



Franklin Templeton Shariah Funds
Société d'investissement à capital variable
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Luxembourg, 25 January 2024

Dear Shareholder,

The board of directors (the “**Board**”) of Franklin Templeton Shariah Funds (the “**Company**”) would like to inform you about certain changes that will be made as regards to the Company.

I. Change of investment policy of Franklin Global Sukuk Fund

We would like to inform you about the upcoming amendment of the investment policy of Franklin Global Sukuk Fund to enable the investment team to invest in Shariah compliant contingent convertible securities. Therefore, as from 26 February 2024, Franklin Global Sukuk Fund’s investment policy will be amended as follows:

“Investment Policy

The Fund seeks to achieve this objective by investing principally in a portfolio of fixed- and floating-rate Shariah-compliant securities (including non-investment grade securities), issued by government, government-related and corporate entities located in developed and developing countries.

Since the investment objective is more likely to be achieved through an investment policy which is flexible and adaptable, the Fund may also, in accordance with its investment policy and the Shariah Guidelines, invest in securities or financial derivative instruments for hedging, efficient portfolio management and/or investment purposes in which the underlying security is linked to or derives its value from a distinct security, asset, commodity or currency of any nation. These financial derivative instruments include but are not limited to Sharia compliant swaps (including but not limited to profit rate swaps, credit default swaps or total return swaps), as well as Sharia compliant currency forwards, and other over the counter (OTC) Shariah compliant hedging instruments. The Fund may invest in Sukuk instruments issued by any corporate, sovereign, or supranational entity, and may be backed by or derive its value from any asset, tangible or otherwise, including mortgages. [For the purpose of this Fund, Sukuk may include contingent convertible securities, subject to a maximum of 10% of the Fund's net assets.](#) The Fund may also invest in short term instruments including Murabaha placements and up to 20% of its net assets in Sharia compliant credit linked notes or structured products.”

Impact

The changes detailed above will have no material impact on the way Franklin Global Sukuk Fund is managed, its risk profile or SRI nor on the fees charged. All other features of this sub-fund remain the same (except its “Valuation Day” as explained under item III. below).

The above changes will become effective as from 26 February 2024 and will be reflected in an updated version of the Prospectus, a copy of which will be available online or at the registered office of the Company. Upon request of a shareholder, a draft KID is available at the registered office of the Company.

(continued)

What you need to do

You do not need to do anything if you are satisfied with the change. You also have the option to switch your shares into other funds of the Company provided that such funds are available for distribution in your country. You may also request a redemption of your investment. Should you wish to proceed with either option, please refer to the latest Prospectus terms. Such requests of switch or redemption will be executed free of charge, provided that they are received at the latest by 26 February 2024.

II. Change of investment policies of Franklin Shariah Technology Fund and Templeton Shariah Global Equity Fund

The Board has also decided to amend the investment policies of Franklin Shariah Technology Fund and Templeton Shariah Global Equity Fund to enable the respective investment teams to invest in Shariah compliant Real Estate Investment Trusts (REITs).

Therefore, as from 26 February 2024 the above-mentioned funds' investment policies will be amended as follows:

Franklin Shariah Technology Fund

“Investment Policy

The Fund invests at least two thirds of its net invested assets in Shariah-compliant equity securities of US and non-US companies expected to benefit from the development, advancement, and use of technology and communication services and equipment. These may include, for example, companies in the following industries:

- *communication and computing related outsourcing services;*
- *technology services, including computer software, data services, and Internet services;*
- *electronic technology, including computers, computer products, and electronic components;*
- *telecommunications, including networking, wireless, and wire-line services and equipment;*
- *media and information services, including the distribution of information and content providers;*
- *semiconductors and semiconductor equipment; and*
- *precision instruments.*

The Fund invests in Shariah-compliant securities of US and non US large, well-established companies, as well as small to medium-sized companies, that the Investment Manager believes provide good emerging growth opportunities.

The Fund may also invest in Shariah-compliant equity or debt securities of any type of foreign or US issuer as well as in American, European or Global Depositary Receipts [and REITs](#).

The Fund may invest up to 15% of its net assets in China A-Shares (through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect) and in China B-Shares.

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The Fund uses a growth approach that employs intensive, bottom-up, fundamental research of companies. The Investment Manager also takes into consideration broad-based trends when considering the selection of investments. In general, the Investment Manager looks for companies it believes display, or will display, some of the following characteristics, among others: quality management; robust growth prospects; strong market positioning; high, or rising profit margins; and good return on capital investment.”

Templeton Shariah Global Equity Fund

“Investment Policy

The Fund invests principally in Shariah-compliant equity and equity-related securities including common stocks of companies located anywhere in the world, including Emerging Markets.

Shariah-compliant equity securities generally entitle the holder to participate in a company’s general operating results. The Fund also invests in American, European, and global depository receipts. These are certificates issued typically by a bank or a trust company that give their holders the right to receive securities issued by a foreign or domestic company. Depository receipts do not eliminate currency and economic risks for underlying shares of a company operating in another country.

Depending upon current market conditions, the Fund may also invest up to 25% of its net assets in Shariah-compliant fixed-income securities of companies and governments located anywhere in the world or short term instruments. These include Sukuk, any other Shariah-compliant fixed-income securities and Murabaha placements.

In choosing equity and equity-related investments, the Investment Manager focuses on the market price of a company’s securities relative to its evaluation of the company’s long-term earnings, asset value and cash flow potential, as well as on other measures that the Investment Manager deems appropriate to determine a company’s value.

The Fund may [also invest in \(i\) REITs and \(ii\)](#) up to 10% of its net assets in China A-Shares (through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect) and in China B-Shares.”

In addition, the risk factor “Real Assets risk” is added to the other risks that may be relevant to the Franklin Shariah Technology Fund and Templeton Shariah Global Equity Fund.

Impact

The changes detailed above will have no material impact on the way Franklin Shariah Technology Fund and Templeton Shariah Global Equity Fund are managed, their risk profile or SRI nor on the fees charged. All other features of these sub-funds remain the same (except their “Valuation Day” as explained under item III. below).

The above changes will become effective as from 26 February 2024 and will be reflected in an updated

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version of the Prospectus, a copy of which will be available online or at the registered office of the Company. Upon request of a shareholder, a draft KID is available at the registered office of the Company.

What you need to do

You do not need to do anything if you are satisfied with the change. You also have the option to switch your shares into other funds of the Company provided that such funds are available for distribution in your country. You may also request a redemption of your investment. Should you wish to proceed with either option, please refer to the latest Prospectus terms. Such requests of switch or redemption will be executed free of charge, provided that they are received at the latest by 26 February 2024.

III. Change of the definition of the term “Valuation Day”

We would like to inform you about the upcoming change of the definition of the term “Valuation Day” in the general part of the prospectus of the Company and, as a consequence, the insertion of a sub-section “Valuation Day” in the specific information section of each sub-fund.

The term “Valuation Day” or “Pricing Day” is currently defined in the section “Definitions” of the general part of the prospectus of the Company as follows:

“Valuation Day” or “Pricing Day” any day on which the New York Stock Exchange (“NYSE”) is open or any full day on which banks in Luxembourg are open for normal business (other than during a suspension of normal dealing). Further information on the applicable Valuation Days for the Funds can be found on the website: <http://www.franklintempleton.lu>

As from 1 April 2024, the definition of this term in the aforementioned section of the prospectus of the Company will be amended so as to read as follows:

“Valuation Day” means for each Fund, any such day as set out in the relevant Fund’s specific information sub-section. Further information on the applicable Valuation Days for the Funds can be found on the website: <http://www.franklintempleton.lu>.

Consequently, as from 1 April 2024, a new sub-section “Valuation Day” will be inserted in each sub-fund’s specific information and will read as follows:

“Valuation Day

A day on which the New York Stock Exchange is open for normal business (other than during a suspension of normal dealing), further information on the applicable Valuation Days for the Fund can be found on the website: <http://www.franklintempleton.lu>.”

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Impact

The change detailed above will have no impact on the way the sub-funds are managed, their portfolio's composition, risk profile or SRI, nor on the fees charged. Therefore, the changes detailed above are sent to you for your information only and no action is required on your part.

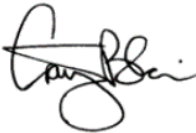
The above changes will become effective as from 1 April 2024 and will be reflected in an updated version of the Prospectus, a copy of which will be available online or at the registered office of the Company. Upon request of a shareholder, a draft KID is available at the registered office of the Company.

Need more information?

Your dedicated Client Service Team will be happy to help with any general questions about Franklin Templeton. Just call your local Client Service Team, visit our website at www.franklintempleton.lu or if you need advice about your investment please speak to a financial adviser.

We thank you for choosing to trust Franklin Templeton with your investments.

Best regards,

A handwritten signature in black ink, appearing to read 'Craig Blair', with a stylized flourish at the end.

Craig Blair, Conducting Officer of Franklin Templeton International Services S.à r.l.
Management Company of Franklin Templeton Shariah Funds