



FRANKLIN TEMPLETON
INVESTMENTS

Unaudited
Semi-Annual Report
April 30, 2018

Franklin Templeton Shariah Funds

SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE



FRANKLIN TEMPLETON SHARIAH FUNDS
société d'investissement à capital variable

UNAUDITED SEMI-ANNUAL REPORT
FOR THE PERIOD ENDED APRIL 30, 2018

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.

CONTENTS

General Information	4
Report of the Investment Managers	5
Fund Performance	7
Statement of Net Assets	8
Statement of Operations and Changes in Net Assets	9
Statistical Information	10
Notes to the Financial Statements	11
Schedule of Investments	
Franklin Global Sukuk Fund	16
Templeton Shariah Global Equity Fund	17
Additional Information	20
Franklin Templeton Investments Office Directory	22

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, 2018)

BOARD OF DIRECTORS:

Chairman

William Jackson

Director

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

5 Morrison Street

Edinburgh EH3 8BH, Scotland

United Kingdom

Directors

James F. Kinloch

Director

FRANKLIN TEMPLETON LUXEMBOURG S.A.

8A, rue Albert Borschette, L-1246 Luxembourg

Grand Duchy of Luxembourg

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

(From March 29, 2018)

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 33, Menara Binjai

No. 2, Jalan Binjai

Off Jalan Ampang

50450 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.

(as of March 31, 2018)

TEMPLETON ASSET MANAGEMENT LTD

7 Temasek Boulevard

38-03 Suntec Tower One

Singapore 038987

Templeton Asset Management Ltd manages Templeton Shariah Asian Growth Fund

and 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 AND LISTING AGENT:

HSBC Bank plc, 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

REPORT OF THE INVESTMENT MANAGERS

Market Performance

Global equity markets overall ended the six months under review with a modest gain. Emerging markets collectively outperformed their developed-market counterparts by a wide margin. In the first half of the period, investors appeared to focus largely on tax reform in the United States and generally positive economic data from around the globe. This optimism gave way to concerns that the strong economic growth and firming inflation amidst multi-year low unemployment rates in some parts of the world would lead central banks to increase interest rates sooner than expected. Worries about consumer data privacy and potentially tighter regulatory controls in the information technology sector affected many developed markets. Sentiment also was dampened by trade tensions following protectionist moves by the Trump administration, but by period-end the United States and China signalled a willingness to negotiate, which sparked some relief. Late in the period, peace talks on the Korean peninsula also provided a boost to sentiment. Meanwhile, prices for oil and other commodities reached multi-year highs. Turkey's sovereign rating continued to be viewed as speculative by rating agencies during the review period based on political risk factors and the view that the government appeared to be focused on short-term measures rather than effective policy and reforms.

Global Sukuk markets declined over the six months under review because of weakness in the second half of the period. However, Sukuk fared slightly better than the decline in hard-currency emerging-market bonds. Despite a modestly positive start to the six-month period for Sukuk markets, the second half saw returns turn negative in an environment of rising rates and increased volatility. In Gulf Cooperation Council (GCC) markets, certain economic indicators slowed down over the first quarter of 2018. Saudi Arabia's private-sector non-oil purchasing managers' index fell back amidst weaker growth in both new orders and output, following the newly introduced value-added tax. However, crude oil prices moved strongly higher over the period, supporting the ongoing fiscal adjustments in GCC countries and providing a helpful environment for many businesses. Furthermore, Saudi Arabia expects it could receive over US\$100 billion in settlements from its anti-corruption campaign, which may also support the changes taking place. Sukuk markets received further support from the backdrop of positive economic growth and currency stability in Asia, as well as the continued expansion of the Sukuk universe in Africa. A rise in primary market activity was another notable factor during the six months.

Fund Performance

Franklin Global Sukuk Fund

The fund declined by 1.4% on a gross basis and 2.1% on a net basis compared with the benchmark's fall of 1.8%. The main driver of returns for the Sukuk market over the six-month period was the rise in benchmark rates, while spreads provided a negligible offset.

On a relative basis, compared with its benchmark:

- The fund benefitted from yield-curve positioning. An underweight US-dollar position, with a bias towards a flattening yield curve, as well as exposure to non-US rates, such as Malaysia, Nigeria and Indonesia, added 60 basis points (bps) to relative returns.
- Exposure to non-US dollar currencies provided an additional 47 bps of outperformance, primarily due to exposure to the Malaysian ringgit, which rose against the US dollar.
- Credit risk detracted 65 bps, mainly through security selection. While asset allocation was a small positive, the main impact was from security selection losses in the financial sector given a decline in the value of Sukuk issued by Bank Asya. This bank's liquidation proceedings are underway after much delay, but the re-pricing (on low volume) led to a deduction of 55 bps from the financial sector—which accounted for most of the credit-risk loss.

Templeton Shariah Global Equity Fund

For the six months ended April 30, 2018, the Fund outperformed its benchmark index, returning 5.4% in US-dollar terms, while the benchmark MSCI All Country World Islamic Index posted a 3.3% total return, also in US-dollar terms.

Stock selection and an overweight allocation in the energy sector lifted relative performance. Within the sector, leading contributors included China-based natural gas distributors ENN Energy Holdings, Thailand-based exploration and production firm PTT Exploration & Production and US-based Helmerich & Payne (H&P). Helmerich is the largest owner of land rigs in the United States, and we believe the company's prospects are driven by the development of unconventional oil wells in the country. Since this is a low-cost resource, we believe activity could continue to grow. We view H&P as a cheap stock with a secular tailwind.

In the consumer staples sector, stock selection and an underweight allocation helped relative results. The shares of Japan-based drugstore chain Matsumotokiyoshi Holdings performed well. Stock selection in the industrials sector also proved beneficial to relative performance. Leading contributors included Australia-based industrial and waste management services firm Tox Free Solutions and Japanese engineering firm Chiyoda. The top contributor at the fund level was Japan-based cell phone app maker Capcom. The company's shares have continued to perform well after the firm released its best-selling game in its history.

Turning to detractors, stock selection in the materials sector hurt relative results. Shares of Norway-based fertiliser firm Yara International traded lower and eroded relative performance. Results in the telecommunication services sector also pressured relative returns. Within the sector, German mobile network operator Telefonica Deutschland Holding pared relative results. We believe a recent stock correction for Telefonica is overdone and overlooks the merits of a strong balance sheet and a company that is benefitting from the monetisation of strong mobile data consumption, easing competition and the prospect of further cost savings.

Elsewhere, leading fund detractors included LG Innotek, German medical and safety technology company Draegerwerk, and US-based micro acoustic firm Knowles.

Geographically, stock selection in Japan and China, together with an overweight allocation to Thailand, advanced relative performance. Stock selection in the United States and Australia also lifted relative results. In contrast, positioning in Germany and stock selection in France hindered relative performance in Europe. Stock selection in South Korea and investments in Singapore also pressured relative results.

REPORT OF THE INVESTMENT MANAGERS (CONTINUED)

Outlook

April offered somewhat of a reprieve from recent market worries as corporate earnings broadly held up well, geopolitical tensions de-escalated and economic data tracked generally in line with consensus expectations in many regions.

Our findings—based on Templeton’s bottom-up analysis and top-down fundamental observations—have continued to suggest we are in the later phases of the cycle. Excess in one direction typically leads to excess in the opposite direction eventually, and certain aspects of this bull market appear increasingly excessive to us.

Rising signs of inflation, in the form of higher unit labour costs, higher corporate input costs and higher bond yields, are typical late-cycle indicators that intensify headwinds for both multiple and margin expansion. The reawakening of volatility and tightening of financial conditions as central bankers begin raising rates and tapering quantitative easing are other signs that the cycle may be in its twilight.

As the global equity bull market progresses, we have continued to reduce positions in stocks we consider fully valued and rotate the portfolio into lowly valued underperformers offering what we view as greater upside potential and more attractive potential downside support over our long-term investment horizon.

Regarding the Sukuk market, the final month of the review period saw further volatility and Sukuk price declines. We expect markets to stabilise in the coming months on easing concerns surrounding inflation and a further material rise in US 10-year Treasury yields beyond 3.0%.

We remain constructive on the outlook for Sukuk: Recent weakness has significantly improved valuations while the operating environment for many credits continues to improve with higher commodity prices and improving economic growth. We are mindful of volatility that may persist in the short term, but having been defensive, we remain inclined to capitalise on potential opportunities that present themselves.

THE INVESTMENT MANAGERS
May 2018

FUND PERFORMANCE

PERCENTAGE CHANGE TO APRIL 30, 2018

	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	(2.1)	1.8	1.8	6.9	11.9
Templeton Shariah Global Equity Fund	A (acc) USD	10 Sep 12	5.4	12.4	13.3	25.1	36.5

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 Investments

STATEMENT OF NET ASSETS

AT APRIL 30, 2018

	TOTAL (USD)	Franklin Global Sukuk Fund (USD)	Templeton Shariah Global Equity Fund (USD)
ASSETS			
Investment in securities at market value (note 2(b))	224,515,121	132,367,183	92,147,938
Cash	11,250,879	10,269,133	981,746
Amounts receivable on sale of investments	31	31	-
Amounts receivable on subscriptions	555,943	135,929	420,014
Profit payments on Sukuk and dividends receivable, net	1,592,512	1,363,902	228,610
Other receivables	71,821	30,941	40,880
TOTAL ASSETS	237,986,307	144,167,119	93,819,188
LIABILITIES			
Amounts payable on purchases of investments	5,442	-	5,442
Amounts payable on redemptions	6,804,533	6,490,047	314,486
Investment management fees payable (note 4)	178,537	105,398	73,139
Unrealised loss on Shariah compliant forward foreign exchange contracts (note 2(f), 15)	5,521	5,521	-
Payable to charity	1,085	-	1,085
Taxes and expense payable	538,436	301,652	236,784
TOTAL LIABILITIES	7,533,554	6,902,618	630,936
TOTAL NET ASSETS	230,452,753	137,264,501	93,188,252
THREE YEAR ASSET SUMMARY			
October 31, 2017	215,184,161	128,882,926	86,301,235
October 31, 2016	177,806,027	105,133,970	72,672,057
October 31, 2015	162,247,163	95,383,936	66,863,227

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, 2018

	TOTAL	Franklin Global Sukuk Fund	Templeton Shariah Asian Growth Fund ¹²	Templeton Shariah Global Equity Fund
	(USD)	(USD)	(USD)	(USD)
NET ASSETS AT THE BEGINNING OF THE PERIOD	220,250,572	128,882,926	5,066,411	86,301,235
INCOME				
Dividends (net of withholding taxes) (note 2(c))	850,961	-	891	850,070
Profit payments on Sukuk (net of withholding taxes) (note 2(c))	2,585,321	2,585,321	-	-
Sundry income	12,226	-	12,226	-
TOTAL INCOME	<u>3,448,508</u>	<u>2,585,321</u>	<u>13,117</u>	<u>850,070</u>
EXPENSES				
Investment management fees (note 4)	1,031,535	597,477	4,430	429,628
Administration and transfer agency fees	246,970	146,970	988	99,012
Depository fees	75,014	34,002	6,668	34,344
Directors fees	8,915	5,306	42	3,567
Audit fees	15,894	5,613	1,085	9,196
Printing and publishing expenses	40,004	23,810	188	16,006
Shariah Compliance Fees	76,952	33,100	1,616	42,236
Subscription tax (note 6)	25,676	15,350	-	10,326
Class A (dis) and Class A (acc) shares' maintenance charges (note 3)	187,804	119,386	1,072	67,346
Class AS (acc) shares' maintenance charges (note 3)	99,072	-	-	99,072
Class N (acc) shares' maintenance charges (note 3)	32	32	-	-
Other Charges (note 7)	159,253	94,330	1,111	63,812
TOTAL EXPENSES	<u>1,967,121</u>	<u>1,075,376</u>	<u>17,200</u>	<u>874,545</u>
Expenses reimbursement (note 8)	(297,444)	(180,578)	(2,602)	(114,264)
NET EXPENSES	<u>1,669,677</u>	<u>894,798</u>	<u>14,598</u>	<u>760,281</u>
NET PROFIT/(LOSS) FROM INVESTMENTS	1,778,831	1,690,523	(1,481)	89,789
Net realised profit/(loss) on sale of investments	2,821,403	136,661	347,840	2,336,902
Net realised profit/(loss) on Shariah compliant forward foreign exchange contracts	22,509	22,509	-	-
Net realised profit/(loss) on foreign exchange transactions	(50,119)	(42,767)	(5,128)	(2,224)
NET REALISED PROFIT/(LOSS) FOR THE PERIOD	<u>4,572,624</u>	<u>1,806,926</u>	<u>341,231</u>	<u>2,424,467</u>
Change in net unrealised appreciation/(depreciation) on:				
Investments	(2,757,406)	(4,736,608)	(282,398)	2,261,600
Shariah compliant forward foreign exchange contracts	8,442	8,442	-	-
Foreign exchange transactions	(4,951)	(165)	(35)	(4,751)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	<u>1,818,709</u>	<u>(2,921,405)</u>	<u>58,798</u>	<u>4,681,316</u>
DONATIONS TO CHARITY				
Purification of non-Shariah compliant dividends (note 10)	(5,826)	-	-	(5,826)
Purification of net realised profit on non-Shariah compliant profit (note 10)	(8,570)	-	-	(8,570)
NET DECREASE IN NET ASSETS AS A RESULT OF DONATIONS TO CHARITY	<u>(14,396)</u>	<u>-</u>	<u>-</u>	<u>(14,396)</u>
MOVEMENT OF CAPITAL				
Issue of shares	49,038,017	35,203,129	127,542	13,707,346
Redemption of shares	(35,935,779)	(19,610,454)	(5,238,232)	(11,087,093)
Equalisation (note 17)	(30,736)	(31,568)	-	832
	<u>13,071,502</u>	<u>15,561,107</u>	<u>(5,110,690)</u>	<u>2,621,085</u>
Dividends paid/accumulated (note 11)	(4,673,634)	(4,258,127)	(14,519)	(400,988)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	<u>8,397,868</u>	<u>11,302,980</u>	<u>(5,125,209)</u>	<u>2,220,097</u>
NET ASSETS AT THE END OF THE PERIOD	<u>230,452,753</u>	<u>137,264,501</u>	<u>-</u>	<u>93,188,252</u>
Portfolio Turnover Ratio (note 14)		4.12%	96.82%	20.55%

¹²This Fund was closed on December 12, 2017

The accompanying notes form an integral part of these financial statements

STATISTICAL INFORMATION

	Total Expense Ratio April 30, 2018 (see note 9)	Shares Outstanding April 30, 2018	Net Asset Value per Share		
			April 30, 2018	October 31, 2017	October 31, 2016
Franklin Global Sukuk Fund - USD					
A (acc) EUR	1.50%	71,134.529	11.22	11.89	12.04
A (acc) USD	1.50%	3,993,722.704	11.19	11.43	10.91
A (Mdis) SGD	1.50%	2,006,255.165	9.45	10.14	10.27
A (Mdis) USD	1.50%	2,381,729.956	9.20	9.60	9.53
I (acc) USD	1.07%	1,557,995.749	11.46	11.69	11.10
N (acc) EUR	2.45%	389.772	10.67	11.37	11.63
W (Qdis) EUR-H1	0.95%	22,543.848	9.19	9.70	9.79
W (Qdis) USD	1.11%	4,022,814.394	9.28	9.66	9.56
X (Qdis) USD	0.37%	500.000	9.53	9.89	9.72
Templeton Shariah Asian Growth Fund - USD^Ω					
A (acc) SGD	-	-	-	11.41	10.00
A (acc) USD	-	-	-	10.94	9.39
I (acc) USD	-	-	-	11.49	9.77
X (Ydis) USD	-	-	-	10.71	9.15
Templeton Shariah Global Equity Fund - USD					
A (acc) SGD	1.90%	187,432.158	13.73	13.39	11.62
A (acc) USD	1.90%	2,047,467.854	13.65	12.95	11.01
AS (acc) SGD	1.75%	5,456,887.779	11.96	11.66	10.09
I (acc) USD	1.05%	983,412.340	14.33	13.55	11.41
X (Ydis) USD	0.35%	500.000	11.43	10.95	9.34

^ΩThis Fund / share class was closed during the period

NOTES TO THE FINANCIAL STATEMENTS AT APRIL 30, 2018

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 Investments according to its successful time-tested investment selection methods.

Changes to the Investment Manager structure of the Company

With effect from March 31, 2018, Franklin Templeton Investments (ME) Limited has been appointed as Investment Manager of Franklin Global Sukuk Fund.

Fund closure : Templeton Shariah Asian Growth Fund closed on December 12, 2017.

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.

(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, 2018 are as follows:

Exchange Rate	U.S. dollar
EUR	0.8279
SGD	1.3259

(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”.

Note 3 — Share classes

Class A (acc) shares: No distribution of dividends is made in respect of Class A (acc) shares but the net income attributable is reflected in the increased value of the shares. All other terms and conditions are the same as those which apply for Class A (dis) shares.

Class A (dis) shares: are offered at the applicable net asset value, plus an initial 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, may apply to certain redemptions on qualified investments of USD 1 million or more within 18 months after repurchase.

Class AS (acc) shares: are offered in Singapore to CPF Investors as more fully described in the current prospectus of the Company. Class AS (acc) shares are offered at the applicable net asset value, plus an initial charge of up to 3% of the total amount invested. 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

NOTES TO THE FINANCIAL STATEMENTS AT APRIL 30, 2018 (CONTINUED)

Note 3 — Share classes (continued)

and is deducted and paid monthly to the Principal Distributor. No distribution of dividends is made in respect of Class AS (acc) shares but the net income attributable is reflected in the increased value of the shares.

Class I (acc) shares: No distribution of dividends is made but the net income attributable is reflected in the increased value of the shares. All other terms and conditions are the same as those which apply for Class I (dis) shares.

Class I (dis) shares: are offered to institutional investors as more fully described in the current prospectus of the Company. Purchases of Class I (dis) shares are not subject to an initial sales charge, nor a contingent deferred sales charge or any maintenance or servicing charges. Class I (dis) shares benefit from a reduced Investment Management fee (note 4).

Class N (acc) shares: No distribution of dividends is made but the net income attributable is reflected in the increased value of the shares. All other terms and conditions are the same as these which apply for Class N (dis) shares.

Class N (dis) shares: are subject to an initial 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 (dis) shares may be offered in certain limited circumstances as more fully described in the current prospectus of the Company.

Class W (acc) shares: No distribution of dividends is made but the net income attributable is reflected in the increased value of the shares. All other terms and conditions are the same as these which apply for Class W (dis) shares.

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

Class X (acc) shares: No distribution of dividends is made but the net income attributable is reflected in the increased value of the shares. All other terms and conditions are the same as these which apply for Class X (dis) shares.

Class X (dis) shares: are not subject to an initial 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.

The above mentioned distributing share classes may have different frequencies: Mdis share classes distribute monthly, Qdis share classes distribute quarterly, Bdis share classes distribute semi-annually 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 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, 2018.

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%	0.75%
Templeton Shariah Asian Growth Fund	1.35%	0.90%	N/A
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 Investments, and no transactions were entered into with connected brokers during the period ended April 30, 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS AT APRIL 30, 2018 (CONTINUED)

Note 7 — Other charges analysis

The breakdown of the other charges is as follows:

	Total	Franklin Global Sukuk Fund	Templeton Shariah Asian Growth Fund	Templeton Shariah Global Equity Fund
	(USD)	(USD)	(USD)	(USD)
Legal fees	64,363	38,063	477	25,823
Miscellaneous expenses	24,097	13,915	396	9,786
Paying agent	36,381	21,823	114	14,444
Registration and filing fees	29,737	17,747	102	11,888
Tax fees	4,675	2,782	22	1,871
	159,253	94,330	1,111	63,812

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 the Funds relate to the average net assets of the Funds for the period ended April 30, 2018. 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, 2018, this amount was donated to the United Kingdom Committee for the United Nations Children’s Fund (UNICEF).

Note 11 — Dividends distributed

For the period ended April 30, 2018, 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”.

	Annual Nov-2017	Nov-2017	Dec-2017	Jan-2018	Feb-2018	Mar-2018	Apr-2018
Franklin Global Sukuk Fund							
A (Mdis) SGD	0.054		0.030	0.030	0.030	0.032	0.031
A (Mdis) USD	0.051		0.028	0.030	0.029	0.031	0.030
W (Qdis) EUR-H1	0.110				0.084		
W (Qdis) USD	0.108				0.088		
X (Qdis) USD	0.111				0.090		
Templeton Shariah Asian Growth Fund²							
X (Ydis) USD		0.177					
Templeton Shariah Global Equity Fund							
X (Ydis) USD		0.182					

²These fund/ or share classes were closed during the period

NOTES TO THE FINANCIAL STATEMENTS AT APRIL 30, 2018 (CONTINUED)

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, 2018 the Company incurred the following transaction costs:

Fund	Currency	Amount
Franklin Global Sukuk Fund	USD	-*
Templeton Shariah Asian Growth Fund	USD	5,266
Templeton Shariah Global Equity Fund	USD	23,887

*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 absolute value 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, 2018, 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	206,361	USD	255,175
USD	5,006	EUR	4,043
			(5,638)
			117
			<u>(5,521)</u>
The above contracts were opened with the following counterparties:			
JPMorgan Chase Bank			(1,985)
Standard Chartered			(3,536)
			<u>(5,521)</u>

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.

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 Investments 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.

NOTES TO THE FINANCIAL STATEMENTS AT APRIL 30, 2018 (CONTINUED)

Note 19 — Abbreviations

Countries

ARE	United Arab Emirates	FRA	France	KWT	Kuwait	QAT	Qatar
BEL	Belgium	GBR	United Kingdom	MYS	Malaysia	SAU	Saudi Arabia
BHR	Bahrain	HKG	Hong Kong	NGA	Nigeria	SGP	Singapore
CAN	Canada	IDN	Indonesia	NLD	Netherlands	SP	Supranational
CHE	Switzerland	IRL	Ireland	NOR	Norway	THA	Thailand
CHN	China	ITA	Italy	OMN	Oman	TUR	Turkey
DEU	Germany	JPN	Japan	PAK	Pakistan	TWN	Taiwan
DNK	Denmark	KOR	South Korea	PRT	Portugal	USA	United States

Currencies

CAD	Canadian Dollar	GBP	British Pound Sterling	KRW	South Korean Won	SGD	Singapore Dollar
CHF	Swiss Franc	HKD	Hong Kong Dollar	MYR	Malaysian Ringgit	THB	Thai Baht
DKK	Danish Krone	IDR	Indonesian Rupiah	NGN	Nigerian Naira	TWD	New Taiwan Dollar
EUR	Euro	JPY	Japanese Yen	NOK	Norwegian Krone	USD	US Dollar

— Franklin Global Sukuk Fund —

SCHEDULE OF INVESTMENTS AS OF APRIL 30, 2018

(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					
4,280,000	Equate Sukuk Spc Ltd., senior note, Reg S, 3.944%, 02/21/24	KWT	USD	4,225,195	3.08
3,600,000	MAF Sukuk Ltd., Reg S, 4.50%, 11/03/25	ARE	USD	3,663,000	2.67
3,550,000	QIB Sukuk Ltd., senior note, Reg S, 3.251%, 05/23/22	QAT	USD	3,414,727	2.49
3,415,000	Ezdan Sukuk Co. Ltd., senior note, Reg S, 4.375%, 05/18/21	QAT	USD	2,902,221	2.11
2,940,000	Saudi Electricity Global Sukuk Co. 2, senior bond, Reg S, 5.06%, 04/08/43	SAU	USD	2,862,325	2.08
2,800,000	Saudi Electricity Global Sukuk Co. 3, senior bond, Reg S, 5.50%, 04/08/44	SAU	USD	2,850,400	2.08
2,850,000	Emirates REIT Sukuk Ltd., senior note, Reg S, 5.125%, 12/12/22	ARE	USD	2,797,403	2.04
2,890,000	Emaar Sukuk Ltd., senior note, Reg S, 3.635%, 09/15/26	ARE	USD	2,686,371	1.96
2,650,000	Unity 1 Sukuk Ltd., senior note, Reg S, 3.86%, 11/30/21	ARE	USD	2,648,436	1.93
7,620,000	Asya Sukuk Co. Ltd., 7.50%, 03/28/23 *	TUR	USD	2,590,800	1.89
2,450,000	JANY Sukuk Co. Ltd., Reg S, 2.844%, 09/23/19	USA	USD	2,440,886	1.78
2,400,000	DP World Crescent Ltd., senior note, Reg S, 3.908%, 05/31/23	ARE	USD	2,394,576	1.74
2,000,000	Noor Sukuk Co. Ltd., senior note, Reg S, 2.788%, 04/28/20	ARE	USD	1,970,050	1.43
2,000,000	QIB Sukuk Ltd., senior note, Reg S, 2.754%, 10/27/20	QAT	USD	1,945,600	1.42
1,950,000	DIB Sukuk Co. Ltd., senior note, Reg S, 3.664%, 02/14/22	ARE	USD	1,915,573	1.39
1,900,000	Axiata SPV2 Bhd., 4.357%, 03/24/26	MYS	USD	1,905,966	1.39
1,900,000	DIB Sukuk Co. Ltd., senior note, Reg S, 3.60%, 03/30/21	ARE	USD	1,880,192	1.37
1,600,000	EIB Sukuk Ltd., senior note, Reg S, 3.542%, 05/31/21	ARE	USD	1,594,512	1.16
1,550,000	Dar Al-Arkan Sukuk Co. Ltd., senior note, Reg S, 6.50%, 05/28/19	SAU	USD	1,576,753	1.15
1,325,000	SIB Sukuk Co. III Ltd., senior note, Reg S, 4.231%, 04/18/23	ARE	USD	1,319,488	0.96
1,200,000	Boubyan Tier 1 Capital SPC Ltd., sub. bond, Reg S, 6.75% to 5/16/21, FRN thereafter, Perpetual	KWT	USD	1,243,104	0.91
1,455,000	Ezdan Sukuk Co. Ltd., senior note, Reg S, 4.875%, 04/05/22	QAT	USD	1,237,201	0.90
1,200,000	DIB Tier 1 Sukuk Ltd., junior sub. bond, Reg S, 6.25% to 3/19/19, FRN thereafter, Perpetual	ARE	USD	1,212,030	0.88
984,000	GEMS MEA Sukuk Ltd., junior sub. note, Reg S, 12.00% to 11/21/18, FRN thereafter, Perpetual	ARE	USD	1,019,670	0.74
825,000	Mazoon Assets Co. SAOC, senior note, Reg S, 5.20%, 11/08/27	OMN	USD	790,969	0.58
750,000	FAB Sukuk Co. Ltd., senior note, Reg S, 3.625%, 03/05/23	ARE	USD	741,562	0.54
725,000	Saudi Electricity Global Sukuk Co. 3, senior note, Reg S, 4.00%, 04/08/24	SAU	USD	722,709	0.53
600,000	SIB Sukuk Co. III Ltd., senior note, Reg S, 2.843%, 03/17/20	ARE	USD	592,779	0.43
350,000	Saudi Electricity Global Sukuk Co., Reg S, 4.211%, 04/03/22	SAU	USD	358,460	0.26
250,000	Danga Capital Bhd., senior bond, Reg S, 3.725%, 08/11/20	MYS	SGD	192,794	0.14
				<u>57,695,752</u>	<u>42.03</u>
Government and Municipal Sukuk					
6,850,000	KSA Sukuk Ltd., senior bond, Reg S, 3.628%, 04/20/27	SAU	USD	6,503,253	4.74
4,825,000	Perusahaan Penerbit SBSN Indonesia III, Reg S, 4.55%, 03/29/26	IDN	USD	4,864,203	3.54
4,950,000	SoQ Sukuk A QSC, Reg S, 3.241%, 01/18/23	QAT	USD	4,823,824	3.51
4,950,000	Oman Sovereign Sukuk SAOC, senior note, Reg S, 4.397%, 06/01/24	OMN	USD	4,630,973	3.37
1,400,000,000	FGN Roads Sukuk Co. 1 PLC, senior note, 16.47%, 09/26/24	NGA	NGN	4,417,778	3.22
4,350,000	Hong Kong Sukuk 2017 Ltd., senior note, Reg S, 3.132%, 02/28/27	HKG	USD	4,194,270	3.06
15,500,000	Government of Malaysia, senior bond, 4.444%, 05/22/24	MYS	MYR	4,037,312	2.94
4,000,000	Perusahaan Penerbit SBSN Indonesia III, senior note, Reg S, 4.325%, 05/28/25	IDN	USD	4,002,980	2.92
3,850,000	Malaysia Sukuk Global Bhd., Reg S, 4.08%, 04/27/46	MYS	USD	3,800,354	2.77
3,545,000	Perusahaan Penerbit SBSN Indonesia III, senior note, Reg S, 4.40%, 03/01/28	IDN	USD	3,508,097	2.56
3,550,000	KSA Sukuk Ltd., senior note, Reg S, 2.894%, 04/20/22	SAU	USD	3,427,969	2.50
3,075,000	Perusahaan Penerbit SBSN Indonesia III, 4.15%, 03/29/27	IDN	USD	2,998,125	2.18
2,105,000	CBB International Sukuk Co. SPC, senior note, Reg S, 5.624%, 02/12/24	BHR	USD	2,051,259	1.49
2,000,000	Perusahaan Penerbit SBSN Indonesia III, Reg S, 4.35%, 09/10/24	IDN	USD	2,018,100	1.47
2,000,000	Sharjah Sukuk Programme Ltd., senior note, Reg S, 4.226%, 03/14/28	ARE	USD	1,971,870	1.44
1,905,000	AFC Sukuk Co., senior note, FRN, 3.926%, 01/24/20 †	SP	USD	1,930,399	1.41
1,150,000	HM Treasury UK Sovereign Sukuk PLC, Reg S, 2.036%, 07/22/19	GBR	GBP	1,608,273	1.17
1,550,000	Malaysia Sovereign Sukuk Bhd., Reg S, 3.043%, 04/22/25	MYS	USD	1,500,733	1.09
1,450,000	The Third Pakistan International Sukuk Co. Ltd., senior note, Reg S, 5.625%, 12/05/22	PAK	USD	1,402,092	1.02
5,050,000	Government of Malaysia, senior bond, 4.07%, 09/30/26	MYS	MYR	1,272,500	0.93
1,100,000	RAK Capital, Reg S, 3.094%, 03/31/25	ARE	USD	1,041,909	0.76
1,000,000	CBB International Sukuk Co. SPC, senior note, Reg S, 5.25%, 03/20/25	BHR	USD	944,750	0.69
800,000	The Third Pakistan International Sukuk Co. Ltd., senior note, Reg S, 5.50%, 10/13/21	PAK	USD	787,892	0.57
2,000,000	Government of Malaysia, senior bond, 4.582%, 08/30/33	MYS	MYR	500,472	0.37
				<u>68,239,387</u>	<u>49.72</u>
Securities Maturing Within One Year					
40,000,000,000	Perusahaan Penerbit SBSN, senior note, 8.30%, 03/10/19	IDN	IDR	2,931,464	2.13
2,500,000	Alpha Star Holding IV Ltd., senior note, Reg S, FRN, 5.558%, 09/30/18 †	ARE	USD	2,500,225	1.82
1,000,000	AHB Sukuk Co., senior note, Reg S, 3.267%, 10/08/18	ARE	USD	1,000,355	0.73
				<u>6,432,044</u>	<u>4.68</u>
TOTAL SUKUK				<u>132,367,183</u>	<u>96.43</u>
TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				<u>132,367,183</u>	<u>96.43</u>
TOTAL INVESTMENTS				<u>132,367,183</u>	<u>96.43</u>

* This Sukuk is currently in default

† Floating Rates are indicated as at April 30, 2018

The accompanying notes form an integral part of these financial statements

— Templeton Shariah Global Equity Fund —

SCHEDULE OF INVESTMENTS AS OF APRIL 30, 2018

(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					
494,000	Kerry Logistics Network Ltd.	HKG	HKD	<u>755,284</u>	<u>0.81</u>
Auto Components					
5,834	Cie Generale des Etablissements Michelin SCA	FRA	EUR	821,281	0.88
3,491	Hyundai Mobis Co. Ltd.	KOR	KRW	806,318	0.87
24,600	Keihin Corp.	JPN	JPY	486,126	0.52
19,500	Tokai Rika Co. Ltd.	JPN	JPY	<u>390,696</u>	<u>0.42</u>
				<u>2,504,421</u>	<u>2.69</u>
Beverages					
19,400	Suntory Beverage & Food Ltd.	JPN	JPY	<u>956,644</u>	<u>1.03</u>
Biotechnology					
21,817	Shire PLC	GBR	GBP	1,161,255	1.25
8,290	BioMarin Pharmaceutical Inc.	USA	USD	<u>692,298</u>	<u>0.74</u>
				<u>1,853,553</u>	<u>1.99</u>
Building Products					
19,336	Compagnie de Saint-Gobain	FRA	EUR	1,015,825	1.09
48,400	Bunka Shutter Co. Ltd.	JPN	JPY	<u>481,764</u>	<u>0.52</u>
				<u>1,497,589</u>	<u>1.61</u>
Chemicals					
3,112	Lotte Chemical Corp.	KOR	KRW	1,195,186	1.28
3,007	LG Chem Ltd.	KOR	KRW	1,003,865	1.08
21,649	Johnson Matthey PLC	GBR	GBP	981,821	1.05
12,078	LANXESS AG	DEU	EUR	898,063	0.97
19,247	Yara International ASA	NOR	NOK	814,146	0.87
6,325	Akzo Nobel NV	NLD	EUR	<u>572,210</u>	<u>0.62</u>
				<u>5,465,291</u>	<u>5.87</u>
Communications Equipment					
15,200	NetScout Systems Inc.	USA	USD	<u>412,680</u>	<u>0.44</u>
Construction & Engineering					
50,000	CHIYODA Corp.	JPN	JPY	<u>515,530</u>	<u>0.55</u>
Construction Materials					
37,316	CRH PLC	IRL	EUR	1,330,079	1.43
4,450	HeidelbergCement AG	DEU	EUR	436,767	0.47
10,600	Taiheiyo Cement Corp.	JPN	JPY	<u>401,967</u>	<u>0.43</u>
				<u>2,168,813</u>	<u>2.33</u>
Containers & Packaging					
1,025,000	Greatview Aseptic Packaging Co. Ltd.	CHN	HKD	<u>680,399</u>	<u>0.73</u>
Diversified Telecommunication Services					
292,776	Telefonica Deutschland Holding AG	DEU	EUR	1,400,726	1.50
342,400	Singapore Telecommunications Ltd.	SGP	SGD	909,004	0.98
1,324,000	China Telecom Corp. Ltd., H	CHN	HKD	<u>647,771</u>	<u>0.69</u>
				<u>2,957,501</u>	<u>3.17</u>
Electric Utilities					
15,244	Korea Electric Power Corp.	KOR	KRW	<u>531,850</u>	<u>0.57</u>
Electrical Equipment					
10,339	Vestas Wind Systems AS	DNK	DKK	668,930	0.72
22,907	ABB Ltd.	CHE	CHF	<u>537,329</u>	<u>0.57</u>
				<u>1,206,259</u>	<u>1.29</u>
Electronic Equipment, Instruments & Components					
19,000	Omron Corp.	JPN	JPY	1,032,524	1.11
9,217	LG Innotek Co. Ltd.	KOR	KRW	991,189	1.06
36,780	Hollysys Automation Technologies Ltd.	CHN	USD	811,367	0.87
5,300	Murata Manufacturing Co. Ltd.	JPN	JPY	671,561	0.72
8,856	Landis+Gyr Group AG	CHE	CHF	669,507	0.72
39,200	Knowles Corp.	USA	USD	501,760	0.54
38,000	Anritsu Corp.	JPN	JPY	<u>500,617</u>	<u>0.54</u>
				<u>5,178,525</u>	<u>5.56</u>
Energy Equipment & Services					
15,050	Helmerich & Payne Inc.	USA	USD	1,046,727	1.12
20,545	Tenaris SA	ITA	EUR	<u>386,374</u>	<u>0.42</u>
				<u>1,433,101</u>	<u>1.54</u>
Food & Staples Retailing					
26,200	Matsumotokiyoshi Holdings Co. Ltd.	JPN	JPY	<u>1,170,916</u>	<u>1.26</u>
Food Products					
37,600	Ajinomoto Co. Inc.	JPN	JPY	690,047	0.74
410,700	First Resources Ltd.	SGP	SGD	523,481	0.56
8,700	Ezaki Glico Co. Ltd.	JPN	JPY	<u>470,399</u>	<u>0.51</u>
				<u>1,683,927</u>	<u>1.81</u>

The accompanying notes form an integral part of these financial statements

— Templeton Shariah Global Equity Fund —

SCHEDULE OF INVESTMENTS AS OF APRIL 30, 2018 (CONTINUED)

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	Gas Utilities				
129,000	ENN Energy Holdings Ltd.	CHN	HKD	<u>1,212,965</u>	<u>1.30</u>
	Health Care Equipment & Supplies				
11,927	Draegerwerk AG & Co. KGAA	DEU	EUR	<u>734,707</u>	<u>0.79</u>
	Health Care Providers & Services				
7,670	Cardinal Health Inc.	USA	USD	492,184	0.53
4,360	AmerisourceBergen Corp.	USA	USD	<u>394,929</u>	<u>0.42</u>
				<u>887,113</u>	<u>0.95</u>
	Household Durables				
37,000	Panasonic Corp.	JPN	JPY	<u>552,436</u>	<u>0.59</u>
	Household Products				
11,040	The Procter & Gamble Co.	USA	USD	<u>798,634</u>	<u>0.86</u>
	Industrial Conglomerates				
10,882	Siemens AG	DEU	EUR	1,388,513	1.49
88,500	CK Hutchison Holdings Ltd.	HKG	HKD	<u>1,049,773</u>	<u>1.13</u>
				<u>2,438,286</u>	<u>2.62</u>
	Internet Software & Services				
39,600	Tencent Holdings Ltd.	CHN	HKD	<u>1,972,760</u>	<u>2.12</u>
	Machinery				
51,100	Hino Motors Ltd.	JPN	JPY	625,046	0.67
3,290,000	EVA Precision Industrial Holdings Ltd.	HKG	HKD	515,589	0.55
15,000	IHI Corp.	JPN	JPY	<u>492,658</u>	<u>0.53</u>
				<u>1,633,293</u>	<u>1.75</u>
	Marine				
299	A.P. Moeller-Maersk AS, B	DNK	DKK	<u>479,055</u>	<u>0.51</u>
	Metals & Mining				
27,200	Sumitomo Metal Mining Co. Ltd.	JPN	JPY	1,169,074	1.25
46,105	Wheaton Precious Metals Corp.	CAN	CAD	957,452	1.03
63,430	Alamos Gold Inc., A	CAN	USD	342,522	0.37
131,700	Eldorado Gold Corp.	CAN	CAD	<u>125,204</u>	<u>0.13</u>
				<u>2,594,252</u>	<u>2.78</u>
	Multiline Retail				
3,200	Ryohin Keikaku Co. Ltd.	JPN	JPY	<u>1,099,309</u>	<u>1.18</u>
	Oil, Gas & Consumable Fuels				
86,189	Royal Dutch Shell PLC, A	GBR	GBP	3,003,411	3.22
289,578	BP PLC	GBR	GBP	2,144,957	2.30
23,415	Total SA	FRA	EUR	1,479,987	1.59
74,301	Galp Energia SGPS SA, B	PRT	EUR	1,428,283	1.53
37,006	Suncor Energy Inc.	CAN	CAD	1,415,877	1.52
20,150	ConocoPhillips	USA	USD	1,319,825	1.42
61,807	Eni SpA	ITA	EUR	1,209,388	1.30
653,000	CNOOC Ltd.	CHN	HKD	1,094,892	1.17
68,600	Husky Energy Inc.	CAN	CAD	960,069	1.03
7,290	Chevron Corp.	USA	USD	912,052	0.98
148,600	PTT Exploration and Production PCL, fgn.	THA	THB	629,528	0.68
350,000	PTT PCL, fgn.	THA	THB	624,051	0.67
43,000	INPEX Corp.	JPN	JPY	551,736	0.59
312,000	Kunlun Energy Co. Ltd.	CHN	HKD	<u>268,325</u>	<u>0.29</u>
				<u>17,042,381</u>	<u>18.29</u>
	Personal Products				
41,200	Coty Inc., A	USA	USD	<u>714,820</u>	<u>0.77</u>
	Pharmaceuticals				
570,000	China Medical System Holdings Ltd.	CHN	HKD	1,405,991	1.51
11,384	Bayer AG	DEU	EUR	1,365,116	1.46
16,100	Eli Lilly & Co.	USA	USD	1,305,227	1.40
33,470	Pfizer Inc.	USA	USD	1,225,337	1.31
77,900	Astellas Pharma Inc.	JPN	JPY	1,144,215	1.23
14,502	Novartis AG	CHE	CHF	1,122,688	1.20
19,307	H. Lundbeck A/S	DNK	DKK	1,118,622	1.20
27,000	Tsumura & Co.	JPN	JPY	983,121	1.06
11,787	Sanofi	FRA	EUR	936,647	1.01
5,910	Allergan PLC	USA	USD	908,072	0.97
3,883	Roche Holding AG	CHE	CHF	865,567	0.93
10,170	UCB SA	BEL	EUR	770,933	0.83
14,700	Otsuka Holdings Co. Ltd.	JPN	JPY	770,874	0.83
12,180	Merck & Co. Inc.	USA	USD	717,037	0.77
8,110	Perrigo Co. PLC	USA	USD	633,715	0.68
4,922	Merck KGaA	DEU	EUR	<u>482,856</u>	<u>0.52</u>
				<u>15,756,018</u>	<u>16.91</u>

The accompanying notes form an integral part of these financial statements

— Templeton Shariah Global Equity Fund —

SCHEDULE OF INVESTMENTS AS OF APRIL 30, 2018 (CONTINUED)

(Currency — USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Real Estate Management & Development					
43,000	Daikyo Inc.	JPN	JPY	938,246	1.01
190,000	China Overseas Land & Investment Ltd.	CHN	HKD	642,718	0.69
				<u>1,580,964</u>	<u>1.70</u>
Semiconductors & Semiconductor Equipment					
39,900	Intel Corp.	USA	USD	2,059,638	2.21
816,000	King Yuan Electronics Co. Ltd.	TWN	TWD	809,447	0.87
				<u>2,869,085</u>	<u>3.08</u>
Software					
8,146	SAP SE	DEU	EUR	909,334	0.97
41,600	Capcom Co. Ltd.	JPN	JPY	800,373	0.86
				<u>1,709,707</u>	<u>1.83</u>
Specialty Retail					
8,400	Advance Auto Parts Inc.	USA	USD	961,380	1.03
190,838	Kingfisher PLC	GBR	GBP	798,222	0.86
105,000	IDOM Inc.	JPN	JPY	760,807	0.81
				<u>2,520,409</u>	<u>2.70</u>
Technology Hardware, Storage & Peripherals					
71,900	Konica Minolta Inc.	JPN	JPY	618,325	0.66
3,650	Apple Inc.	USA	USD	603,199	0.65
				<u>1,221,524</u>	<u>1.31</u>
Textiles, Apparel & Luxury Goods					
41,500	Asics Corp.	JPN	JPY	786,680	0.84
Trading Companies & Distributors					
18,280	Travis Perkins PLC	GBR	GBP	319,381	0.34
	TOTAL SHARES			<u>89,896,062</u>	<u>96.47</u>
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			<u>89,896,062</u>	<u>96.47</u>
	TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET				
	SHARES				
910	Technology Hardware, Storage & Peripherals Samsung Electronics Co. Ltd. **	KOR	KRW	2,251,876	2.41
	TOTAL SHARES			<u>2,251,876</u>	<u>2.41</u>
	TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET			<u>2,251,876</u>	<u>2.41</u>
	TOTAL INVESTMENTS			<u>92,147,938</u>	<u>98.88</u>

** These securities are submitted to a Fair Valuation

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 Asian Growth Fund^Ω
Templeton Shariah Global Equity Fund

^ΩThis Fund was closed on December 12, 2017

*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, 2017 ^{*,**}	€21,383
Total amount of variable remuneration paid by FTIS and its delegates during the year ended September 30, 2017	€ 6,391
Number of staff of FTIS and in its delegates as at September 30, 2017	145
Total amount of compensation paid by FTIS and its delegates to Senior managers during the year ended September 30, 2017 ^{*,**}	€ 7,827
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, 2017 ^{*,**}	€ -

**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, 2017.*

*** 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, 2017.*

FRANKLIN TEMPLETON INVESTMENTS OFFICE DIRECTORY

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