As a result, undistributed net investment income per share is unaffected by issues or redemptions of shares. However, in respect of any Fund offering only accumulation shares, the Board of Directors and/or the Management Company reserve the right not to apply equalisation.

Note 15 - Total Expense Ratio

The Total Expense Ratio ("TER"), expressed as a percentage, represents how the total annualised expenses of each share class relate to the average net assets of each share class for the year ended October 31, 2022. The total expenses comprise the investment management fees, the administration and transfer agency fees, the custodian 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 16 - 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.

Also, when a security becomes non-compliant after already held in the portfolio, it needs to be sold out and the realized profit is subject to purification. The profit (gain) purification is calculated as the difference between the sales proceeds and discovery value (price of the security on the day it was discovered to be non-compliant).

Note 16 - Purification of non-Shariah compliant income (continued)

The resulting purification amounts are donated to a charity. Any such amounts are deducted only upon their actual determination and no anticipated accrual thereof is made. For the year ended October 31, 2022, the amount was donated to the United Kingdom Committee for the United Nations Children's Fund (UNICEF).

Note 17 - Abbreviations

Countries

ARE	United Arab Emirates	FRA	France	JPN	Japan	OMN	Oman
BRL	Brazil	GBR	United Kingdom	KOR	South Korea	PAK	Pakistan
CAN	Canada	HKG	Hong Kong	KWT	Kuwait	PRT	Portugal
CHE	Switzerland	IDN	Indonesia	LUX	Luxembourg	QAT	Qatar
CHN	China	IND	India	MDV	Maldives	SAU	Saudi Arabia
CYM	Cayman Islands	IRL	Ireland	MYS	Malaysia	TUR	Turkey
DEU	Germany	ITA	Italy	NLD	Netherlands	TWN	Taiwan
EGY	Egypt	JEY	Jersey	NOR	Norway	USA	United States

Currencies

CAD	Canadian Dollar	GBP	British Pound Sterling	MYR	Malaysian Ringgit	USD	US Dollar
CHF	Swiss Franc	HKD	Hong Kong Dollar	NOK	Norwegian Krone		
EGP	Egyptian Pound	JPY	Japanese Yen	SGD	Singapore Dollar		
EUR	Euro	KRW	South Korean Won	TWD	New Taiwan Dollar		

Note 18 - Additional Information

a. With effect from 22 January 2022, J.P. Morgan Bank Luxembourg S.A. merged into J.P. Morgan AG which at the same time changed its legal form from a German Stock Corporation (Aktiengesellschaft) to a European Company (Societas Europaea), being J.P. Morgan SE. J.P. Morgan SE, as legal successor of J.P. Morgan Bank Luxembourg S.A., continues to act as administrative agent of the Company through its Luxembourg Branch, namely J.P. Morgan SE, Luxembourg Branch.

b. The current outbreak of tension between Russia and Ukraine and any related sanctions that have, and might be imposed, may result in the global economy being adversely affected, along with the economies of certain nations and individual issuers, all of which may negatively impact the market. Although the Fund does not have any significant exposure to the Russian or Ukrainian markets, the share price of some share classes has dropped due to this wider market volatility.

c. Until October 2, 2022 the registrar and transfer agency function was managed internally by Franklin Templeton International Services S.à r.l. With effective October 3, 2022, Virtus Partners Fund Services Luxembourg S.à r.l. has been appointed as registrar and transfer agent.

Note 19 - Subsequent events

There have been no subsequent events since reporting date.

Schedule of Investments, October 31, 2022

Franklin Global Sukuk 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				
	SUKUK				
	Corporate Sukuk				
24,158,000	SA Global Sukuk Ltd., Reg. S 2.694% 06/17/2031	SAU	USD	19,815,672	4.20
15,650,000	Arab National Bank, Reg. S 3.326% 10/28/2030	SAU	USD	14,576,864	3.09
15,615,000	SA Global Sukuk Ltd., Reg. S 1.602% 06/17/2026	SAU	USD	13,690,529	2.90
12,135,000	DAE Sukuk DIFC Ltd., Reg. S 3.75% 02/15/2026	ARE	USD	11,050,738	2.34
11,475,000	KIB Sukuk Ltd., Reg. S 2.375% 11/30/2030	KWT	USD	10,322,176	2.19
9,243,000	DP World Salaam, Reg. S 6% Perpetual	ARE	USD	8,979,075	1.90
9,515,000	Saudi Electricity Global Sukuk Co. 3, Reg. S 5.5% 04/08/2044	SAU	USD	8,848,902	1.88
9,500,000	AUB Sukuk Ltd., Reg. S 2.615% 09/09/2026	BHR	USD	8,460,700	1.79
11,100,000	Dua Capital Ltd., Reg. S 2.78% 05/11/2031	MYS	USD	8,405,064	1.78
9,435,000	Aldar Sukuk No. 2 Ltd., Reg. S 3.875% 10/22/2029	ARE	USD	8,364,127	1.77
8,365,000	MAF Sukuk Ltd., Reg. S 4.5% 11/03/2025	ARE	USD	8,048,385	1.71
8,730,000	TNB Global Ventures Capital Bhd., Reg. S 3.244% 10/19/2026	MYS	USD	7,980,006	1.69
8,875,000	DP World Crescent Ltd., Reg. S 3.875% 07/18/2029	ARE	USD	7,925,047	1.68
6,810,000	NCB Tier 1 Sukuk Ltd., Reg. S 3.5% 07/26/2171	SAU	USD	6,095,774	1.29
6,215,000	DIB Sukuk Ltd., Reg. S 2.95% 01/16/2026	ARE	USD	5,753,629	1.22
5,820,000	Riyad Sukuk Ltd., Reg. S 3.174% 02/25/2030	SAU	USD	5,455,668	1.16
5,735,000	Boubyan Tier 1 Sukuk Ltd., Reg. S 3.95% 10/01/2171	KWT	USD	5,243,224	1.11
5,242,000	Equate Sukuk SPC Ltd., Reg. S 3.944% 02/21/2024	KWT	USD	5,159,989	1.09
5,811,000	SNB Sukuk Ltd., Reg. S 2.342% 01/19/2027	SAU	USD	5,135,123	1.09
5,710,000	Saudi Electricity Global Sukuk Co. 2, Reg. S 5.06% 04/08/2043	SAU	USD	5,063,205	1.07
5,223,000	Dar Al-Arkan Sukuk Co. Ltd., Reg. S 6.75% 02/15/2025	SAU	USD	5,004,626	1.06
5,140,000	Aldar Sukuk Ltd., Reg. S 4.75% 09/29/2025	ARE	USD	4,977,627	1.05
5,355,000	Arabian Centres Sukuk II Ltd., Reg. S 5.625% 10/07/2026	SAU	USD	4,603,158	0.98
4,670,000	QIB Sukuk Ltd., Reg. S 3.982% 03/26/2024	QAT	USD	4,572,420	0.97
4,700,000	SA Global Sukuk Ltd., Reg. S 0.946% 06/17/2024	SAU	USD	4,379,460	0.93
4,265,000	MAR Sukuk Ltd., Reg. S 2.21% 09/02/2025	QAT	USD	3,903,008	0.83
4,210,000	Saudi Electricity Global Sukuk Co. 5, Reg. S 1.74% 09/17/2025	SAU	USD	3,796,894	0.80
4,450,000	Axiata SPV2 Bhd., Reg. S 2.163% 08/19/2030	MYS	USD	3,475,865	0.74
3,438,000	Tabreed Sukuk SPC Ltd., Reg. S 5.5% 10/31/2025	ARE	USD	3,435,422	0.73
3,680,000	Riyad Tier 1 Sukuk Ltd., Reg. S 4% 08/16/2171	SAU	USD	3,385,784	0.72
3,315,000	Alpha Star Holding V Ltd., Reg. S 6.625% 04/18/2023	ARE	USD	3,299,022	0.70
3,350,000	Senaat Sukuk Ltd., Reg. S 4.76% 12/05/2025	ARE	USD	3,290,537	0.70
3,225,000	SIB Sukuk Co. III Ltd., Reg. S 4.231% 04/18/2023	ARE	USD	3,212,503	0.68
3,200,000	ADIB Capital Invest 2 Ltd., Reg. S 7.125% Perpetual	ARE	USD	3,202,090	0.68
2,750,000	Saudi Electricity Global Sukuk Co. 2, Reg. S 3.473% 04/08/2023	SAU	USD	2,732,117	0.58
3,000,000	EI Sukuk Co. Ltd., Reg. S 2.082% 11/02/2026	ARE	USD	2,658,600	0.56
2,900,000	Saudi Telecom Co., Reg. S 3.89% 05/13/2029	SAU	USD	2,657,473	0.56
2,815,000	Fab Sukuk Co. Ltd., Reg. S 2.5% 01/21/2025	ARE	USD	2,644,068	0.56
2,750,000	Unity 1 Sukuk Ltd., Reg. S 2.394% 11/03/2025	ARE	USD	2,534,381	0.54
2,250,000	Warba Tier 1 Sukuk 2 Ltd., Reg. S 4% 05/29/2171	KWT	USD	2,091,994	0.44
2,000,000	Saudi Electricity Global Sukuk Co. 4, Reg. S 4.723% 09/27/2028	SAU	USD	1,956,206	0.41
1,790,000	DIB Tier 1 Sukuk 4 Ltd., Reg. S 4.625% 05/19/2171	ARE	USD	1,685,956	0.36
1,690,000	Noor Sukuk Co. Ltd., Reg. S 4.471% 04/24/2023	ARE	USD	1,681,626	0.36
1,645,000	QIIB Senior Sukuk Ltd., Reg. S 4.264% 03/05/2024	QAT	USD	1,621,898	0.34
1,690,000	MAF Sukuk Ltd., Reg. S 3.933% 02/28/2030	ARE	USD	1,489,498	0.32
1,540,000	Fab Sukuk Co. Ltd., Reg. S 1.411% 01/14/2026	ARE	USD	1,360,006	0.29
1,100,000	Saudi Electricity Global Sukuk Co. 4, Reg. S 4.222% 01/27/2024	SAU	USD	1,080,870	0.23
1,000,000	MAR Sukuk Ltd., Reg. S 3.025% 11/13/2024	QAT	USD	954,105	0.20
544,755	Medjool Ltd., Reg. S 3.875% 03/19/2023	ARE	USD	540,740	0.11
8,140,000	SD International Sukuk II Ltd., Reg. S 6.997% 03/12/2025 [§]	MYS	USD	447,700	0.10
300,000	Dar Al-Arkan Sukuk Co. Ltd., Reg. S 6.875% 03/21/2023	SAU	USD	297,909	0.06
246,288	Khdrawy Ltd., Reg. S 2.471% 03/31/2025	ARE	USD	237,964	0.05
235,000	DP World Crescent Ltd., Reg. S 3.908% 05/31/2023	ARE	USD	232,841	0.05
8,820,000	Asya Sukuk Co. Ltd., Reg. S, FRN 0% 03/28/2023 [§]	TUR	USD	220,500	0.05
300,000	SD International Sukuk Ltd., Reg. S 6.3% 05/09/2022 [§]	MYS	USD	14,640	—
				258,053,405	54.69
	Government and Municipal Sukuk				
17,510,000	KSA Sukuk Ltd., Reg. S 5.268% 10/25/2028	SAU	USD	17,643,916	3.74
13,475,000	Perusahaan Penerbit SBSN Indonesia III, Reg. S 4.15% 03/29/2027	IDN	USD	12,833,455	2.72
12,267,000	Third Pakistan International Sukuk Co. Ltd. (The), Reg. S 5.625% 12/05/2022	PAK	USD	11,199,280	2.37
14,224,000	Maldives Sukuk Issuance Ltd., Reg. S 9.875% 04/08/2026	MDV	USD	11,152,727	2.36
13,730,000	KSA Sukuk Ltd., Reg. S 2.25% 05/17/2031	SAU	USD	11,129,511	2.36

Franklin Global Sukuk Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
15,320,000	Perusahaan Penerbit SBSN Indonesia III, Reg. S 3.55% 06/09/2051	IDN	USD	10,438,342	2.21
8,545,000	Perusahaan Penerbit SBSN Indonesia III, Reg. S 4.4% 03/01/2028	IDN	USD	8,130,738	1.72
9,685,000	Perusahaan Penerbit SBSN Indonesia III, Reg. S 3.8% 06/23/2050	IDN	USD	6,867,533	1.45
8,228,000	Malaysia Wakala Sukuk Bhd., Reg. S 2.07% 04/28/2031	MYS	USD	6,795,053	1.44
7,750,000	Perusahaan Penerbit SBSN Indonesia III, Reg. S 2.8% 06/23/2030	IDN	USD	6,499,460	1.38
8,268,000	Malaysia Wakala Sukuk Bhd., Reg. S 3.075% 04/28/2051	MYS	USD	5,798,448	1.23
4,705,000	Perusahaan Penerbit SBSN Indonesia III, Reg. S 4.325% 05/28/2025	IDN	USD	4,632,167	0.98
4,685,000	Sharjah Sukuk Program Ltd., Reg. S 4.226% 03/14/2028	ARE	USD	4,147,631	0.88
5,000,000	Perusahaan Penerbit SBSN Indonesia III, Reg. S 2.55% 06/09/2031	IDN	USD	4,021,250	0.85
4,120,000	Perusahaan Penerbit SBSN Indonesia III, Reg. S 4.7% 06/06/2032	IDN	USD	3,857,175	0.82
3,736,000	Sharjah Sukuk Program Ltd., Reg. S 2.942% 06/10/2027	ARE	USD	3,208,219	0.68
3,255,000	Oman Sovereign Sukuk Co., Reg. S 4.875% 06/15/2030	OMN	USD	3,103,252	0.66
3,235,000	Hong Kong Sukuk 2017 Ltd., Reg. S 3.132% 02/28/2027	HKG	USD	3,052,088	0.65
3,000,000	CBB International Sukuk Programme Co. WLL, Reg. S 6.25% 11/14/2024	BHR	USD	3,019,569	0.64
3,050,000	Perusahaan Penerbit SBSN Indonesia III, Reg. S 3.9% 08/20/2024	IDN	USD	3,007,254	0.64
2,540,000	Sharjah Sukuk Program Ltd., Reg. S 3.854% 04/03/2026	ARE	USD	2,312,797	0.49
2,325,000	Perusahaan Penerbit SBSN Indonesia III, Reg. S 4.35% 09/10/2024	IDN	USD	2,305,796	0.49
2,000,000	Oman Sovereign Sukuk Co., Reg. S 4.397% 06/01/2024	OMN	USD	1,960,066	0.42
1,580,000	KSA Sukuk Ltd., Reg. S 4.303% 01/19/2029	SAU	USD	1,515,087	0.32
1,329,000	Malaysia Sovereign Sukuk Bhd., Reg. S 3.043% 04/22/2025	MYS	USD	1,275,763	0.27
1,300,000	RAK Capital, Reg. S 3.094% 03/31/2025	ARE	USD	1,241,165	0.26
				151,147,742	32.03
	Supranational				
7,025,000	ICDPS Sukuk Ltd., Reg. S 1.81% 10/15/2025	SP	USD	6,498,125	1.37
2,200,000	IsDB Trust Services No. 2 SARL, Reg. S 3.213% 04/28/2027	SP	USD	2,068,704	0.44
				8,566,829	1.81
	TOTAL SUKUK			417,767,976	88.53
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			417,767,976	88.53
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	SENIOR FLOATING RATE INTEREST				
	Health Care Providers & Services				
1,974,643	NMC Healthcare LLC 0.5% 03/01/2030*	USA	USD	1,520,475	0.32
				1,520,475	0.32
	TOTAL SENIOR FLOATING RATE INTEREST			1,520,475	0.32
	WARRANTS				
	Food & Staples Retailing				
441,300	Pure Harvest Smart Farms Sukuk Ltd. 0% 06/30/2027	ARE	USD	1,619,686	0.35
				1,619,686	0.35
	TOTAL WARRANTS			1,619,686	0.35
	SUKUK				
	Corporate Sukuk				
3,350,000	Ahli United Sukuk Ltd., Reg. S 3.875% 12/17/2170	KWT	USD	3,065,418	0.65
				3,065,418	0.65
	Government and Municipal Sukuk				
56,710,000	Malaysia Government Bond 4.638% 11/15/2049	MYS	MYR	11,329,914	2.40
6,040,000	Malaysia Government Bond 5.357% 05/15/2052	MYS	MYR	1,335,680	0.28
				12,665,594	2.68
	Supranational				
14,000,000	International Islamic Liquidity Management 2 SA, Reg. S 4.5% 10/05/2023	SP	USD	13,936,706	2.96
6,275,000	International Islamic Liquidity Management 2 SA, Reg. S 3.91% 03/09/2023	SP	USD	6,174,925	1.31
4,300,000	International Islamic Liquidity Management 2 SA, Reg. S 3.65% 06/15/2023	SP	USD	4,167,462	0.88
				24,279,093	5.15
	TOTAL SUKUK			40,010,105	8.48
	TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET			43,150,266	9.15

Franklin Global Sukuk Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET				
	SUKUK				
	Corporate Sukuk				
	Egyptian Financial Group-Hermes Holding Co., FRN				
100,000,000	17.661% 12/31/2024**	EGY	EGP	4,136,505	0.88
2,000,000	Virgin Mobile Middle East & Africa Sukuk Ltd. 12% 03/31/2023**	ARE	USD	2,050,000	0.43
5,813,000	NMC Healthcare Sukuk Ltd., Reg. S 5.95% 11/21/2023**§	ARE	USD	—	—
				<u>6,186,505</u>	<u>1.31</u>
	TOTAL SUKUK			<u>6,186,505</u>	<u>1.31</u>
	TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET			<u>6,186,505</u>	<u>1.31</u>
	TOTAL INVESTMENTS			<u>467,104,747</u>	<u>98.99</u>

§ This Sukuk is currently in default

** These securities are submitted to a Fair Valuation

° This position represents a loan received through a mandatory corporate action (bond restructuring completed in March 2022). The Company has been working on disposing the position with the urgency as required and in the best interests of shareholders.

Schedule of Investments, October 31, 2022

Franklin Shariah Technology 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				
	Automobiles				
597	Tesla, Inc.	USA	USD	135,842	1.71
1,155	Rivian Automotive, Inc. 'A'	USA	USD	40,390	0.51
				176,232	2.22
	Communications Equipment				
708	Arista Networks, Inc.	USA	USD	85,569	1.08
				85,569	1.08
	Electronic Equipment, Instruments & Components				
229	Zebra Technologies Corp. 'A'	USA	USD	64,857	0.82
				64,857	0.82
	Equity Real Estate Investment Trusts (REITs)				
1,131	Crown Castle, Inc.	USA	USD	150,717	1.90
				150,717	1.90
	Health Care Technology				
890	Veeva Systems, Inc. 'A'	USA	USD	149,467	1.89
				149,467	1.89
	Hotels, Restaurants & Leisure				
1,227	Airbnb, Inc. 'A'	USA	USD	131,179	1.66
				131,179	1.66
	Household Durables				
4,276	Sonos, Inc.	USA	USD	68,929	0.87
				68,929	0.87
	Interactive Media & Services				
3,000	Alphabet, Inc. 'C'	USA	USD	283,980	3.58
				283,980	3.58
	IT Services				
1,456	Snowflake, Inc. 'A'	USA	USD	233,397	2.94
5,189	Shopify, Inc. 'A'	CAN	USD	177,619	2.24
2,991	Cloudflare, Inc. 'A'	USA	USD	168,453	2.13
93	Adyen NV, Reg. S, 144A	NLD	EUR	132,773	1.68
654	MongoDB, Inc.	USA	USD	119,702	1.51
				831,944	10.50
	Professional Services				
2,333	CoStar Group, Inc.	USA	USD	192,986	2.43
				192,986	2.43
	Semiconductors & Semiconductor Equipment				
2,897	NVIDIA Corp.	USA	USD	391,008	4.93
559	ASML Holding NV	NLD	EUR	262,233	3.31
1,509	Analog Devices, Inc.	USA	USD	215,214	2.72
2,318	Applied Materials, Inc.	USA	USD	204,656	2.58
3,737	Marvell Technology, Inc.	USA	USD	148,284	1.87
928	NXP Semiconductors NV	CHN	USD	135,562	1.71
1,955	Advanced Micro Devices, Inc.	USA	USD	117,417	1.48
1,789	Taiwan Semiconductor Manufacturing Co. Ltd., ADR	TWN	USD	110,113	1.39
215	Monolithic Power Systems, Inc.	USA	USD	72,982	0.92
727	SiTime Corp.	USA	USD	65,292	0.82
149	KLA Corp.	USA	USD	47,151	0.60
1,933	Rigetti Computing, Inc.	USA	USD	4,059	0.05
				1,773,971	22.38
	Software				
2,557	Microsoft Corp.	USA	USD	593,556	7.49
698	ServiceNow, Inc.	USA	USD	293,677	3.71
1,626	Salesforce, Inc.	USA	USD	264,371	3.34
818	Synopsys, Inc.	USA	USD	239,306	3.02
1,072	Atlassian Corp. plc 'A'	USA	USD	217,327	2.74
1,303	Bill.com Holdings, Inc.	USA	USD	173,768	2.19
1,054	CrowdStrike Holdings, Inc. 'A'	USA	USD	169,905	2.14
1,724	Datadog, Inc. 'A'	USA	USD	138,799	1.75
799	Workday, Inc. 'A'	USA	USD	124,500	1.57

Franklin Shariah Technology Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
1,058	Monday.com Ltd.	USA	USD	113,143	1.43
1,499	Gitlab, Inc. 'A'	USA	USD	72,642	0.92
2,229	HashiCorp, Inc. 'A'	USA	USD	68,497	0.86
159	Adobe, Inc.	USA	USD	50,641	0.64
166	HubSpot, Inc.	USA	USD	49,229	0.62
				2,569,361	32.42
	Technology Hardware, Storage & Peripherals				
4,185	Apple, Inc.	USA	USD	641,728	8.10
				641,728	8.10
	TOTAL SHARES			7,120,920	89.85
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			7,120,920	89.85
	TOTAL INVESTMENTS			7,120,920	89.85

Schedule of Investments, October 31, 2022

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				
	Airlines				
472,514	International Consolidated Airlines Group SA	GBR	GBP	657,333	0.82
				657,333	0.82
	Auto Components				
667,021	Johnson Electric Holdings Ltd.	HKG	HKD	687,178	0.85
				687,178	0.85
	Automobiles				
63,123	Stellantis NV	USA	EUR	851,672	1.06
				851,672	1.06
	Chemicals				
6,736	Albemarle Corp.	USA	USD	1,885,204	2.34
3,122	LG Chem Ltd.	KOR	KRW	1,367,458	1.70
19,844	DuPont de Nemours, Inc.	USA	USD	1,135,077	1.41
				4,387,739	5.45
	Communications Equipment				
9,900	F5, Inc.	USA	USD	1,414,809	1.75
22,497	Ciena Corp.	USA	USD	1,077,606	1.34
				2,492,415	3.09
	Construction Materials				
21,289	CRH plc	IRL	EUR	766,823	0.95
				766,823	0.95
	Electrical Equipment				
9,377	Schneider Electric SE	USA	EUR	1,185,842	1.47
				1,185,842	1.47
	Food & Staples Retailing				
46,712	Sundrug Co. Ltd.	JPN	JPY	1,086,266	1.35
				1,086,266	1.35
	Food Products				
12,722	Mondelez International, Inc. 'A'	USA	USD	782,149	0.97
				782,149	0.97
	Health Care Equipment & Supplies				
20,576	Zimmer Biomet Holdings, Inc.	USA	USD	2,332,290	2.90
21,295	Medtronic plc	USA	USD	1,859,905	2.31
7,925	Abbott Laboratories	USA	USD	784,100	0.97
				4,976,295	6.18
	Health Care Providers & Services				
28,749	Cardinal Health, Inc.	USA	USD	2,182,049	2.71
22,959	Fresenius Medical Care AG & Co. KGaA	DEU	EUR	635,092	0.79
				2,817,141	3.50
	Household Products				
6,899	Procter & Gamble Co. (The)	USA	USD	929,088	1.15
				929,088	1.15
	Industrial Conglomerates				
43,178	Hitachi Ltd.	JPN	JPY	1,959,283	2.43
				1,959,283	2.43
	Life Sciences Tools & Services				
8,264	ICON plc	USA	USD	1,634,950	2.03
				1,634,950	2.03
	Machinery				
22,791	Westinghouse Air Brake Technologies Corp.	USA	USD	2,125,944	2.64
29,826	Toyota Industries Corp.	JPN	JPY	1,536,596	1.91
				3,662,540	4.55
	Metals & Mining				
51,979	Wheaton Precious Metals Corp.	BRL	CAD	1,700,458	2.11
25,653	Freeport-McMoRan, Inc.	USA	USD	812,944	1.01
				2,513,402	3.12

Templeton Shariah Global Equity Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Oil, Gas & Consumable Fuels					
664,058	BP plc	GBR	GBP	3,673,973	4.56
32,038	Exxon Mobil Corp.	USA	USD	3,550,131	4.41
124,151	Shell plc	NLD	GBP	3,439,182	4.27
52,529	TotalEnergies SE	FRA	EUR	2,865,779	3.56
228,511	Galp Energia SGPS SA	PRT	EUR	2,320,213	2.88
32,228	Reliance Industries Ltd., GDR, 144A	IND	USD	1,968,730	2.44
				<u>17,818,008</u>	<u>22.12</u>
Pharmaceuticals					
18,054	Johnson & Johnson	USA	USD	3,140,854	3.90
17,968	AstraZeneca plc	GBR	GBP	2,108,225	2.62
14,434	Novartis AG	CHE	CHF	1,167,519	1.45
12,586	Sanofi	FRA	EUR	1,083,179	1.35
9,810	Merck & Co., Inc.	USA	USD	992,772	1.23
19,071	Pfizer, Inc.	USA	USD	887,755	1.10
35,178	Tsumura & Co.	JPN	JPY	734,790	0.91
				<u>10,115,094</u>	<u>12.56</u>
Semiconductors & Semiconductor Equipment					
72,494	Infineon Technologies AG	DEU	EUR	1,759,191	2.18
17,019	Applied Materials, Inc.	USA	USD	1,502,607	1.87
25,590	Micron Technology, Inc.	USA	USD	1,384,419	1.72
				<u>4,646,217</u>	<u>5.77</u>
Software					
13,266	SAP SE	DEU	EUR	1,276,955	1.58
3,819	Adobe, Inc.	USA	USD	1,216,352	1.51
6,738	Salesforce, Inc.	USA	USD	1,095,531	1.36
				<u>3,588,838</u>	<u>4.45</u>
Technology Hardware, Storage & Peripherals					
54,973	Samsung Electronics Co. Ltd.	KOR	KRW	2,283,632	2.83
				<u>2,283,632</u>	<u>2.83</u>
Textiles, Apparel & Luxury Goods					
43,746	Skechers USA, Inc. 'A'	USA	USD	1,506,175	1.87
				<u>1,506,175</u>	<u>1.87</u>
TOTAL SHARES				<u>71,348,080</u>	<u>88.57</u>
TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING				<u>71,348,080</u>	<u>88.57</u>
TOTAL INVESTMENTS				<u>71,348,080</u>	<u>88.57</u>

Additional Information - Unaudited

Sustainable Finance Disclosure Regulation (SFDR)

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Calculation Method of the Risk Exposure

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

Franklin Global Sukuk Fund

Franklin Shariah Technology 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.

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 value of subscriptions and redemptions, over average net assets of the Fund for the period. It is effectively a measure of how frequently a Fund buys or sells securities.

The portfolio turnover ratio calculation is not applicable to Liquid Reserve and Money Market Funds, as such a ratio is not relevant to such Funds due to the short-term nature of the investments.

Fund	Portfolio Turnover Ratio
Franklin Global Sukuk Fund	38.56%
Franklin Shariah Technology Fund	33.08%
Templeton Shariah Global Equity Fund	76.72%

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, 2022*, **, ***	€ 256,046
Total amount of variable remuneration paid by FTIS and its delegates during the year ended September 30, 2022*, **, ***	€ 171,920
Number of staff of FTIS and in its delegates as at September 30, 2022	549
Total amount of compensation paid by FTIS and its delegates to Senior managers during the year ended September 30, 2022*, **, ***	€ 130,010
Total amount paid by FTIS and its delegates to other members of staff who have a material impact on the profile of UCITS during year ended September 30, 2022*, **, ***	€ 27,080

*The total amount of compensation paid by FTIS has been allocated to FTSF 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, 2022.

**The total amount of compensation paid by the FTIS delegates has been allocated to FTSF 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, 2022.

***Delegates are Investment Management entities which are subject to regulatory requirements that are equally as effective as those under Article 69(3)(a) of the UCITS Directive.

Securities Financing Transactions Regulation

At the date of the financial statements, Franklin Templeton Shariah Funds is currently not concerned by the requirements of the SFTR regulation 2015/2365 on transparency of securities financing transactions and of reuse, as no corresponding transactions were carried out during the year referring to the financial statements.

Collateral

The following table reports the collateral held as at October 31, 2022 to reduce counterparty exposure on OTC derivatives.

Fund	Counterparty	Collateral currency	Cash held as collateral	Sovereign Bonds held as collateral
Franklin Global Sukuk Fund	J.P. Morgan	USD	2,660,000	-

Audited annual report and unaudited semi-annual reports

The audited annual reports and unaudited semi-annual reports will be available on the local 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. The complete audited annual reports and unaudited semi-annual reports are available at the registered office of the Company.

Franklin Templeton Office Directory

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

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