

December 2013

PROSPECTUS

SOCIÉTÉ D'INVESTISSEMENT
À CAPITAL VARIABLE
INCORPORATED IN
LUXEMBOURG



FRANKLIN TEMPLETON SHARIAH FUNDS



FRANKLIN TEMPLETON
INVESTMENTS

FRANKLIN TEMPLETON SHARIAH FUNDS
Société d'investissement à capital variable
Registered office: 8A, rue Albert Borschette, L-1246 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg B-169.965

OFFER

of separate classes of shares of no par value of Franklin Templeton Shariah Funds (the "**Company**"), each linked to one of the following sub-funds (the "**Funds**") of the Company, at the published offer price for the Shares of the relevant Fund:

- **Franklin Templeton Global Sukuk Fund**
- **Templeton Shariah Global Equity Fund**
- **Templeton Shariah Asian Growth Fund**

FRANKLIN TEMPLETON SHARIAH FUNDS – IMPORTANT INFORMATION

If you are in any doubt about the contents of this prospectus (the "**Prospectus**"), you should consult your bank, stockbroker, solicitor, accountant, financial or other Shariah adviser. No one is authorised to give any information other than that contained in this Prospectus or in any of the documents referred to herein.

Investors should be aware that the Funds will be managed in accordance with the Shariah Guidelines as determined by the Shariah Supervisory Board.

The Company

The Company is incorporated in Luxembourg under the laws of the Grand Duchy of Luxembourg as a *société anonyme* and qualifies as a *société d'investissement à capital variable* ("**SICAV**").

The Company is registered on the official list of undertakings for collective investment in transferable securities pursuant to Part I of the Luxembourg law of 17 December, 2010 relating to undertakings for collective investment, as may be amended from time to time (the "**Law of 17 December, 2010**"). The Company qualifies as an Undertaking for Collective Investment in Transferable Securities ("**UCITS**") under Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009, as amended.

The Company has appointed Franklin Templeton International Services S.A, *société anonyme* with its registered office at 8A, rue Albert Borschette, L-1246 Luxembourg, Grand-Duchy of Luxembourg as management company to provide investment management, administration and marketing services to the Company with the possibility to delegate part or all of such services to third-parties.

The Company has obtained recognition for marketing its Shares in certain European countries (in addition to the Grand Duchy of Luxembourg): France and Spain. The registration of the Shares of the Company in any jurisdiction does not require any authority to approve or disapprove the adequacy or accuracy of this Prospectus or the securities portfolios held by the Company. Any statement to the contrary is unauthorised and unlawful.

The distribution of this Prospectus and the offering of the Shares may be restricted in certain other jurisdictions. It is the responsibility of any persons wishing to make an application for Shares pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdictions. Attention of Investors is also drawn to the fixed amount which may be levied on transactions by Distributors, local paying agents and Correspondent Banks established in certain jurisdictions such as Italy. Prospective subscribers for Shares should make themselves aware of the legal requirements with respect to such application and of any applicable taxes in the countries of their respective citizenship, residence or domicile.

The Company may apply for registration of the Shares in various other legal jurisdictions worldwide.

The Company does not have any debentures, loans, borrowings or indebtedness in the nature of liabilities under acceptances or acceptance credits, mortgage hire purchase commitments, guarantees or other material contingent liabilities.

The Company is not registered in the United States of America under the Investment Company Act of 1940. The Shares of the Company have not been registered in the United States of America under the Securities Act of 1933. The Shares made available under this offer may not be directly or indirectly offered or sold in the United States of America or any of its territories or possessions or areas subject to its jurisdiction or to or for the benefit of nationals or residents thereof, unless pursuant to an exemption from registration requirements available under US law, any applicable statute, rule or interpretation. US Persons are not eligible to invest in the Company. Prospective Investors shall be required to declare that they are not a US Person and are not applying for Shares on behalf of any US Person. In the absence of written notice to the Company to the contrary, if a prospective investor provides a non-US address on the application form for investment in the Company, this will be deemed to be a representation and warranty from such investor that he/she/it is not a US Person and that such investor will continue to be a non-US Person unless and until the Company is otherwise notified of a change in the investor's US Person status.

The term "US Person" shall mean any person that is a United States person within the meaning of Regulation S under the United States Securities Act of 1933 or as defined by the U.S. Commodity Futures Trading Commission for this purpose, as the definition of such term may be changed from time to time by legislation, rules, regulations or judicial or administrative agency interpretations.

The Company is not registered in any provincial or territorial jurisdiction in Canada and Shares of the Company have not been qualified for sale in any Canadian jurisdiction under applicable securities laws. The Shares made available under this offer may not be directly or indirectly offered or sold in any provincial or territorial jurisdiction in Canada to or for the benefit of residents thereof. Prospective Investors may be required to declare that they are not a Canadian resident and are not applying for Shares on behalf of any Canadian residents. If an Investor becomes a Canadian resident after purchasing Shares of the Company, the Investor will not be able to purchase any additional Shares of the Company.

Statements made in this Prospectus are based on the laws and practice currently in force in the Grand Duchy of Luxembourg, and are subject to changes in those laws and practice.

This Prospectus does not constitute an offer to anyone or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so.

The price of Shares in the Company and the income from them may go down as well as up and an Investor may not get back the amount invested. Attention of Investors is more specifically drawn to the fact that investment by the Company, as defined hereafter, may trigger specific risks, as more fully described under the section "Risk Consideration".

The most recent audited annual and unaudited semi-annual reports of the Company are available free of charge and upon request at the registered office of the Company and the Management Company.

Investors desiring to receive further information regarding the Company (including the procedures relating to complaints handling, the strategy followed for the exercise of the voting rights of the Company, the policy for placing orders to deal on behalf of the Company with other entities, the best execution policy as well as the arrangements relating to the fee, commission or non-monetary benefit in relation with the investment management and administration of the Company) or wishing to make a complaint about the operation of the Company should contact the Management Company client service department, 8A, rue Albert Borschette, L-1246 Luxembourg or their local servicing office.

The Company and the Management Company draw the Investors' attention to the fact that any Investor will only be able to fully exercise her/his Investor's rights directly against the Company, notably the right to participate in general meetings of the Shareholders, if the Investor is registered himself and in his own name in the register of Shareholders of the Company.

If an Investor invests in the Company through an intermediary investing in the Company in his own name but on behalf of the Investor, it may not always be possible for the Investor to exercise certain Shareholder rights directly against the Company. Investors are advised to take advice on their rights. The Management Company, acting as principal distributor of the Company (the "Principal Distributor"), will also organise and oversee the marketing and distribution of the Shares. The Principal Distributor may engage sub-distributors, intermediaries, brokers and/or professional investors (who may be affiliates of Franklin Templeton Investments and who may receive part of the maintenance charges, servicing charges or other similar fees).

Moreover, the Management Company decided that, when required by the relevant legal, regulatory and/or tax environment applicable to some particular countries where the Shares of the Company are or will be offered, the duties of organising and overseeing the marketing and distribution of Shares, or the distribution of Shares itself, currently dedicated on a worldwide basis to the Principal Distributor, may be allocated to such other entities (who may be affiliates of Franklin Templeton Investments) directly appointed by the Management Company from time to time.

Subject to the provisions of the agreements in place with the Management Company, such other parties may in turn engage sub-distributors, intermediaries, brokers and/or professional investors (who may be affiliates of Franklin Templeton Investments). Notwithstanding the foregoing, the Management Company will also monitor the appointment and activities of the sub-distributors, intermediaries, brokers and/or professional investors as part of its activity as Principal Distributor.

For the avoidance of doubt, Investors buying Shares or investing through such other parties (or through sub-distributors, intermediaries, brokers/dealers and/or professional investors appointed by such other parties) will not be charged additional fees and expenses by the Company or the Management Company.

Whenever applicable, all references in this Prospectus relating to the Principal Distributor should therefore also read as references to such other parties appointed by the Management Company.

The Directors of the Company, whose names appear in the section "Administration Information", are responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Board of Directors accepts responsibility accordingly.

Board of Directors' Powers

The Board of Directors is responsible for the Company's management and administration and has delegated its day-to-day management and administration to the Management Company in accordance with the Articles and the Management Company services agreement.

The Board of Directors is responsible for the overall investment policy, objectives and management of the Company and its Funds. The Board of Directors may authorise the creation of additional Funds in the future with different investment objectives, subject to the amendment of this Prospectus.

The Board of Directors may decide to offer or issue in any Fund any of the existing Share Class which terms and conditions are more fully described in the section "Share Classes" and "Investment Management Fees", including Alternative Currency Classes, Hedged Share Classes as well as Share Classes with different dividend policies. Investors will be informed of the issue of such Shares upon publication of the Net Asset Value per Share of such Share Class as described in the section "Publication of Share Prices".

If the total value of the Shares of any Fund is at any time below USD 20 million, or the equivalent thereof in the currency of the relevant Fund, the Board of Directors may decide to redeem all the Shares outstanding of such Fund. Notice of such redemption will be sent to the registered Investors by mail. The price at which Shares will be redeemed will be based on the net asset value per Share of such Fund determined upon realisation of all assets attributable to such Fund. Further details are provided in Appendix E.

The Board of Directors reserves the right at any time, without notice, to discontinue the issue or sale of Shares pursuant to this Prospectus.

Shares offered or in issue in the various Funds, classes and currencies are more fully described in the section "Share Classes".

The assets of each Fund are exclusively available to satisfy the rights of Shareholders and of creditors which have arisen in connection with the creation, operation or liquidation of that Fund. For the purpose of the relations as between Shareholders, each Fund will be deemed to be a separate entity.

The determination of the prices of Shares of each Fund may be suspended during a period when trading on a relevant stock exchange is substantially restricted or when other specified circumstances exist which make it impracticable to dispose of or value any of the Company's investments (see Appendix E). No Share may be issued, redeemed or switched during a period of suspension. A notice of any suspension shall be published, if appropriate, in such newspapers as the Board of Directors and/or the Management Company may from time to time determine.

The distribution of this Prospectus in some jurisdictions may require the translation of this Prospectus into the languages specified by the regulatory authorities of those jurisdictions. In case of inconsistency between the translated and the English version of this Prospectus, the English version shall prevail.

The Prospectus shall be kept up-to-date and shall be made available on the Internet site: www.franklintempleton.lu, may be found in the Internet site of the Franklin Templeton Investments Distributors or can be obtained free of charge and upon request at the registered office of the Company and the Management Company.

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DEFINITIONS

"Accumulation Share"	a Share which accumulates the net income attributable to a Share so that it is reflected in the increased value of that Share
"Alternative Currency Class"	a Share Class in an alternative currency to the base currency of the Fund
"Annual General Meeting"	the annual general meeting of Shareholders of the Company
"Articles"	the articles of incorporation of the Company as amended from time to time
"Board of Directors"	the board of directors of the Company
"Broker/Dealer"	financial intermediary or adviser
"Business Day"	a day on which the banks in the relevant jurisdiction(s) are normally open for business
"Commitment Approach"	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 using the Commitment Approach is expressed as an absolute percentage of total net assets. Under Luxembourg Law, global exposure related solely to financial derivatives may not exceed 100% of total net assets, and global exposure overall (including market risk associated with the sub-funds' underlying investments, which by definition make up 100% of total net assets) may not exceed 200% of total net assets (excluding the 10% that a UCITS may borrow on a temporary basis for short-term liquidity).
"Company"	Franklin Templeton Shariah Funds
"Contingent Deferred Sales Charge" or "CDSC"	a fee imposed when shares are sold, typically during the first few years of ownership
"Contract Note"	see sub-section "Contract Note" under section Investor General Information
"CSSF"	Commission de Surveillance du Secteur Financier – the regulatory and supervisory authority of the Company in Luxembourg
"Depository Bank"	HSBC Securities Services (Luxembourg) S.A., a Luxembourg based financial institution, has been appointed by the Company as the Company's depository bank
"Dealing Cut-Off Time"	the time prior to which a transaction instruction must be received in order for the transaction to be processed at the current day's NAV as further described in Appendix A of this Prospectus
"Dealing Day"	any Valuation Day which is also a Business Day. Dealing Day restrictions in any jurisdiction may be obtained upon request
"Directors"	the members of the Board of Directors
"Distributor"	an entity or person duly appointed by the Management Company, acting as Principal Distributor, to distribute or arrange for the distribution of Shares
"Distribution Share"	a Share which normally distributes its net investment income
"Emerging Markets"	Countries whose economy, stock market, political situation and regulatory framework are not fully developed
"Equity Fund"	an Equity Fund's assets are mainly or solely invested in or exposed on equity

	securities issued by companies which are listed and traded on stock exchanges (equities). Equity Funds can either invest globally (global equity Funds) or be concentrated on specific countries (country-specific Funds), geographic regions (regional Funds) or sectors (sector-specific Funds)
"EU"	European Union
"European Savings Directive"	The directive 2003/48/EC on the taxation of savings income in the form of interest payments adopted by the Council of the European Union on June 3, 2003
"FATCA"	Foreign Account Tax Compliance Act
"Fatwa"	a ruling concerning Shariah as issued by the Shariah Supervisory Board
"FFI"	a Foreign Financial Institution as defined in FATCA
"Fixed Income Fund"	a Fixed Income Fund's assets are mainly or solely invested in or exposed to debt securities (including, but not limited to, Sukuk) which pay a fixed or variable return and which may be issued by companies, national or local governments and/or international organizations which are supported by several governments (such as the World Bank). Fixed Income Funds may invest globally or focus on a geographic region or country and may invest in Sukuk issued by different types of issuer or focus on just one (such as governments). The performance of Fixed Income Funds is often linked to broad economic factors and particularly any changes in interest rates
"Franklin Templeton Investments"	FRI and its subsidiaries and affiliates world-wide
"FRI"	Franklin Resources Inc, One Franklin Parkway, San Mateo, California
"Fund"	a distinct pool of assets and liabilities within the Company, distinguished mainly by its specific investment policy and objective as created from time to time
"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, including the market risk exposure and implied leverage associated with financial derivative instruments if and where held in the portfolio. Under Luxembourg regulation, UCITS are required to measure such risk exposure using either a "Commitment Approach" or a "Value-at-Risk (VaR) Approach" – see separate definitions for these terms
"Hibah"	a gift or donation. Transfer of a determinate property without any material consideration
"Holding"	Shares held in a single Share Class within the Investor's Portfolio
"Ijara"	Shariah-compliant leasing
"Institutional Investor"	as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority within the meaning of article 174 of the Luxembourg law of 17 December, 2010 on undertakings for collective investment. Please refer to the section "Share Classes" for the list of qualifying Institutional Investors
"Investment Fund(s)"	a UCITS or other UCI in which the Funds may invest, as determined in the investment restrictions described in Appendix C
"Investment Managers"	companies appointed by the Management Company and which provide day-to-day management in respect of the investment and re-investment of the assets of the Funds
"Investor"	a purchaser of Shares in the Company either directly or through a Nominee structure
"Investor Portfolio" or sometimes referred to as "Portfolio"	a portfolio of Holdings in the name of the registered Investor(s)

"Investor Portfolio Number"	personal number attributed to an Investor Portfolio upon acceptance of an application
"ISIN Code"	International Securities Identification Number that uniquely identifies a Fund / Share Class
"KIID"	a Key Investor Information Document within the meaning of article 159 of the Law of 17 December, 2010
"Law of 17 December, 2010"	Luxembourg Law of 17 December, 2010 relating to undertakings for collective investment, as may be amended from time to time
"mainly"	Please refer to the "primarily" definition below
"Management Company"	Franklin Templeton International Services S.A. or, where relevant, the members of the Management Company's board of directors
"Member State"	A Member State, as defined in the Law of 17 December, 2010
"Mudharabah"	a Shariah-compliant partnership where a capital owner (<i>Rab al Mal</i>) and a manager (<i>Mudarib</i>) undertake a Shariah-compliant business or project
"Murabaha"	a Shariah-compliant financing where a party buys an asset and then agrees upon a sale price with a prospective buyer (including an agreed profit for the party) that can be paid on a deferred basis
"Net Asset Value per Share" or "NAV"	the value per Share of any Class of Share determined in accordance with the relevant provisions described under the heading "Determination of the Net Asset Value of Shares" as set out in Appendix E
"Nominee"	an institution which purchases and holds Shares in its own name and on behalf of an Investor
"OECD"	Organisation for Economic Cooperation and Development
"Omnibus"	an institution which holds assets within an account or holding for a number of underlying Investors
"primarily" or "principally" or "mainly"	when a Fund investment policy states that investments will be made "primarily" or "principally" or "mainly" in a particular type of security, or in a particular country, region or industry, it generally means that at least two-thirds of this Fund's total assets (without taking into account ancillary liquid assets) shall be invested into such security, country, region or industry
"Principal Distributor"	The Management Company acting as principal distributor of the Company
"SICAV"	Société d'Investissement à Capital Variable
"Share"	a Share of any Share Class in the capital of the Company
"Share Class"	a class of Shares with a specific fee structure, currency of denomination or other specific feature
"Shareholder"	a holder of Shares in the Company
"Shariah"	the principles, precepts and tenets of Islam derived principally from the Holy Qur'an and from the teachings and examples of the Holy Prophet Muhammad (peace be upon Him) as interpreted by the Shariah Supervisory Board

"Shariah-compliant"	Investment products that comply to the requirements of Shariah principles as interpreted by the Shariah Supervisory Board of the Company
"Shariah Guidelines"	The investment guidelines established and confirmed by the Shariah Supervisory Board as compliant with the Shariah principles and set out in Appendix B
"Shariah Supervisory Board"	A board comprising four eminent Islamic scholars responsible for approving the Shariah Guidelines and confirming the compliance of the Fund's investments and accounting standards with the Shariah principles
"Shariah Stock Screening Provider"	Amiri Capital LLP has been appointed as the Company's Shariah stock screening provider, in charge of the screening of the stocks held by the equity Funds of the Company
"Sub-adviser"	A company which provides non-discretionary investment advisory services and related research services to the Investment Manager(s) in respect of the assets of the Fund(s)
"Sukuk" (plural of "Sakk")	Islamic fixed-income securities that comply with Shariah and where the holder owns an undivided exposure over an underlying asset
"Sum of Notionals"	<p>The level of leverage is measured as the sum of notionals of all financial derivative contracts entered into by the Fund expressed as a percentage of the Fund's Net Asset Value.</p> <p>This methodology does not:</p> <ul style="list-style-type: none"> - make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result strategies that aim to reduce risk will contribute to an increased level of leverage for the Fund. - allow the netting of derivative positions. As a result, derivative roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall Fund risk. - take into account the derivative underlying assets' volatility or make a distinction between short-dated & long-dated assets. - consider the delta for option contracts, so there is no adjustment for the likelihood that any option contract will be exercised. As a result, a Fund that has out of the money option contracts that are not likely to be exercised will appear to have the same leverage as a Fund with comparable figures for sum of notionals where the option contracts are in the money and are likely to be exercised, even though the potential leveraging effect of out of the money options tends to increase as the price of the underlying asset approaches the strike price, then tends to dissipate as the price of the underlying rises further and the contract goes deep into the money.
"Third Party Payment"	payments received from, or made by/to, a party other than the registered Investor
"UCI" or "other UCI"	Undertaking for Collective Investment within the meaning of Article 1, paragraph (2), point a) and b) of Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009, as amended
"UCITS"	Undertaking for Collective Investment in Transferable Securities authorised according to Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009, as amended
"USA" or "US"	United States of America
"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)

"Value-at-Risk (VaR) Approach"

an approach for measuring risk or "Global Exposure" based on Value-at-Risk or VaR, which is a measure of the maximum potential loss that can arise at a given confidence level (i.e. probability) over a specific time period under normal market conditions. VaR may be expressed in absolute terms as a currency amount specific to a portfolio, or as a percentage when the currency amount is divided by total net assets. VaR may also be expressed in relative terms, where the VaR of the Fund (expressed in percentage terms) is divided by the VaR of its relevant benchmark (also expressed in percentage terms), generating a ratio known as relative VaR. Under Luxembourg Law, absolute VaR limits are currently 20% of total net assets and relative VaR limits are currently twice or 200% of the benchmark VaR

"Wa'd"

a unilateral promise made by one person to another to undertake a certain action or verbal disposal beneficial to the other party

"Wakala"

an agency agreement where one person appoints another person to perform a task on his behalf

"Zakat"

an obligation under Shariah to pay a certain amount on wealth above a specified minimum for defined beneficiaries

All references herein to time are to Central European time (CET) unless otherwise indicated.

Words importing the singular shall, where the context permits, include the plural and vice versa.

ADMINISTRATION INFORMATION

BOARD OF DIRECTORS OF THE COMPANY

CHAIRMAN:

James Hammond
Managing Director Europe and Co-Chief Executive Officer
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED
The Adelphi Building
1-11 John Adam Street
London WC2N 6 HT
United Kingdom

DIRECTORS:

William Jackson
Director
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED
5 Morrison Street
Edinburgh EH3 8BH, Scotland
United Kingdom.

Wylie Tollette
Senior Vice President
Director
Performance Analysis and Investment Risk
FRANKLIN TEMPLETON COMPANIES, LLC
One Franklin Parkway
San Mateo
CA 94403-1906
United States of America

Hans-J. Wisser
Independent Director
Kälberstücksweg 37
61350 Bad Homburg
Germany

MANAGEMENT COMPANY

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.A.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Paul J. Brady
FRANKLIN TEMPLETON GLOBAL INVESTORS LIMITED
The Adelphi Building
1-11 John Adam Street
London WC2N 6 HT
United Kingdom

Kathleen M. Davidson
Chief Administration Officer
FRANKLIN TEMPLETON GLOBAL INVESTORS LIMITED
5 Morrison Street
Edinburgh, EH3 8BH
United Kingdom

David E. Smart
Director and Co-Chief Executive Officer
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED
The Adelphi Building
1-11 John Adam Street
London WC2N 6 HT
United Kingdom

Wylie Tollette
Senior Vice President
Director

Performance Analysis and Investment Risk
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CA 94403-1906
United States of America

Alok Sethi,
President
FRANKLIN TEMPLETON SERVICES, LLC
100 Fountain Parkway
Building 160/2nd floor,
Saint Petersburg, FL 33716
United States of America

Gwen Shaneyfelt,
Sr. VP Global Accounting and Taxation
FRANKLIN TEMPLETON COMPANIES, LLC
One Franklin Parkway
San Mateo
CA 94403-1906
United States of America

Harold C. Nash
Conducting Officer
FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.A.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

William Lockwood
Conducting Officer
FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.A.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

Denise Voss
Conducting Officer
FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.A.
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

SHARIAH SUPERVISORY BOARD:

AMANIE ADVISORS SDN BHD
Level 33, Menara Binjai
N°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:

AMIRI CAPITAL LLP
15 Fairfax House, Fulwood Place
London WC1V 6AY
United Kingdom

INVESTMENT MANAGERS:

FRANKLIN ADVISERS, Inc.
One Franklin Parkway
San Mateo, CA 94403-1906
United States of America

TEMPLETON ASSET MANAGEMENT LTD
7 Temasek Boulevard
#38-03 Suntec Tower One
Singapore 038987

SUB-ADVISERS:

FRANKLIN TEMPLETON INVESTMENTS (ME) LTD
Level 7, Precinct Building 3, Unit 5,
Dubai International Financial Centre, Dubai
United Arab Emirates

FRANKLIN TEMPLETON GSC ASSET MANAGEMENT Sdn. Bhd.
Suite 31-02, 31st Floor, Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

PRINCIPAL DISTRIBUTOR:

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.A.
8A, rue Albert Borschette
L-1246 Luxembourg

DEPOSITARY BANK AND LISTING AGENT:

HSBC SECURITIES SERVICES (LUXEMBOURG) S.A.
16, boulevard d'Avranches
L-1160 Luxembourg
Grand Duchy of Luxembourg

AUDITORS:

PRICEWATERHOUSECOOPERS Société Coopérative
400, route d'Esch
B.P. 1443
L-1014 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS:

ELVINGER, HOSS & PRUSSEN
2, Place Winston Churchill
B.P. 425
L-2014 Luxembourg
Grand Duchy of Luxembourg

LOCAL PAYING AGENT:

in France:
CACEIS Bank
1-3, place Valhubert
F-75013 Paris

REGISTERED OFFICE:

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

Contact Details:

Tel: +352 46 66 67 212 Fax: +352 46 66 76
E-mail: lucs@franklintempleton.com
Website: <http://www.franklintempleton.lu>

FUND INFORMATION OBJECTIVES AND INVESTMENT POLICIES

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.

As more fully disclosed in Appendix E, a Fund shall be solely liable for its own assets and liabilities.

Each Fund may invest in Shariah-compliant "when-issued" securities, and seek financing, all within the limits of the Company's investment restrictions and the Shariah Guidelines. Within the same limits and restrictions, each Fund may for the purpose of generating additional capital or income or for reducing costs or risks enter as purchaser or seller, into optional as well as non optional repurchase transactions.

Further, subject to the limits set forth in the investment restrictions and the Shariah Guidelines, the Company may with respect to each Fund invest in Shariah-compliant financial derivatives instruments provided that (a) these are economically appropriate in that they are realised in a cost-effective way, (b) they are entered into for one or more of (i) reduction of risk, (ii) reduction of cost or (iii) generation of additional capital gain or income with a level of risk which is consistent with the risk profile of the relevant Fund and the risk diversification requirements set forth in Appendix C of this Prospectus, and (c) the risks are adequately captured by the risk management process of the Company. Shariah-compliant financial derivative instruments may include foreign exchange forwards and profit rate swaps.

When a Fund's investment policy states that investments will be made "primarily" or "principally" or "mainly" in a particular type of security, or in a particular country, region or industry, it generally means that at least two-thirds of this Fund's total assets (without taking into account ancillary liquid assets) shall be invested into such security, country, region or industry.

Each Fund may, on an ancillary basis, hold Shariah-compliant liquid assets when the relevant Investment Manager believes they offer more attractive opportunities or as a temporary defensive measure in response to adverse market, economic, political, or other conditions, or to meet liquidity, redemption, and short-term investing needs. In exceptional market circumstances and on a temporary basis only, 100% of any Fund's net assets may be invested in Shariah-compliant liquid assets, with due regard to the principle of risk spreading. Such assets may be kept in the form of Shariah-compliant cash deposits (including Hibah or profit accrued thereon) or money market instruments.

The investment objectives and policies described below are binding on the Management Company and the respective Investment Managers of the Funds and are subject to their compliance with Shariah Guidelines.

FRANKLIN TEMPLETON GLOBAL SUKUK FUND

Asset Class

Fixed Income Fund (Shariah-compliant securities)

Base Currency

US dollar (USD)

Investment Objective

To maximise, consistent with prudent investment management, total investment return, consisting of a combination of profit income and capital appreciation

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), including Sukuk al-Ijara and Sukuk al-Wakala issued by government, government-related and corporate entities located in developed and developing countries. The Fund will also invest up to 40% of its net assets in short term instruments including Murabaha placements.

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, financial derivative instruments or structured products in which the underlying security is linked to or derives its value from a distinct security, asset, commodity or currency of any nation. The Fund may purchase Shariah-compliant asset-backed and exchangeable securities.

The Investment Manager may take temporary defensive cash position when it believes the securities trading markets or the economies of countries where the Fund invests are experiencing excessive volatility or prolonged general decline or other adverse conditions. The Fund may purchase securities denominated in any currency.

Investor Profile

- seeking to maximise total investment return consisting of profit income and capital appreciation.
- planning to hold their investment for the medium to long term.

Risk Considerations

Please refer to the section "Risk Considerations" for a full description of the risks listed below.

- Counterparty risk
- Credit risk
- Derivative risk
- Emerging Markets risk
- Foreign Currency risk

- Frontier Markets risk
- Interest Rate Securities risk
- Legal and Regulatory risk
- Liquidity risk
- Low-Rated or Non-Investment Grade Securities risk
- Market Risk
- Mortgage- and Asset-Backed Securities risk
- "Pre-Payment" risk
- Restructuring Companies risk
- Risks related to investments in Sukuk
- Settlement Default risk
- Shariah Compliance risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager

Franklin Advisers, Inc.

Sub-adviser

Franklin Templeton Investments (ME) Ltd and Franklin Templeton GSC Asset Management Sdn. Bhd.

Fees Disclosures

Please refer to Appendix F for a full description of the fees.

TEMPLETON SHARIAH GLOBAL EQUITY FUND

Asset Class

Equity Fund (Shariah-compliant global equities)

Base Currency

US dollar (USD)

Investment Objective

Capital appreciation

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 Depositary 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. Depositary 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.

Investor Profile

- Seeking capital appreciation by investing in undervalued securities in a well-diversified global equity fund.
- Planning to hold their investment for the medium to long term.

Risks Considerations

Please refer to the section "Risk Considerations" for a full description of the risks listed below.

- Counterparty risk
- Emerging Markets risk
- Equity risk
- Eurozone risk
- Foreign Currency risk
- Liquidity risk
- Market risk
- Shariah Compliance risk
- Value Stocks risk

Global Exposure

The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager
Templeton Asset Management Ltd

Fees Disclosures
Please refer to Appendix F for a full description of the fees.

TEMPLETON SHARIAH ASIAN GROWTH FUND

Asset Class
Equity Fund (Shariah-compliant Asian equities)

Base Currency
US dollar (USD)

Investment Objective
Long-term capital appreciation

Investment Policy
The Fund applies the traditional Templeton investment method combined with the Shariah Guidelines. The stock selection approach is bottom-up, long-term and value-oriented with strong emphasis on diligence and discipline. The Fund invests primarily in Shariah-compliant equity and equity-related securities, which are listed on recognised exchanges in capital markets of the Asia Region (excluding Australia, New Zealand and Japan). The Asia Region includes but is not limited to the following countries: Hong Kong, India, Indonesia, Korea, Malaysia, People's Republic of China, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan and Thailand. Under normal market conditions, the Fund invests primarily in Shariah-compliant common stocks.

Since the investment objective is more likely to be achieved through an investment policy that is flexible and adaptable, the Fund may seek investment opportunities in other types of Shariah-compliant transferable securities on an ancillary basis, including Sukuk, any other Shariah-compliant fixed-income securities and Murabaha placements.

Investor Profile
- seeking capital appreciation by investing in securities of companies in Asia, including Emerging Markets.
- planning to hold their investment for the medium to long term.

Risks Considerations
Please refer to the section "Risk Considerations" for a full description of the risks listed below.

- Counterparty risk
- Emerging Markets risk
- Equity risk
- Foreign Currency risk
- Frontier Markets risk
- Liquidity risk
- Market risk
- Regional Market risk
- Shariah Compliance risk
- Value Stocks risk

Global Exposure
The Commitment Approach is used to calculate the Global Exposure of the Fund.

Investment Manager
Templeton Asset Management Ltd

Fees Disclosures
Please refer to Appendix F for a full description of the fees.

RISK CONSIDERATIONS

The value of the Shares will increase as the value of the securities owned by any Fund increases and will decrease as the value of the Fund's investments decreases. In this way, Investors participate in any change in the value of the securities owned by the relevant Fund(s). In addition to the factors that affect the value of any particular security that a Fund owns, the value of the Fund's Shares may also change with movements in the stock and Sukuk markets as a whole.

A Fund may own securities of different types, or from different Shariah-compliant asset classes –equities, fixed-income securities (including Sukuk), money market instruments, derivatives – depending on the Fund's investment objective.

Different investments have different types of investment risk. The Funds also have different kinds of risk, depending on the securities they own. Below is a summary of the various types of investment risk that may be applicable to the Funds. Please refer to the relevant KIIDs for details as to principal risks applicable to each Fund of the Company.

General

This section explains some of the risks that apply to all the Funds. It does not purport to be a complete explanation and other risks may also be relevant from time to time. In particular, the Company's performance may be affected by changes in market and/or economic and political conditions, and in legal, regulatory and tax requirements. No guarantee or representation is made that the investment program will be successful and there can be no assurance that the Fund(s)' investment objective(s) will be attained. Also, past performance is no guide to future performance, and the value of investments may go down as well as up. Changes in rates of exchange between currencies may cause the value of a Fund's investments to diminish or increase.

The Company or any of its Funds may be exposed to risks that are outside of their control – for example legal and regulatory risks from investments in countries with unclear and changing laws or the lack of established or effective avenues for legal redress or as a result of the registration of the Funds in non-EU jurisdictions, the Funds may be subject, without any notice to the shareholders in the Funds concerned, to more restrictive regulatory regimes potentially preventing the Funds from making the fullest possible use of the investment limits. Regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future regulatory action on the Company could be substantial and adverse. The Funds may be exposed to the risk of terrorist actions, to the risk that economic and diplomatic sanctions may be in place or imposed on certain States and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity. Investors are reminded that in certain circumstances their right to redeem Shares may be suspended as further described in Appendix E.

The Company or any of its Funds may be exposed to operational risks, being the risk that operational processes, including those related to the safekeeping of assets, valuation and transaction processing may fail, resulting in losses. Potential causes of failure may arise from human errors, physical and electronic system failures and other business execution risks as well as external events.

Class Hedging Risk

The Company may engage in currency hedging transactions with regard to a certain Share Class (the "Hedged Share Class"). Hedged Share Classes are designed to reduce exchange rate fluctuations between the currency of the Hedged Share Class and the base currency of the Fund.

The hedging will be undertaken to reduce exchange rate fluctuations in case the base currency of the Fund is declining or increasing in value relative to the hedged currency. The hedging strategy employed will seek to reduce as far as possible the exposure of the Hedged Share Classes and no assurance can be given that the hedging objective will be achieved. In the case of a net flow to or from a Hedged Share Class the hedging may not be adjusted and reflected in the Net Asset Value of the Hedged Share Class until the following or a subsequent Business Day following the Valuation Day on which the instruction was accepted.

This risk for holders of any Hedged Share Class may be mitigated by using efficient portfolio management techniques and instruments, i.e. Wa'd structured currency options, forward currency contracts, currency futures and currency swaps on a spot basis or any other Shariah compliant hedging instrument, within the conditions and limits imposed by the Luxembourg financial supervisory authority.

Investors should be aware that the hedging strategy may substantially limit Investors of the relevant Hedged Share Class from benefiting from any potential increase in value of the Share Class expressed in the reference currency, if the Hedged Share Class currency falls against the reference currency. Additionally, Investors of the Hedged Share Class may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the costs of the relevant financial instruments. The gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Hedged Share Class.

Any Shariah compliant financial instruments used to implement such hedging strategies with respect to one or more Classes of a Fund shall be assets and/or liabilities of such Fund as a whole, but will be attributable to the relevant Class(es) and the gains/losses on and the costs of the relevant Shariah compliant financial instruments will accrue solely to the relevant Class. However, due to the lack of segregated liabilities between Classes of the same Fund, costs which are principally attributed to a specific Class may be ultimately charged to the Fund as a whole. Any currency exposure of a Class may not be combined with or offset against that of any other Class of a Fund. The currency exposure of the assets attributable to a Class may not be allocated to other Classes. No intentional leveraging should result from currency hedging transactions of a Class although hedging may exceed 100% for short periods between redemption instructions and execution of the hedge trade. More details as to the rules governing allocation of assets and liabilities at a Class level are contained in Appendix E.

Counterparty Risk

When Shariah-compliant over-the-counter (OTC) or other bilateral contracts are entered into (inter alia OTC derivatives, repurchase agreements, etc.) the Company may find itself exposed to risks arising from the solvency of its counterparties and from their ability to respect the conditions of these contracts. The Company is exposed to the risk that the counterparty will fail to respect its commitments under the term of each contract.

Credit Risk

Credit risk, a fundamental risk relating to all fixed income securities as well as money market instruments, is the chance that an issuer will fail to make principal and profit payments when due. Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk typically offer lower yields. Generally, government securities are considered to be the safest in terms of credit risk under normal market conditions, while corporate debt, especially for companies with poorer credit ratings, have the highest credit risk. Government, or sovereign, securities can also carry high risk if a country's economic, political, fiscal and monetary situation deteriorates. Changes in the financial condition of an issuer, changes in economic and political conditions in general, and/or changes in economic and political conditions specific to an issuer, are all factors that may have an adverse impact on a issuer's credit quality and security values.

Default Risk

Some Funds may invest in Shariah-compliant fixed-income securities where, following investment, a contractual payment is not made upon a certain settlement date. This constitutes Settlement Default risk. These securities may be, or become, less liquid or even illiquid.

The risk of loss due to default may also be considerably greater with lower-quality securities because they are generally unsecured and are often subordinated to other creditors of the issuer. If the issuer of a security in a Fund's portfolio defaults, the Fund may have unrealised

losses on the security, which may lower the Fund's Net Asset Value per Share. Defaulted securities tend to lose much of their value before they default. Thus, the Fund's NAV may be adversely affected before an issuer defaults. In addition, the Fund may incur additional expenses if it must try to recover principal or profit payments on a defaulted security.

Included among the issuers of debt securities or obligations in which the Company may invest are entities organised and operated solely for the purpose of restructuring the investment characteristics of various securities or obligations. These entities may be organised by investment banking firms, which receive fees in connection with establishing each entity and arranging for the placement of its securities.

Derivative Risk

A derivative is a financial instrument whose value is derived from the value of another asset. In Islamic finance, derivative instruments may only be used for (i) hedging, (ii) reduction of cost and/or (iii) generation of additional capital or return with a level of risk which is consistent with the risk profile of the relevant Fund, not for speculation which, like gambling, is a prohibited (*Haram*) activity.

For the purpose of hedging, reduction of cost and generation of additional capital or return with a level of risk which is consistent with the risk profile of the relevant Fund, the Company may, within the context of each Fund's overall investment policy, and within the limits set forth in the investment restrictions and the Shariah Guidelines applicable to the Funds, engage in certain transactions involving the use of Shariah-compliant derivative instruments. The Company may engage, within the limits established by the investment restrictions and the Shariah Guidelines, in various portfolio strategies involving the use of instruments in order to protect against market and currency risks. If a Fund intends to engage in transactions involving the use of Shariah-compliant derivative instruments as part of its investment strategy, rather than on an occasional basis, this will be described in the investment objective of such Fund.

The use of derivative instruments and hedging transactions may or may not achieve its intended objective and involves special risks.

The global exposure of a Fund to financial derivative instruments shall not exceed its total net assets value and as a result the total risk exposure of such Fund shall not exceed 200% of its net assets value on a permanent basis.

Performance and value of derivative instruments depend, at least in part, on the performance or value of the underlying asset. Derivative instruments involve cost, may be volatile, and may involve a small investment relative to the risk assumed (leverage effect). Their successful use may depend on the Investment Manager's ability to predict market movements. Risks include delivery failure, default by the other party or the inability to close out a position because the trading market becomes illiquid. Some derivative instruments are particularly sensitive to changes in interest rates. The risk of loss to a Fund for a swap transaction on a net basis depends on which party is obliged to pay the net amount to the other party. If the counterparty is obliged to pay the net amount to the Fund, the risk of loss to the Fund is the loss of the entire amount that the Fund is entitled to receive; if the Fund is obliged to pay the net amount, the Fund's risk of loss is limited to the net amount due. OTC derivative instruments involve a higher degree of risk as OTC markets are less liquid and regulated.

Distribution risk

Distribution of dividends, if any, is not guaranteed. Only shareholders whose names are entered on the relevant record date shall be entitled to the distribution declared in respect of the corresponding quarterly, interim or annual accounting period, as the case may be. The net asset value of the relevant Fund will be reduced by the amount of dividend paid.

Dividend-paying Equity risk

There can be no guarantee that the companies that a Fund invests in and which have historically paid dividends will continue to pay dividends or to pay dividends at the current rates in the future. The reduction or discontinuation of dividend payments may have a negative impact on the value of the Fund's holdings and consequently, the Fund/Investors may be adversely impacted.

Dividend Policy risk

A Fund's dividend policy may allow for payment of dividends out of capital. Where this is done, it amounts to a return or withdrawal of part of an Investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital or payment of dividends effectively out of the Fund's capital (as the case may be) may result in an immediate reduction of the net asset value per Share.

Emerging Markets Risk

All Fund investments in the securities issued by corporations, governments, and public-law entities in different nations and denominated in different currencies involve certain risks. These risks are typically increased in developing countries and Emerging Markets. Such risks, which can have adverse effects on portfolio holdings, may include: (i) investment and repatriation restrictions; (ii) currency fluctuations; (iii) the potential for unusual market volatility as compared to more industrialised nations; (iv) government involvement in the private sector; (v) limited investor information and less stringent investor disclosure requirements; (vi) shallow and substantially smaller liquid securities markets than in more industrialised countries, which means a Fund may at times be unable to sell certain securities at desirable prices; (vii) certain local tax law considerations; (viii) limited regulation of the securities markets; (ix) international and regional political and economic developments; (x) possible imposition of exchange controls or other local governmental laws or restrictions; (xi) the increased risk of adverse effects from deflation and inflation; (xii) the possibility of limited legal recourse for the Fund; and (xiii) the custodial and/or the settlement systems may not be fully developed.

Investors in Funds investing in Emerging Markets should in particular be informed that the liquidity of securities issued by corporations and public-law entities in Emerging Markets may be substantially smaller than with comparable securities in industrialised countries.

Equity Risk

The value of all Funds that invest in equity and equity related securities will be affected by economic, political, market, and issuer specific changes. Such changes may adversely affect securities, regardless of company specific performance. Additionally, different industries, financial markets, and securities can react differently to these changes. Such fluctuations of the Fund's value are often exacerbated in the short-term as well. The risk that one or more companies in a Fund's portfolio will fall, or fail to rise, can adversely affect the overall portfolio performance in any given period.

Eurozone Risk

Some Funds may invest in the Eurozone. Mounting sovereign debt burdens (e.g. any sovereigns within the Eurozone, which default on their debts, may be forced to restructure their debts and faced difficulties in obtaining credit or refinancing) and slowing economic growth among European countries, combined with uncertainties in European financial markets, including feared or actual failures in the banking system and the possible break-up of the Eurozone and Euro currency, may adversely affect interest rates and the prices of both fixed income and equity securities across Europe and potentially other markets as well. These events may increase volatility, liquidity and currency risks associated with investments in Europe. The aforesaid economic and financial difficulties in Europe may spread across Europe and as a result, a single or several European countries may exit the Eurozone or a sovereign within the Eurozone may default on its debts. In any event of the break-up of the Eurozone or Euro currency, the relevant Funds may be exposed to additional operational or performance risks.

While the European governments, the European Central Bank, and other authorities are taking measures (e.g. undertaking economic reforms and imposing austerity measures on citizens) to address the current fiscal conditions, these measures may not have the desired effect and therefore the future stability and growth of Europe is uncertain. The performance and value of the relevant Funds may be adversely affected should there be any adverse credit events (e.g. downgrade of the sovereign credit rating or default or bankruptcy of any Eurozone countries).

Foreign Currency Risk

Since the Company values the portfolio holdings of each of its Funds in either US dollar or Euro, changes in currency exchange rates adverse to those currencies may affect the value of such holdings and each respective Fund's yield thereon.

Since the securities held by a Fund may be denominated in currencies different from its base currency, the Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between such reference currency and other currencies. Changes in currency exchange rates may influence the value of a Fund's Shares, and also may affect the value of dividends earned by the Fund and gains and losses realised by said Fund. If the currency in which a security is denominated appreciates against the base currency, the price of the security could increase. Conversely, a decline in the exchange rate of the currency would adversely affect the price of the security.

To the extent that a Fund or any Share Class seeks to use any strategies or instruments to protect against currency exchange risk, there is no guarantee that protection will be achieved. Unless otherwise stated in any Fund's investment policy, there is no requirement that any Fund seeks to hedge or to protect against currency exchange risk in connection with any transaction.

Frontier Markets Risk

Investments in Emerging Market countries involve risks as set out in the section "Emerging Markets risks" above. Investments in Frontier Markets involves risks similar to investments in Emerging Markets but to a greater extent since Frontier Markets are even smaller, less developed, and less accessible than other Emerging Markets. Frontier Markets may also experience greater political and economic instability and may have less transparency, less ethical practices, and weaker corporate governance compared to other Emerging Markets and the relevant Fund/Investors may be adversely impacted. Such markets are also more likely to have investment and repatriation restrictions, exchange controls and less developed custodial and settlement systems than other Emerging Markets. The countries that comprise Frontier Markets include the lesser developed countries located in Africa, Asia, the Middle East, Eastern Europe and Latin America. As a result, the relevant Fund/Investors may be adversely impacted.

Growth Stocks Risk

Funds investing in growth stocks can be more volatile and may react differently to economic, political, market, and issuer specific developments than the overall market. Historically, the prices of growth stocks have been more volatile than other securities, especially, over short term periods of time. Growth stocks may also be more expensive, relative to their earnings, than the market in general. As such, growth stocks can experience greater volatility in reaction to changes in earnings growth.

Interest Rate Securities Risk

All Funds that invest in Shariah-compliant fixed income securities are subject to interest rate risk. A fixed income security's value will generally increase in value when interest rates fall and decrease in value when interest rates rise. Interest rate risk is the chance that such movements in interest rates will negatively affect a security's value or, in a Fund's case, its net asset value. Fixed income securities with longer-term maturities tend to be more sensitive to interest rate changes than shorter-term securities. As a result, longer-term securities tend to offer higher yields for this added risk. Changes in interest rates may affect a Fund's income and may positively or negatively affect the Net Asset Value of the Fund's Shares on a daily basis.

Legal and Regulatory Risk

The Funds must comply with various legal requirements, including requirements imposed by the securities laws and companies laws in various jurisdictions, including the Grand Duchy of Luxembourg.

The interpretation and application of legislative acts can be often contradictory and this may impact the enforceability of the various agreements and guarantees entered into by the Funds. Legislation could be imposed retrospectively or may be issued in the form of internal regulations not generally available to the public. The interpretation and application of laws and regulations can be often contradictory and uncertain particularly in respect of matters relating to taxation.

Courts may not adhere to the requirements of the law and the relevant contract and it cannot be guaranteed that any recourse or judgment obtained in a foreign court will be enforced in certain jurisdictions where the assets relating to securities held by the Funds are located.

Liquidity Risk

Reduced liquidity may have an adverse impact on market price and the Company's ability to sell particular securities when necessary to meet the Company's liquidity needs or in response to a specific economic event such as the deterioration in the creditworthiness of an issuer.

Low-Rated or Non Investment Grade Securities Risk

Some Funds may invest in higher-yielding securities rated lower than investment grade. Accordingly, an investment in these Funds is accompanied by a higher degree of credit risk. Below investment grade securities such as, for example, high yield debt securities, may be

considered a high risk strategy and can include securities that are unrated. Lower-quality, higher-yielding securities may also experience greater price volatility when compared to higher-quality, lower-yielding securities. Additionally, default rates tend to rise for companies with poorer rated securities during economic recessions or in times of higher interest rates. Companies issuing high yield debt securities are not as strong financially and their low creditworthiness may increase the potential for their insolvency. The companies are more likely to encounter financial difficulties and are more vulnerable to changes in the economy, such as a recession or a sustained period of rising interest rates that could affect their ability to make interest and or principal payments.

Market Risk

This is a general risk which affects all types of investment. Price trends are determined mainly by financial market trends and by the economic development of the issuers, who are themselves affected by the overall situation of the global economy and by the economic and political conditions prevailing in each country. Because the securities the Fund holds fluctuate in price, the value of your investment in the Fund will go up and down. You may not get back the amount you invested.

Mortgage- and Asset-Backed Securities Risk

Some Funds may invest in Shariah-compliant mortgage- and asset-backed securities. Mortgage-backed securities differ from conventional debt securities because principal is paid back over the life of the security rather than at maturity. The Fund may receive unscheduled prepayments of principal before the security's maturity date due to voluntary prepayments, refinancing or foreclosure on the underlying mortgage financings. To the Fund this means a loss of anticipated return, and a portion of its principal investment represented by any premium the Fund may have paid. Mortgage prepayments generally increase when interest rates fall.

Mortgage-backed securities also are subject to extension risk. An unexpected rise in interest rates could reduce the rate of prepayments on mortgage-backed securities and extend their life. This could cause the price of the mortgage-backed securities to be more sensitive to interest rate changes. Issuers of asset-backed securities may have limited ability to enforce the security interest in the underlying assets, and credit enhancements provided to support the securities, if any, may be inadequate to protect investors in the event of default. Like mortgage-backed securities, asset-backed securities are subject to pre-payment and extension risks.

Nomineeship risk

The legislative framework in some markets is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. Consequently, the courts in such markets may consider that any nominee or custodian as registered holder of securities would have full ownership thereof and that a beneficial owner may have no rights whatsoever in respect thereof.

Non-Regulated Markets Risk

Some Funds may invest in securities of issuers in countries whose markets do not qualify as regulated markets due to their economic, legal or regulatory structure, and therefore these Funds may not invest more than 10% of their net assets in such securities.

Operational Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Potential causes of loss may arise from deficiencies in internal controls, Shariah stocks screening controls, human errors, physical systems failures and other business execution risks as well as external events.

"Pre-Payment" Risk

Certain fixed income securities give an issuer the right to call its securities, before their maturity date. The possibility of such "pre-payment risk" may force the Fund to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the Fund's income.

Regional Market Risk

Some Funds may invest in a single region, and as a result are subject to higher concentration risk and potentially greater volatility compared to Funds following a more diversified policy.

Repurchase Transactions Risk

Use of the techniques and instruments contemplated in Appendix C of this Prospectus is subject to the Shariah Guidelines but involves certain risks, some of which are listed in the following paragraphs, and there can be no assurance that the objective sought to be obtained from such use will be achieved.

In relation to repurchase transactions, investors must notably be aware that (A) in the event of the failure of the counterparty with which cash of a Fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the Fund to meet sale requests, security purchases or, more generally, reinvestment; and that (C) repurchase transactions will, as the case may be, further expose a Fund to risks similar to those associated with optional or forward derivative financial instruments, which risks are further described in other sections of the Prospectus

Restructuring Companies Risk

Some Funds may invest in the securities of companies involved in mergers, consolidations, liquidations and reorganisations or as to which there exist tender or exchange offers, and may participate in such transactions. They may also purchase indebtedness and participations therein, both secured and unsecured, of debtor companies engaged in reorganisation or financial restructuring. Such investments also involve greater credit risks.

Russian and Eastern European Markets Risk

Securities of issuers in Russia, countries of Eastern Europe as well as the New Independent States such as Ukraine and the countries under the influence of the Soviet Union in the past involve significant risks and special considerations, which are not typically associated with investing in securities of issuers in the EU Member States and the United States of America. They are additional to the normal risks inherent

in any such investments and include political, economic, legal, currency, inflation and taxation risks. For example there is a risk of loss due to a lack of adequate systems for transferring, pricing, accounting for and safekeeping or record keeping of securities.

In particular, the Russian market presents a variety of risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities do not exist; as a consequence, the ownership of securities is evidenced only on the issuer's register of shareholders. Each issuer is responsible for the appointment of its own registrar. The result is a broad geographic distribution of several hundred registrars across Russia. Russia's Federal Commission for Securities and Capital Markets (the "**Commission**") has defined the responsibilities for registrar activities, including what constitutes evidence of ownership and transfer procedures. However, difficulties enforcing the Commission's regulations mean that the potential for loss or error still remains and there is no guarantee that the registrars will act according to the applicable laws and regulations. Widely accepted industry practices are actually still in the process of being established. When registration occurs, the registrar produces an extract of the register of shareholders as at that particular point in time. Ownership of Shares is vested in the records of the registrar but is not evidenced by the possession of an extract of the register of shareholders. The extract is only evidence that registration has taken place. However, the extract is not negotiable and has no intrinsic value. In addition, a registrar will typically not accept an extract as evidence of ownership of Shares and is not obliged to notify the Depositary Bank or its local agents in Russia, if or when it amends the register of shareholders. Russian securities are not on physical deposit with the Depositary Bank or its local agents in Russia. Similar risks apply in respect of the Ukrainian market.

Therefore, neither the Depositary Bank nor its local agents in Russia or in Ukraine can be considered as performing a physical safekeeping or custody function in the traditional sense. The registrars are neither agents of, nor responsible to, the Depositary Bank or its local agents in Russia or in Ukraine. The Depositary Bank's liability only extends to its own negligence and wilful default and to that caused by negligence or wilful misconduct of its local agents in Russia or in Ukraine, and does not extend to losses due to the liquidation, bankruptcy, negligence or wilful default of any registrar. In the event of such losses the Company will have to pursue its rights directly against the issuer and/or its appointed registrar.

However, securities traded on the Moscow Exchange MICEX RTS can be treated as investment in securities dealt in on a regulated market.

Shariah Compliance Risk

The Shariah Supervisory Board and the Shariah Stock Screening Provider have been appointed by the Company to ensure the compliance of the Funds' investments with the Shariah Guidelines.

The Management Company will undertake the investment activities of each Fund in accordance to the respective Shariah Guidelines. As a consequence, this may mean that 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 Shariah Guidelines may require in certain circumstances for a Fund to dispose of certain investments and also may prohibit the investment into well-performing securities due to non compliance to Shariah. These requirements may place a Fund at a relatively less advantageous position compared to other investment funds that do not have to adhere to the Shariah principles.

In addition, the requirement to "purify" cash holdings or dividend income will likely result in payments being made to charities that have been approved by the Shariah Supervisory Board. To the extent such payments are made, the return to investors will be reduced by the amount of such payments, adversely affecting Fund performance compared to funds with a similar investment objective that do not have to make such payments.

Although the Company fully intends to observe the Shariah Guidelines at all times, no such assurance can be given, as there may be occasions when a Fund's investment may accidentally become non compliant to the Shariah for factors that are outside the control of the Company. The Company shall report such incidents to the Shariah Supervisory Board within a month of the incident.

Small and Mid-Sized Companies Risk

The stock prices of small and mid-sized companies can perform differently than larger, more recognised, companies and have the potential to be more volatile. A lower degree of liquidity in their securities, a greater sensitivity to changes in economic conditions and interest rates, and uncertainty over future growth prospects may all contribute to such increased price volatility. Additionally, smaller companies may be unable to generate new funds for growth and development, may lack depth in management, and may be developing products in new and uncertain markets all of which are risks to consider when investing in such companies. These risks are typically increased for securities issued by smaller companies registered or performing a significant part of their activities in developing countries and Emerging Markets, especially as the liquidity of securities issued by companies in Emerging Markets may be substantially smaller than with comparable securities in industrialised countries.

Sukuk Investment Risk

Price changes in Sukuk are influenced predominantly by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. Sukuk could suffer when capital market interest rates rise, while they could increase in value when capital market interest rate fall. The price changes also depend on the term or residual time to maturity of the Sukuk. In general, Sukuk with shorter terms have less price risks than Sukuk with longer terms. However, they generally have lower returns and, because of the more frequent due dates of the securities portfolios, involve higher re-investment costs.

Sovereign Sukuk ("**Sovereign Sukuk**") are Sukuk issued or guaranteed by governments or government-related entities. Investment in Sovereign Sukuk issued or guaranteed by governments or their agencies and instrumentalities ("**governmental entities**") involves a high degree of risk. The governmental entity that controls the repayment of Sovereign Sukuk may not be able or willing to repay the principal and/or return when due in accordance with the terms of such debt due to specific factors, including, but not limited to (i) their foreign reserves, (ii) the available amount of their foreign exchange as at the date of repayment, (iii) their failure to implement political reforms, and (iv) their policy relating to the International Monetary Fund.

Sovereign Sukuk holders may also be affected by additional constraints relating to sovereign issuers which may include: (i) the unilateral rescheduling of such debt by the issuer and (ii) the limited legal recourses available against the issuer (in case of failure of delay in repayment).

Funds investing in Sovereign Sukuk issued by governments or government related entities from countries referred as Emerging or Frontier Markets bear additional risks linked to the specifics of such countries (e.g. currency fluctuations, political and economics uncertainties, repatriation restrictions, etc).

Value Stocks Risk

Some Funds may select stocks using a bottom-up, long-term, value-oriented approach. To the extent that markets fail to recognise their expected value, investment may underperform other stock selection approaches.

Investors should understand that all investments involve risk and there can be no guarantee against loss resulting from an investment in any Fund(s), nor can there be any assurance that the Fund(s) investment objective(s) will be attained. Neither the Company, the Management Company, the Investment Managers, nor any of their worldwide affiliated entities, guarantee the performance or any future return of the Company or any of its Funds.

MANAGEMENT COMPANY

The Board of Directors has appointed Franklin Templeton International Services S.A. as Management Company by a management company services agreement dated 6 December 2013 to be responsible on a day to day basis under the supervision of the Board of Directors, for providing administration, marketing, investment management and advice services in respect of all Funds. The Management Company has delegated the investment management services to the Investment Managers.

The Management Company was incorporated on 17 May 1991 under the laws of the Grand Duchy of Luxembourg and its articles of incorporation are deposited with the Luxembourg Registre de Commerce et des Sociétés. The Management Company is approved as a management company regulated by chapter 15 of the Law of 17 December, 2010. The Management Company is part of Franklin Templeton Investments.

The share capital of the Management Company is EUR 3,961,413.- and the Management Company will comply at all times with article 102 of the Law of 17 December, 2010.

The Management Company may also be appointed to act as management company for other investments funds the list of which will be available, upon request, at the registered office of the Company and of the Management Company.

The Management Company will ensure compliance of the Company with the investment instructions and oversee the implementation of the Company's strategies and investment policy.

The Management Company will receive periodic reports from the Investment Managers detailing the Funds' performance and analysing their investment. The Management Company will receive similar reports from the other services providers in relation to the services which they provide.

Franklin Templeton International Services S.A. will also act as registrar and transfer, corporate, domiciliary and administrative agent of the Company and will therefore be responsible for processing the purchase, selling and switching of Shares, the maintenance of accounting records and all other administrative functions as required by the laws of the Grand Duchy of Luxembourg.

The Management Company shall report to the Board of Directors on a quarterly basis and inform the Board of Directors of any non-compliance of the Company with the investment restrictions.

INVESTMENT MANAGERS

The Investment Managers mentioned in the section "Administration Information" have been appointed by the Management Company to act as investment managers to the Funds as may other affiliated investment advisory companies within Franklin Templeton Investments and to provide day-to-day management in respect of the investment and re-investment of the assets of the Funds in compliance with the Shariah Guidelines as may be amended from time to time.

The Investment Managers shall render to the Management Company written reports of the composition of the assets of the Funds under their management as often as the Management Company shall reasonably require.

The Investment Managers and their affiliates serve as advisers for a wide variety of public investment mutual funds and private clients in many nations. Franklin Templeton Investments has been investing globally for over 60 years and provides investment management and advisory services to a worldwide client base, including over 24 million shareholder accounts. The Franklin Templeton Investments Managers are indirect wholly owned subsidiaries of FRI. Through its subsidiaries, FRI is engaged in various aspects of the financial services industry. Details of the value of assets currently managed by Franklin Templeton Investments can be accessed on <http://www.franklintempleton.lu>.

SHARIAH SUPERVISORY BOARD

Amanie Advisors SDN BHD has been appointed by the Company as Shariah Supervisory Board of the Company to monitor the Funds' compliance with Shariah Guidelines and will be represented by:

- **Dr Mohamed Ali Elgari.** Dr Mohamed Ali Elgari is a Professor of Islamic Economics and the former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University in Saudi Arabia. Dr Ali Elgari is an adviser to several Islamic financial institutions throughout the world and is also on the Shariah board of the Dow Jones Islamic Market Index. He is also a member of the Islamic Fiqh Academy as well as the Islamic Accounting and Auditing Organisation for Islamic Financial Institutions (AAIOFI). Dr Elgari has written several books on Islamic banking. He graduated from the University of California with a Ph.D. in Economics.

- **Dr. Mohd. Daud Bakar.** Dr. Mohd. Daud Bakar is currently the President/CEO of the International Institute of Islamic Finance (IIIF) Inc. (BVI), IIIF Education Sdn. Bhd. and Amanie Advisors Sdn. Bhd. (Kuala Lumpur). He is also the Chairman of the Shariah Advisory Council at the Central Bank of Malaysia. Dr. Bakar previously was the Deputy Rector (Student Affairs and Development) at the International Islamic University Malaysia. Dr. Bakar is a Shariah board member of various financial institutions, including the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). The International Islamic Financial Market, The Securities Commission of Malaysia, amongst many others. Dr. Bakar received his first degree in Shariah from The University of Kuwait in 1988 and completed his Ph.D. from the University of St. Andrews, United Kingdom, in 1993.
- **Dr. Muhammad Amin Ali Qattan.** Dr. Qattan has a Ph.D. in Islamic Banking from Birmingham University and is himself a lecturer as well as a prolific author of texts and articles on Islamic economics and finance. He currently is the Director of Islamic Economics Unit, Centre of Excellence in Management at Kuwait University. Dr. Qattan also serves as the Shariah adviser to many reputable institutions such as Ratings Intelligence, Standard & Poors Shariah indices, Al Fajer Retakaful, amongst others. He is a highly regarded Shariah scholar and is based in Kuwait.
- **Dr. Osama Al Dereai.** Dr Osama Al Dereai is a Shariah scholar from Qatar. He has extensive experience in teaching, consulting and research in the field of Islamic finance. He received his Bachelor's degree specializing in the Science of Hadeth Al Sharef from the prestigious Islamic University of Madinah. Dr Al Dereai obtained his Masters degree from the International Islamic University (Malaysia) and was later conferred his Doctorate in Islamic Transactions from the University of Malaya. Dr Al Dereai is a Shariah board member of various financial institutions including the First Leasing Company, Barwa Bank, First Investment Company and Ghanim Al Saad Group of Companies amongst others.

These Shariah Supervisory Board members already serve on the Shariah boards of several major Islamic institutions.

The Company, with the consent of the Management Company, has appointed the Shariah Supervisory Board to be responsible for Shariah supervisory and compliance functions. The Shariah Supervisory Board will advise the Company and/or the Management Company, with respect to Shariah matters. The Shariah Supervisory Board will establish general investment guidelines which are consistent with the principles of Shariah and will confirm pre-post and ex-post the compliance of all potential investments with the Shariah Guidelines.

As a matter of principle the Funds will only invest in investments which are compliant with the principles of Shariah as interpreted by the Shariah Supervisory Board.

The Investment Managers will be entitled to rely completely on the advice of the Shariah Supervisory Board to ensure that the principles of Shariah are observed in relation to proposed or actually implemented investments.

- More specifically the Shariah Supervisory Board will analyse the policies, guidelines and management processes and procedures of the Company to ensure compliance with Shariah principles. This will involve, among other duties, endorsing the structure and providing Shariah approval of the following:
 - Constitutional and issuing documents of the Company;
 - Investment criteria for selection of financial products (hereinafter called "**Shariah Products**");
 - Marketing materials and presentations; and
 - Other areas that are identified as having ramifications from a Shariah perspective.
- The Shariah Supervisory Board will conduct a pre-screening and/or post-screening on Shariah compliance in the context of which the Shariah Supervisory Board will review and ascertain Shariah compliance of a number of Shariah Products selected by the Investment Managers, or its appointed agent.

Whenever the application of Shariah rules so require, the Company intends to deduct from a Fund's total returns amounts that may have derived from interest or other income not in accordance with the principles of Shariah, as determined by the Investment Managers after consultation with the Shariah Supervisory Board. At the end of each quarter, the Investment Managers will compute in respect of each investee company the amount to be deducted from the NAV of a Fund on the basis of the latest available information. A provision (adjusted to take account of changes in the investments of a Fund) shall be made on each Valuation Day in the calculation of the NAV. Information as to the rates of provisions may be obtained from the Investment Managers. The said amounts will be paid to charities from time to time as proposed by the Shariah Supervisory Board after due approval by the Company.

SHARIAH STOCK SCREENING PROVIDER

Amiri Capital LLP is providing Shariah stock screening services to identify (i) stocks that are in line with the Shariah Guidelines and (ii) the amount of cleansing/purification required in respect of the transferable securities held by the Funds. The Shariah Stock Screening Provider may be changed by the Company and/or the Management Company from time to time.

DEPOSITARY BANK AND LISTING AGENT

HSBC Securities Services (Luxembourg) S.A. has been appointed by the Company to act, subject to the overall supervision of the Directors, as Depositary Bank of the Company's assets, including the securities and cash of the Company, which will be held either directly or through correspondents, nominees, agents or delegates of the Depositary Bank, as more fully described below. The Depositary Bank was appointed by an agreement dated 3 July 2012, replaced and superseded by an agreement dated 13 May 2013, which may be terminated on 90 days' notice.

HSBC Securities Services (Luxembourg) S.A. performs the depositary functions in accordance with the Law of 17 December, 2010.

HSBC Securities Services (Luxembourg) S.A. was incorporated as a *société anonyme* for an unlimited duration on 19 July 1988 under the name Bank of Bermuda (Luxembourg) S.A. and has its registered office at 16, boulevard d'Avranches, L-1160 Luxembourg, Grand Duchy of Luxembourg. It has engaged in banking activities since its incorporation.

The Depositary Bank is an ultimately wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England. The HSBC Group has major commercial and investment banking business in the Asia Pacific region, Europe, the Americas, the Middle East and Africa. The Group has around 6,600 offices in over 80 countries/territories world-wide. As of 31 December 2012, HSBC Holdings plc had consolidated gross assets of approximately USD 2,693 billion.

The Depositary Bank is responsible for the safekeeping of the subscription monies on their receipt from the Management Company or the Company where relevant and, following the investment of subscription monies, is responsible for the supervision of the assets of the Company which are held to the order of and registered in the name of the Company or in the name or to the order of the Depositary Bank on the Company's behalf.

The Depositary Bank is responsible for the assets of the Company entrusted to it, other than assets deposited as margin with brokers. Assets held directly with the Depositary Bank will be held in a separate client account and will be separately designated in the books of the Depositary Bank as belonging to the Company. Assets other than cash, which are so segregated, will be unavailable to the creditors of the Depositary Bank in the event of its bankruptcy or insolvency. Assets deposited as margin with brokers and cash need not be segregated and may become available to the creditors of brokers and of the Depositary Bank in the event of their bankruptcy or insolvency.

The Depositary Bank shall further ensure that the sale, issue, repurchase and cancellation of Shares in the Company effected by or on behalf of the Company are carried out in accordance with the provisions of the Law of 17 December, 2010 or the Articles, ensure that in transactions involving the Company's assets, any consideration is remitted to the Depositary Bank within the usual time limits, and ensure that the Company's income is applied in accordance with the provisions of the Articles.

The Depositary Bank has no decision-making discretion relating to the Company's investments. The Depositary Bank is a service provider to the Company and is not responsible for the preparation of this Prospectus or the activities of the Company. Duties and responsibilities of the Depositary Bank are detailed in the Depositary Bank Agreement.

HSBC Securities Services (Luxembourg) S.A. has also been appointed as listing agent of the Company. In its capacity as listing agent, it shall be responsible for listing certain eligible Share Classes on the Luxembourg Stock Exchange.

For the avoidance of any doubt, HSBC Securities Services (Luxembourg) S.A. does not act as paying agent to the Company.

PUBLICATION OF SHARE PRICES

The Net Asset Value per Share of each Fund and Share Class is made public at the registered office of the Company and is available at the offices of the Management Company. The Company will arrange for the publication of the Net Asset Value per Share of relevant Funds as required under applicable laws and in such newspapers as the Board of Directors may decide from time to time. This information is also available on the Internet site: <http://www.franklintempleton.lu>. The Company and the Management Company cannot accept any responsibility for any error or delay in publication or for the non-publication of prices.

INVESTOR GENERAL INFORMATION

Prior Considerations

The Company aims to provide investors with a choice of Funds which invest in a wide range of Shariah-compliant transferable securities and other eligible assets on a worldwide basis and which feature a diverse array of investment objectives, including capital growth and income in accordance with the Shariah Guidelines. Investors should give careful consideration to their own personal investment objectives and any local regulatory or tax implications applicable to their circumstances. Investors are recommended to obtain advice from local financial and tax advisers. Further information regarding tax is provided in the sections "Taxation of the Company" and "Taxation of Investors".

Investors should note that the price of Shares in the Company and the income from them may go down as well as up and an Investor may not get back the amount invested. Attention of Investors is more specifically drawn to the fact that investment by the Company may trigger specific risks, as more fully described under section "Risk Considerations".

The distribution of this Prospectus and the offering of the Shares may be restricted in certain other jurisdictions. It is the responsibility of any persons wishing to make an application for Shares pursuant to this Prospectus to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdictions.

Investors should refer to the relevant KIID for ongoing charges and historical performance charts of the Share Classes of the relevant Funds.

Issue of Shares

Shares are made available through the Principal Distributor. The Principal Distributor will, from time to time, enter into contractual agreements with several other sub-distributors, intermediaries, Brokers/Dealers and/or professional investors for the distribution of those Shares.

If circumstances so require, the Board of Directors reserves the right at any time, without notice, to discontinue the issue or sale of Shares pursuant to this Prospectus.

The Company may restrict or prevent the ownership of Shares by any US person and/or any person, firm or corporate body if in the opinion of the Company such holding may be detrimental to the Company or its Shareholders, may result in a breach of any applicable law or regulations whether Luxembourg or foreign or may expose the Company or its Shareholders to liabilities (to include, *inter alia*, regulatory or tax liabilities and any other tax liabilities that might derive, *inter alia*, from any breach of FATCA requirements) or any other disadvantages that it or they would not have otherwise incurred or been exposed to. Such persons, firms or corporate bodies (including US persons and/or persons in breach of FATCA requirements) are herein referred to as "Prohibited Persons".

More specifically, the Company shall have the power to impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held directly or beneficially by any Prohibited Person and may:

- 1) decline to issue any Share and decline to register any transfer of a Share, where it appears to it that such registration or transfer would or might result in beneficial ownership of such Share by a Prohibited Person;
- 2) at any time require any person whose name is entered in, or any person seeking to register the transfer of Shares on, the register of Shareholders to furnish it with any representations and warranties or any information, supported by affidavit, which it may consider necessary for the purpose of determining whether or not, to what extent and under which circumstances, beneficial ownership of such Shareholder's Shares rests or will rest in a Prohibited Person, or whether such registration will result in beneficial ownership of such Shares by a Prohibited Person;
- 3) where it appears to the Company that any Prohibited Person, either alone or in conjunction with any other person, is a beneficial owner of Shares or is in breach of its representations and warranties or fails to make such representations and warranties in a timely manner as the Company may require, may compulsorily redeem from any such Shareholder all or part of the Shares held by such Shareholder in the manner more fully described into the Articles; and
- 4) decline to accept the vote of any Prohibited Person at any meeting of shareholders of the Company.

Listing of Shares

Certain eligible Share Classes are or will be listed on the Luxembourg Stock Exchange. The Board of Directors may decide to make an application to list the Shares of any Class on any other recognised stock exchange.

Form and Currency of Shares

All Shares are issued in registered form. Fractional registered shares will be rounded to three (3) decimal places. Any deal order with a stated Share amount with more than three (3) decimal places will be rounded to three (3) decimal places, using conventional rounding to the nearest thousandths place.

The Company and/or the Management Company may offer within a Fund several Alternative Currency Share Classes as described in Section "Share Classes".

Dealing Cut-Off Times

Dealing Cut-Off Times are detailed in Appendix A. The Company and/or Management Company may permit, if it deems it appropriate, different Dealing Cut-Off Times to be agreed with local distributors or for distribution in jurisdictions where the different time zone so justifies. In such circumstances, the applicable Dealing Cut-Off Time applied must always precede the time when the applicable Net Asset Value is calculated and published. Such different Dealing Cut-Off Times shall be disclosed in the local supplement to this Prospectus, the agreements in place with the local distributors, or other marketing material used in the jurisdictions concerned.

Calculation of Share Prices / Net Asset Value

The prices at which Shares of the relevant Classes can be purchased, sold or switched in each Share Class are calculated on each Valuation Day by reference to the Net Asset Value per Share of the Class concerned and are available on the following Business Day.

Some jurisdictions do not permit Investor transactions to be accepted during local holidays. Details of these arrangements are contained in the locally approved version of this Prospectus.

Details of the calculation of the Net Asset Value are provided in Appendix E. Instructions received in writing by the Management Company in Luxembourg or by a duly authorized distributor, prior to the applicable Dealing Cut-Off Time on any Dealing Day, will be dealt with at the relevant Net Asset Value per Share determined for that Valuation Day.

All deal instructions shall be dealt with on an unknown Net Asset Value basis before the determination of the Net Asset Value per Share for that Valuation Day.

Suspension of Dealing and Share Prices / Net Asset Value

The calculation of the Net Asset Value (and consequently purchases, sales and switches) of any Share of any Fund may be suspended by the Company pursuant to the power reserved to it by its Articles and as described in Appendix E. Instructions made or pending during such suspension may be withdrawn by notice in writing received by the Management Company prior to the end of such suspension. Unless withdrawn, instructions will be considered as if received on the first Valuation Day following the end of the suspension.

Fund Liquidations and Fund Mergers

If the total value of the Shares of any Fund is at any time below USD 20 million, or the equivalent thereof in the currency of the relevant Fund, the Board of Directors may decide to liquidate such Fund and redeem all outstanding Shares. Notice of such liquidation will be sent to the registered Investors. The Board of Directors may also decide to close down any Fund by contribution of its assets in another eligible Fund or UCITS. The price at which Shares will be redeemed will be the Net Asset Value per Share of such Fund determined upon realisation of all assets attributable to such Fund. Further details are provided in Appendix D.

Minimum Investment

The minimum initial investment in the Shares of each Fund is USD 5,000 (or USD 2,500 in the case of switches), USD 5,000,000 for Class I Shares, USD 3,000,000 for Class W Shares, or the equivalent in any other freely exchangeable currency, except for investment made by professional Nominees. Such minimum investment amounts may be waived in whole or in part by the Board of Directors or by the Management Company. Existing holders of Shares in any Fund may add to their Holdings in that Fund provided the minimum increase for any purchase is USD 1,000 or the equivalent in any other freely exchangeable currency.

Any specific minimum initial investment applied in other jurisdictions will be disclosed in the local version of this Prospectus.

Nominee

Local offering documentation may provide the facility for the Investors to avail of Nominee type of intermediaries, Brokers/Dealers and/or local paying agents. The Nominee name will appear on the register of Shareholders of the Company and the Nominee may effect purchases, switches and sales of Shares on behalf of the Investors.

The Nominee maintains its own records and provides the Investors with individualized information as to their Holdings. Unless otherwise provided by local law, any Investor investing through a Nominee type of intermediary has the right to claim, direct title to the Shares purchased on his/her/its behalf by the Nominee.

For the avoidance of doubt, Investors subscribing through such other parties (or through sub-distributors, intermediaries, Brokers/Dealers and/or professional investors appointed by such other parties) will not be charged additional fees and expenses by the Company.

Third Party Payments

Investors are informed that it is the Company's policy not to make payment to or accept payment from a party other than the registered Shareholder.

Telephone Recording

The Management Company may use telephone recording procedures to record any conversation. Investors are deemed to consent to the tape-recording of conversations with the Management Company and to the use of such tape recordings by the Management Company and/or the Company in legal proceedings or otherwise at their discretion.

Investor Portfolio

Investors will be given at least one personal Investor Portfolio Number. Such personal Investor Portfolio Number should be used in all correspondence with the Company or the Management Company. In the event that more than one personal Investor Portfolio Number is attributed to the same Investor, all such personal Investor Portfolio Numbers should be indicated for any request concerning all the portfolios held by the Investor.

Contract Notes

Following the execution of a transaction, a Contract Note will be dispatched to the Investor normally within fourteen (14) Business Days (except for Regular Savings Plans). Investors should promptly check this Contract Note to ensure that each transaction has been accurately recorded in the relevant Investor Portfolio. In the event of identifying a discrepancy Investors should immediately report such discrepancy in writing to the Management Company or their local Franklin Templeton Investments servicing office. If not so reported within fifteen (15) Business Days from the Contract Note date, the transaction will be deemed correct and the Investor will be bound by the terms of the Contract Note.

Personal theft

Any correspondence issued by the Company or the Management Company is private and confidential. To safeguard Investors' Holdings, in the case of loss or theft of any correspondence with the Company or the Management Company (or of identity documents/passport), Investors should immediately inform their local Franklin Templeton Investments servicing office.

Data Protection

All personal data of Investors ("Data") contained in the application form and all and any further personal data collected in the course of the business relationship with the Company and/or the Management Company may be, subject to applicable local laws and regulations, collected, recorded, stored, adapted, transferred or otherwise processed and used ("processed") by the Company, the Management Company and other companies of Franklin Templeton Investments, including Franklin Resources, Inc. and/or its subsidiaries and associates, which may be established outside Luxembourg and/or the European Union, including the US and India, the Depositary and any other third parties which provide services to them. Such data shall be processed for the purposes of account administration, development of business relationships, anti-money laundering and counter-terrorist financing identification, tax identification, where appropriate, under the European Savings Directive or for the purpose of compliance with FATCA as well as, to the extent permissible by, and under the conditions set forth in Luxembourg laws and regulations and any other local applicable laws and regulations.

To this end, data may be transferred to companies appointed by the Company or the Management Company (e.g. client communication agents or paying agents) to support the Company related activities.

The Investors have a right of access and of rectification of the personal data in cases where such data is incorrect or incomplete.

The Company and/or the Management Company, for the purpose of FATCA compliance, may be required to disclose personal data relating to US Persons and/or non-participant FFI's to the Internal Revenue Service in the US.

Anti-Money Laundering and Counter-Terrorist Financing Legislation

Pursuant to the Luxembourg law of 5 April, 1993 relating to the financial sector (as amended), and the Luxembourg law of 12 November, 2004 relating to money laundering and counter terrorist financing (as amended), the law of 27 October 2010 enhancing the anti-money laundering and counter-terrorist financing legal framework and the CSSF Regulation No. 12-02 of 14 December 2012 implementing a legally binding reinforcement of the regulatory framework, as well as to the circulars of the Luxembourg supervisory authority (notably the CSSF circulars 13/556, 11/529, 11/528, 10/486 and 10/484) obligations have been imposed on the Company to take measures to prevent the use of investment funds for money laundering and terrorist financing purposes.

Accordingly, the Management Company has established a procedure to identify all its Investors. To meet the Management Company's requirements, Investors should submit necessary identification documents together with the application form. For private individuals this will be a passport or identity card copy duly certified to be a true copy by an authorized body in their resident country. Legal entities will be required to produce documents such as proof of registration, membership to a recognised stock exchange, or company statutes or other constitutive documents as applicable. The Management Company is also obliged to identify any beneficial owners of the investment. The requirements apply to both direct purchase to the Company and indirect purchase received from an intermediary.

The Management Company reserves the right to ask for additional information and documentation, such as source of wealth, as may be required in higher risk scenarios or to comply with any applicable laws and regulations. Failure to provide documentation may result in delay in investment or the withholding of sale proceeds.

Such information provided to the Management Company is collected and processed for anti-money laundering and counter-terrorist financing compliance purposes.

Trading Policy

Market timing/short term trading generally. The Company discourages short-term or excessive trading, often referred to as "market timing", and intends to seek to restrict or reject such trading or take other action, as described below, if in the judgment of the Company or Management Company such trading may interfere with the efficient management of the portfolio of any Fund, may materially increase the Fund's transaction costs, administrative costs or taxes, or may otherwise be detrimental to the interests of the Company and its Shareholders.

Market timing consequences. If information regarding an Investor's activity in the Company or in any other Franklin Templeton Investments funds or non-Franklin Templeton Investments funds is brought to the attention of the Company or the Management Company and based on that information the Company, the Management Company or their agents in their sole discretion conclude that such trading may be detrimental to the Company as described in this Market Timing Trading policy, the Company may temporarily or permanently bar an Investor's future purchases into the Company or, alternatively, may limit the amount, number or frequency of any future purchases and/or the method by which a Shareholder may request future purchases and sales (including purchases and/or sales by a switch or transfer between the Company and any other Franklin Templeton Investments funds).

In considering an Investor's trading activity, the Company may consider, among other factors, the Investor's trading history both directly and, if known, through financial intermediaries, in the Company, in other Franklin Templeton Investments funds, in non-Franklin Templeton Investments funds, or in accounts under common control or ownership.

Market timing through financial intermediaries. Investors are subject to this policy whether they are a direct Shareholder of the Fund or are investing indirectly in the Company through a financial intermediary such as a bank, an insurance company, an investment adviser, or any other Distributor that acts as Nominee for Investors subscribing the Shares in their own name but on behalf of its customers (the Shares being held in an "omnibus holding").

While the Management Company will encourage financial intermediaries to apply the Company's Market Timing Trading policy to their customers who invest indirectly in the Company, the Management Company is limited in its ability to monitor the trading activity or enforce the Company's Market Timing Trading policy with respect to customers of financial intermediaries. For example, should it occur, the Management Company may not be able to detect market timing that may be facilitated by financial intermediaries or made difficult to identify in the omnibus/Nominee accounts used by those intermediaries for aggregated purchases, switches and sales on behalf of all their customers. More specifically, unless the financial intermediaries have the ability to apply the Company's Market Timing Trading policy to their customers through such methods as implementing short-term trading limitations or restrictions, monitoring trading activity for what might be market timing, the Management Company may not be able to determine whether trading by customers of financial intermediaries is contrary to the Company's Market Timing Trading policy.

Risks from market timers. Depending on various factors, including the size of the Fund, the amount of assets the Investment Manager typically maintains in cash or cash equivalents and the Euro, Japanese Yen or US dollar amount and number and frequency of trades, short-term or excessive trading may interfere with the efficient management of the Fund's portfolio, increase the Fund's transaction costs, administrative costs and taxes and/or impact Fund performance.

In addition, if the nature of the Fund's portfolio holdings expose the Fund to Investors who engage in the type of market timing trading that seeks to take advantage of possible delays between the change in the value of a Fund's portfolio holdings and the reflection of the change in the Net Asset Value of the Fund's Shares, sometimes referred to as "arbitrage market timing", there is the possibility that such trading, under certain circumstances, may dilute the value of Fund Shares if selling Investors receive proceeds (and buying Investors receive Shares) based upon Net Asset Value which do not reflect appropriate fair value prices. Arbitrage 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, and in Funds that hold significant investments in small-cap securities and other types of investments which may not be frequently traded.

The Company and the Management Company are currently using several methods to reduce the risk of market timing. These methods include:

- reviewing Investor activity for excessive trading; and
- committing staff to selectively review on a continuing basis recent trading activity in order to identify trading activity that may be contrary to this Market Timing Trading policy.

Though these methods involve judgments that are inherently subjective and involve some selectivity in their application, the Company seeks to make judgments and applications that are consistent with the interests of the Company's Investors. There is no assurance that the Company or its agents will gain access to any or all information necessary to detect market timing in omnibus holdings. While the Company will seek to take actions (directly and with the assistance of financial intermediaries) that will detect market timing, the Company cannot represent that such trading activity can be completely eliminated.

Revocation of market timing trades. Transactions placed in violation of the Company's Market Timing Trading policy are not necessarily deemed accepted by the Company and may be cancelled or revoked by the Company or the Management Company on the Valuation Days following receipt by the Management Company.

Regular Savings Plans and Regular Withdrawal Plans

Regular Savings Plans and Regular Withdrawal Plans are available for the benefit of Investors in various countries. In the case a Regular Savings Plan is terminated before the agreed final date, the amount of entry charges payable by the relevant Investors may be greater than it would have been in the case of standard purchase, as detailed in section "Entry Charge and Contingent Deferred Sales Charge". For further information please contact the Management Company or your local Franklin Templeton Investments office.

The minimum Holding requirement (USD 2,500 or currency equivalent) is waived in respect of Regular Savings Plans and Regular Withdrawal Plans.

Contact Details

Contact details for the Management Company can be found in the section "administration information", on the application form, the Contract Note or the Franklin Templeton Investments Internet site <http://www.franklintempleton.lu>.

SHARE CLASSES

Share Classes Available

The following Share Classes are or will be issued upon a decision of the Board of Directors.

Class A	Class B	Class C	Class I	Class N	Class W	Class X	Class Z
Class A acc Class A Mdis Class A Qdis Class A Bdis Class A Ydis	Class B acc Class B Mdis Class B Qdis Class B Bdis Class B Ydis	Class C acc Class C Mdis Class C Qdis Class C Bdis Class C Ydis	Class I acc Class I Mdis Class I Qdis Class I Bdis Class I Ydis	Class N acc Class N Mdis Class N Qdis Class N Bdis Class N Ydis	Class W acc Class W Mdis Class W Qdis Class W Bdis Class W Ydis	Class X acc Class X Mdis Class X Qdis Class X Bdis Class X Ydis	Class Z acc Class Z Mdis Class Z Qdis Class Z Bdis Class Z Ydis

Unless otherwise stated in the Prospectus, the same terms and conditions apply to the different types of Shares i.e. accumulation (acc), monthly distribution (Mdis), quarterly distribution (Qdis), semi-annually distribution (Bdis) and yearly distribution (Ydis), of the same Share Class.

The difference in the various Share Classes relates to the fee structure and/or the dividend policy applicable to each of them. Shares can be either Distribution or Accumulation Shares. The Board of Directors intends to distribute all of the income attributable to the Distribution Shares. No distribution of dividends shall be made for the Accumulation Shares, however the income attributable will be reflected in the increased value of the Shares. Dividends may be paid monthly, quarterly, semi-annually or annually. Further details are provided in the following sections, as well as in the "Dividend Policy" section.

The purchase proceeds of the various Share Classes of a Fund are invested in one common underlying portfolio of investments but the Net Asset Value of each Share Class will be different as a result of differences in the issue price, fee structure and dividend policy.

Class I Shares are only offered to Institutional Investors as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority (please refer below for the list of qualifying Institutional Investors).

The Company and the Management Company will not issue, execute switch of or transfer Class I Shares to any Investor who does not qualify as an Institutional Investor. If it is identified at any time that a holder of Class I Shares does not qualify as an Institutional Investor, the Management Company or the Company will instruct the Investor to switch its Class I Shares into an eligible Share Class. If a switch is not executed, the Company will, at its discretion, redeem the Shares.

Class N Shares may be offered for distribution in certain countries and/or through certain sub-distributors, Brokers/Dealers and/or professional investors at the discretion of the Principal Distributor, in which case any local supplement to this Prospectus or marketing material, including that used by the relevant intermediaries, will refer to the possibility and terms to subscribe for Class N Shares.

Class W Shares may be offered in certain limited circumstances for distribution in certain countries and through distributors, platforms and/or Brokers/Dealers who (i) have separate fee arrangements with their clients and (ii) who, at the discretion of the Principal Distributor, may be considered wholesale investors by dealing in large volume and/or providing services to other investors. In addition, Class W Shares

may be offered to professional investors and/or other investors at the discretion of the Principal Distributor. In these cases any local supplement to this Prospectus or marketing material, including that used by the relevant intermediaries, will refer to the possibility and terms to subscribe for Class W Shares.

The Company and the Management Company will not issue, carry out switch of or transfer Class W Shares to any Investor who is deemed not to meet the above requirements. If it is identified at any time that a holder of Class W Shares does not qualify for the holding of Class W Shares, or no longer qualifies, the Management Company or the Company will instruct the Investor to switch its Class W Shares into an eligible Share Class. If a switch is not executed, the Company or the Management Company will redeem and/or switch the Shares in accordance with the conditions and procedures set forth in the Articles.

Class X Shares are only offered to Institutional Investors as defined from time to time by the guidelines or recommendations of the competent Luxembourg financial supervisory authority (please refer below for the list of qualifying Institutional Investors), in certain limited circumstances, at the discretion of the Management Company and/or its affiliates.

Class Z Shares may be offered in certain limited circumstances (i) for distribution in certain countries, (ii) through certain sub-distributors and/or Brokers/Dealers having separate fee arrangements with their clients, and/or (iii) to certain professional investors at the discretion of the Principal Distributor. In these cases any local supplement to this Prospectus or marketing material, including that used by the relevant intermediaries, will refer to the possibility and terms to subscribe for Class Z Shares.

A complete list of available Shares Classes may be obtained from the Franklin Templeton Investments Internet site <http://www.franklintempleton.lu> or upon request at the registered office of the Company and of the Management Company.

List of Qualifying Institutional Investors

- Institutional investors stricto sensu, such as banks and other regulated professionals of the financial sector, insurance and reinsurance companies, social security institutions and pension funds, charitable institutions, industrial, commercial and financial group companies, all subscribing on their own behalf, and the structures which such Institutional Investors put into place for the management of their own assets.
- Credit institutions and other regulated professionals of the financial sector investing in their own name but on behalf of Institutional Investors as defined above.
- Credit institutions and other regulated professionals of the financial sector established in Luxembourg or abroad which invest in their own name but on behalf of their non institutional clients on the basis of a discretionary management mandate.
- Collective investment undertakings established in Luxembourg or abroad.
- Holding companies or similar entities, whether Luxembourg-based or not, whose shareholders are Institutional Investors as described in the foregoing paragraphs.
- Holding companies or similar entities, whether Luxembourg-based or not, whose shareholder(s)/ beneficial owner(s) is/are individual person(s) which is/are extremely wealthy and may reasonably be regarded as sophisticated investor(s) and where the purpose of the holding company is to hold important financial interests/investments for an individual or a family.
- A holding company or similar entity, whether Luxembourg based or not, which as a result of its structure and activity has a true substance and holds important financial interests / investments.

Alternative Currency Classes

Share Classes may be offered in the following currencies:

- Euro (EUR)
- Singapore Dollar (SGD)
- US Dollar (USD)

or any other freely convertible currency.

The Net Asset Value of Alternative Currency Share Classes will be calculated and published in the alternative currency and purchase payments for such Classes are to be paid by the Investors, and sale proceeds are paid to selling Investors, in such alternative currency. The Company does not currently intend to hedge the currency risks to which these Classes are exposed.

The terms and conditions applicable to the Share Classes available in alternative currency are the same as those which apply for the same Share Classes offered in the base currency.

The Board of Directors may decide to offer an Alternative Currency Share Class in another currency than those mentioned above in which case the Prospectus will be updated.

Hedged Share Classes

In respect of Hedged Share Classes, the base currency exposure of the Hedged Share Class will be hedged into the Fund Hedged Share Class' alternative currency to reduce exchange rate fluctuations and to reduce return fluctuations. Hedged Share Classes will contain the abbreviation H1 in their denomination.

The terms and conditions applicable to the Hedged Share Classes are the same as those which apply for the same Share Classes offered in the base currency, the only difference being the hedging of the Hedged Share Class into the base currency of the Fund.

Entry Charge and Contingent Deferred Sales Charge

Class A Shares

- Entry Charge

The price at which Class A Shares will be offered is the Net Asset Value per Share, plus an entry charge based on the total amount invested, varying per asset class as follow:

- Equity Funds: up to 5.75%
- Fixed Income Funds: up to 5.00%

Out of this charge the Principal Distributor may make payments to sub-distributors, intermediaries, Brokers/Dealers and/or professional investors, who may include affiliates of Franklin Templeton Investments. The entry charge may be waived in whole or in part by the Principal Distributor either for individual Investors or for particular groups of Investors. The balance of the amount invested after the deduction of any applicable entry charge will then be applied to the purchase of Shares in the relevant Fund.

If in any country in which the Shares are offered, local law or practice requires or permits a lower entry charge or a different maximum than the charge stated above for any individual purchase order, the Principal Distributor may sell Class A Shares, and may authorize sub-distributors, intermediaries, Brokers/Dealers and/or professional investors to sell Class A Shares, within such country at a total price less than the applicable price set forth above, but in accordance with the amounts permitted by the law or practice of such country.

- Qualified Investments of USD 1 Million or More

In relation to qualified investments of USD 1 million or more in respect of Class A Shares, the entry charge may be waived and a Contingent Deferred Sales Charge ("CDSC") of up to 1% may apply if an Investor sells Shares within 18 months after each investment in order to recover commissions paid to sub-distributors, intermediaries, Brokers/Dealers and/or professional investors. The CDSC is up to 1.00% of the total cost of such Shares (exclusive of reinvested dividends distributions), and is retained by the Principal Distributor. The way this charge is calculated is more fully described in the section "Calculation of CDSC".

Qualified investments are investments made either as a lump sum or through cumulative orders of the Investor, his spouse, his children and/or grandchildren if they are under the age of 18. For the purpose of the application of the qualified investments rules, shareholdings in other investment funds offered by Franklin Templeton Investments may be combined at the Investor's request. Information on the investment funds which shares may be combined, and details of the procedure, terms and conditions applicable may be obtained from the Management Company upon request.

No switch with Shares of other Classes will be allowed for Shares subject to such contingent deferred sales charge.

Class B Shares

The price at which Class B Shares will be offered is the Net Asset Value per Share. Purchases of Class B Shares are not subject to an entry charge. However, Class B Shares are subject to a CDSC of up to 4% if an Investor sells Shares within four (4) years of purchase. The way this charge is calculated is more fully described in the section "Calculation of CDSC".

Class B Shares will be automatically converted into Class A Shares of the same Fund free of charge on the monthly scheduled conversion date fixed by the Management Company upon or following the expiry of 84 months after the date of their purchase. As a result, the terms and other conditions applicable to such Shares shall become those applicable to Class A Shares.

Class C Shares

The price at which Class C Shares will be offered is the Net Asset Value per Share. Purchases of Class C Shares are not subject to an entry charge. However, Class C Shares are subject to a CDSC of 1.00% if an Investor sells Shares within one (1) year of purchase. The way this charge is calculated is more fully described in the section "Calculation of CDSC".

Class I Shares

The price at which Class I Shares will be offered is the Net Asset Value per Share. Purchases of Class I Shares are not subject to an entry charge or a CDSC.

Class N Shares

- Entry Charge

The price at which Class N Shares will be offered is the Net Asset Value per Share, plus an entry charge of up to 3.00% of the total amount invested. This entry charge will apply for all different asset classes. Out of this charge the Principal Distributor may make payments to sub-distributors, intermediaries, Brokers/Dealers and/or professional investors, who may include affiliates of Franklin Templeton Investments. The entry charge may be waived in whole or in part by the Principal Distributor either for individual Investors or for particular groups of Investors. The balance of the amount invested after the deduction of any applicable entry charge will then be applied to the purchase of Shares in the relevant Fund.

If in any country in which the Shares are offered, local law or practice requires or permits a lower entry charge or a different maximum than the charge stated above for any individual purchase order, the Principal Distributor may sell Class N Shares, and may authorise sub-distributors, intermediaries, Brokers/Dealers and/or professional investors to sell Class N Shares, within such country at a total price less than the applicable price set forth above, but in accordance with the amounts permitted by the law or practice of such country.

Class W Shares

The price at which Class W Shares will be offered is the Net Asset Value per Share. Purchases of Class W Shares are not subject to an entry charge, CDSC nor any maintenance or servicing charge.

Class X Shares

The price at which Class X Shares will be offered is the Net Asset Value per Share. No entry charge, CDSC, maintenance or servicing charge will be payable by an Investor in Class X Shares.

Class X Shares are, *inter alia*, designed to accommodate an alternative charging structure whereby a fee covering the investment management and the registrar, transfer, corporate, domiciliary and administration fees, as contemplated into section "Management Company Fees", is levied and collected by the Management Company directly from the Investors who are clients of Franklin Templeton Investments and who enter into a specific agreement with the Management Company. These fees will therefore not be payable out of the net assets of the relevant Fund attributable to Class X Shares.

Class X Shares will however bear their pro-rata share of any other applicable expenses such as custodian, audit and regulatory fees and charges as well as any applicable taxes and other charges and expenses as further described in section "Other Company Charges and Expenses".

Class Z Shares

The price at which Class Z Shares will be offered is the Net Asset Value per Share. Purchases of Class Z Shares are not subject to an entry charge, CDSC nor any maintenance or servicing charge.

Calculation of CDSC

The CDSC applicable for qualifying A Shares is based on the Net Asset Value of the Shares when purchased. The CDSC for applicable B and C Shares is based on the Net Asset Value of the Shares being sold or their Net Asset Value when purchased, whichever is less. The calculation is made based on the relevant currency of the Shares being sold. There is no CDSC on Shares acquired through reinvestment monies. To keep the CDSC as low as possible, each time an instruction to sell Shares is placed, any Shares in the Investor's Holding not subject to a CDSC will be sold first. If there are not enough of these to meet the request, additional Shares will be sold in the order they were purchased. The amount of the CDSC is calculated by multiplying the percentages indicated in the chart displayed in Appendix F by the Net Asset Value of the Shares being sold or their Net Asset Value when purchased, whichever is applicable.

The holding period for the purposes of applying a CDSC on Shares of a particular Fund acquired through a switch of Shares from another Fund will be measured from the date that such Shares were initially acquired in the other Fund.

Amounts assessed as a CDSC are paid to the Principal Distributor, or such other party as the Company may from time to time appoint to defray distribution costs incurred by the Principal Distributor or such other party. The CDSC may be waived in whole or in part by the Principal Distributor and/or such other party at its discretion either for individual Investors or for particular groups of Investors. The Company has committed to pay to the Principal Distributor or the relevant third party the CDSC at the rates set forth in Appendix F of this Prospectus net of any taxes. In case any taxes would be payable on said amounts, the amount of CDSC would be increased in a manner to ensure that the agreed amounts are paid net to the Principal Distributor or relevant third party. The Board of Directors has, at the date of this Prospectus, no reason to believe that any taxes are due or levied on the CDSC.

The Net Asset Value of the Shares being sold will be used as a basis for the calculation of the CDSC in respect of Shares sold through specific authorized Canadian distributors and shall be specified in documentation to be provided by these distributors to Investors prior to purchase.

Specific features of Share classes

Specific features of the Share classes offered are provided in the table below.

Share Class Overview	Class A	Class B	Class C	Class I	Class N	Class W	Class X	Class Z
Investor Category	Retail Institutional	Retail Institutional	Retail Institutional	Institutional	Retail Institutional	Retail Institutional	Institutional	Retail Institutional
Minimum Investment	USD 5,000	USD 5,000	USD 5,000	USD 5,000,000	USD 5,000	USD 3,000,000	Details available from the Company or Management Company	USD 5,000
Subsequent Investment	USD 1,000	USD 1,000	USD 1,000	USD 1,000	USD 1,000	USD 1,000	Details available from the Company or Management Company	USD 1,000

HOW TO PURCHASE SHARES

How to Apply

Prospective Investors should complete an application form and send it together with applicable identification documents (as detailed in the application form) to the Management Company in order to purchase Shares for the first time. Applications may also be accepted by telephone, facsimile, or electronic request if expressly allowed by the Management Company. The Management Company may request the original signed application form and identification documentation to be mailed, in which case it may delay the processing of the application form until their receipt. Applications will be accepted at the discretion of the Board of Directors or the Management Company.

Processing of all application forms received by a relevant Distributor will only commence once they have been forwarded to the Management Company or to a Distributor duly authorised in writing.

In addition, Investors should provide the documentation required for anti-money laundering and terrorist financing purposes and as more fully described in the section "Anti-Money Laundering and Counter-Terrorist Financing Legislation".

The Company or the Management Company reserves the right to require additional information and/or confirmation from the Investor for large purchases into Class B and Class C Shares, which may result in a delay in the processing of the investment until receipt of the requested information/confirmation. Institutions acting as Nominee are permitted to purchase Class B and Class C Shares in their own name on behalf of Investors provided that they have received explicit prior approval from the Management Company to do so and do apply an agreed procedure to monitor the aging of these Shares.

By applying for Class I and/or Class X Shares, Investors represent to the Company and the Management Company that they qualify as one or more of the types of Institutional Investor(s) as listed in the section "Share Classes" and undertake to indemnify the Company, the Management Company and/or any other entity of Franklin Templeton Investments against any and all damages, losses, costs or other expenses they may incur as a result of acting in good faith of such a representation.

Each Investor will be given a personal Investor Portfolio Number which should be quoted, along with any relevant transaction references where applicable, whenever contacting the Company and/or the Management Company.

Instructions to Purchase

Initial purchase instruction for Shares should be made on the standard application form. For subsequent purchase in an existing Investor Portfolio, no further application form is required. However, private individual Investors instructing Franklin Templeton Investments directly without using Brokers/Dealers are required to complete and sign a standard purchase form (available from our website or upon request). Any subsequent instruction to purchase Shares may be made by telephone, facsimile or electronic request, if expressly allowed by the Management Company. The Management Company may request a written and duly signed confirmation of the subsequent purchase instructions which may result in delay in the processing of the investment until receipt of the requested written confirmation. Subsequent purchase instructions will be accepted at the discretion of the Board of Directors or the Management Company.

Investors must receive and read the relevant KIID prior to purchasing Shares. Where applicable, Brokers/Dealers are responsible for providing Investors with the appropriate KIID. Please always contact your Brokers/Dealers before purchasing Shares. If you do not have Brokers/Dealers you should contact the Management Company in order to receive a copy of the KIID.

Subsequent purchase instructions should be duly signed and:

- (a) state the name of the Fund(s), the Share Class, the Share Class ISIN code (available on the Franklin Templeton Investments Internet site <http://www.franklintempleton.lu>) and number of Shares applied for in the Fund(s) (the number of Shares should be stated both in numbers and in words) or the amount (in numbers and in words) to be invested (which should include provision for any applicable entry charge);
- (b) state how payment has been or will be made; and
- (c) confirm that the relevant KIID has been provided.

If there is any discrepancy between the name of the Fund(s), the Share Class, the Share Class ISIN code or the currency of the Fund(s) Share Class quoted in the instruction, the order will be executed on the basis of the ISIN code quoted.

If any purchase instruction is not accepted in whole or in part, the purchase monies will be returned to the Investor at the risk and cost of the Investor.

An Investor may not withdraw his request for purchase except in the event of a suspension of the valuation of the assets of the Company (see Appendix E) and, in such event, a withdrawal of a purchase instruction will be effective only if written notification is received by the Management Company before termination of the period of suspension. Purchase monies will be returned to the Investor in such circumstances.

Neither the Company nor the Management Company shall be responsible or liable to any applicant or Investor for any loss resulting from the non-receipt of any application form or purchase instruction by whichever method it is sent (including non-receipt of facsimile application forms).

Purchase Price

At launch date, Shares of the Fund will be offered at USD 10, or currency equivalent (plus any applicable initial charge) of the total amount invested. From launch date onwards and for purchase instructions received and accepted by the Management Company for any Dealing Day

before the applicable Dealing Cut-Off Time (as described in Appendix A), Shares will be issued at the relevant Net Asset Value per Share determined on this Dealing Day (plus any applicable initial charge). Purchase monies may be required to be received by the Management Company or the relevant Distributor in cleared funds prior to processing of the instruction. In such case, the instruction will be processed on the basis of the Net Asset Value per Share determined on the Valuation Day that such funds are received by the Management Company (plus any applicable entry charge).

A complete instruction for the purchase of Shares received and accepted by the Management Company or by a duly authorized Distributor on a Dealing Day after the applicable Dealing Cut-Off Time will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on the next Valuation Day (plus any applicable entry charge).

The Net Asset Value per Share will be calculated as detailed in the section "Calculation of the Net Asset Value" in Appendix E.

The Company and/or the Management Company will inform the registered Shareholder of the price at which the Shares have been issued on their Contract Note (refer to "Contract Notes" section).

How to Pay

The Company and the Management Company do not accept payments in cash, traveller's cheques or non-bank money orders. Payments should normally be made by electronic bank transfer to the bank account set forth by the Principal Distributor (as detailed in the application form). Payments can be made in the currency of the Share Class. However, an Investor may, in certain instances as permitted by the Management Company, provide for payment in any other freely exchangeable currency, in which case, the necessary foreign exchange transaction will be arranged on behalf of, and at the expense of the Investor. Investors are advised that payments made in any other freely exchangeable currency may be delayed until the next Valuation Day to allow for currency conversion.

The Board of Directors is authorized to accept purchase of Shares in whole or in part in specie, having due regard to the requirements prescribed by the laws of the Grand Duchy of Luxembourg. In the event the Investor is unable to provide clear title on the assets the Company has the right to bring an action against the defaulting Investor.

The allotment of Shares is conditional upon receipt of purchase monies, including any applicable entry charge, which must be paid within three (3) Luxembourg Business Days of the Valuation Day unless the Board of Directors requires cleared funds on or prior to an application being accepted. Shares which remain unsettled for a period of thirty (30) days may be cancelled. In such circumstances, the Company and the Management Company have the right to bring an action against the defaulting Investor to obtain compensation for any loss directly or indirectly resulting from the failure by the Investor to make good settlement by the settlement date.

Where payments are made by electronic transfer or bank wire, the Management Company shall not be responsible for reconciling remittances of purchase monies where problems occur in the transmission, or as a result of inadequate or incorrect details on the transfer instructions. Bank charges in connection with an electronic transfer may be deducted from the proceeds of the transfer by the remitting bank, correspondents, agents or sub-agents, and the receiving bank may also deduct bank charges from such remittance.

HOW TO SELL SHARES

Instructions to Sell

Shares of any Class in any Fund can be sold on any Dealing Day. Instructions to sell Shares should be submitted to the Management Company in writing or, if expressly permitted, by telephone, facsimile or electronic means. In the event of joint Investor Portfolios all instructions must be signed by all Investors except where sole signatory authority has been granted or where a power of attorney has been communicated to the Management Company. If an instruction has not been submitted in writing, the Management Company may request a written and duly signed confirmation of such instruction, in which case it may delay the processing of the instruction until receipt of the written and duly signed confirmation.

The instruction must contain details of the personal Investor Portfolio Number, the Fund name, the Share Class(es) including ISIN code (available on the Franklin Templeton Investments Internet site: <http://www.franklintempleton.lu>), the number/value of Shares to be sold, the settlement currency and the bank details. If there is any discrepancy between the name of the Fund(s), the Share Class, the Share Class ISIN code or the currency of the Share Class quoted in the instruction, the instruction will be executed on the basis of the ISIN code quoted.

Any instruction to sell Shares may not be executed until any previous transaction involving the Shares to be sold has been completed and settled.

If the instruction would result in a Holding balance being less than USD 2,500 (or currency equivalent), the Company and/or the Management Company may redeem such Holding balance and pay the proceeds to the Investor.

The Company reserves the right not to be bound to accept the sale or switch on any Valuation Day more than 10% of the value of the Shares of any Fund. In these circumstances the sale of the Shares may be deferred for a period not exceeding ten (10) Luxembourg Business Days. These instructions to sell will be executed in priority to later instructions.

Neither the Company, nor the Management Company shall be responsible or liable to any Investor for any loss resulting from the non-receipt of any instruction to sell, by whichever method it is sent.

An Investor may not withdraw an instruction to sell Shares except in the event of a suspension of the valuation of the assets of the Company (see Appendix E) and, in such event, a withdrawal of the instruction to sell will be effective only if written notification is received by the Management Company before termination of the period of suspension. If the instruction is not so withdrawn, the sale of the Shares will be made on the next Valuation Day following the end of the suspension.

Sale Price

A complete instruction to sell received and accepted by the Management Company or by a duly authorized Distributor on any Dealing Day before the applicable Dealing Cut-Off Time (as described in Appendix A) will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on this Dealing Day (less any applicable CDSC).

A complete instruction to sell received and accepted by the Management Company or by a duly authorized Distributor on a Dealing Day after the applicable Dealing Cut-Off Time (as described in Appendix A) will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on the next Valuation Day (less any applicable CDSC).

The Net Asset Value per Share will be calculated on the basis detailed in the section "Calculation of the Net Asset Value" in Appendix E.

Payment of Sale Proceeds

Payment for Shares sold will be made within five (5) Luxembourg Business Days after the instruction to sell has been received in good order and accepted by the Management Company and will normally be made in the Share Class currency by electronic bank transfer of funds unless otherwise instructed. Payment may also be made in any freely exchangeable currency if requested within the instruction, at the cost and risk of the Investor.

If, in exceptional circumstances as described in Appendix E, the liquidity of the Fund does not permit payment of sale proceeds within five (5) Luxembourg Business Days from the relevant Valuation Day, the sale proceeds will be paid as soon as reasonably practicable but without interest.

The Board of Directors is also authorized to extend the period for payment of sale proceeds to such period, not exceeding thirty (30) Luxembourg Business Days (shorter periods may however apply in some jurisdictions), as may be required by settlement and other constraints prevailing in the financial markets of countries in which a substantial part of the assets attributable to any Fund shall be invested, and this exclusively with respect to those Funds of the Company of which the investment objectives and policies provide for investments in equity securities of issuers in developing countries.

All payments are made at the Investor's risk with no responsibility on the part of the Distributors, the Investment Managers, the Management Company and/or the Company.

Sale Fees and Charges

Payments for Shares sold may be subject to a CDSC if the Shares are sold within a defined number of years from the issue of the Shares. Full details of CDSC are provided in the section "Share Classes" and Appendix F of this Prospectus.

Sale in Specie

With the prior consent of the Investor(s) concerned, and having due regard to the principle of equal treatment of Shareholders, the Board of Directors may satisfy the payment of sale proceeds in whole or in part in specie by allocating to the selling Investor(s) portfolio securities of the relevant Fund equal in value to the Net Asset Value of the Shares being sold.

HOW TO SWITCH SHARES

A switch is a transaction to convert an Investor's Holding in a Share Class into another Share Class within the same Fund or the same Share Class or another Share Class in different Funds. The transaction is executed by selling Shares in the original Share Class followed by purchasing Shares in the new Share Class provided that the Investor's Holding meets the minimum investment requirements for both the existing and the new Fund or Share Class.

Investors may, under certain circumstances, switch Shares of the Company into Shares or units of certain other investment funds of Franklin Templeton Investments having a similar sales charge structure including same percentage of CDSC over the same period of time. Information on the investment funds into which Shares may be switched, and details of the procedure, terms and conditions for switch may be obtained from the Management Company upon request.

Class A Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class A Shares can be switched with Shares in any other Fund or Share Class subject to meeting Investor qualification criteria for that Share Class.

Class A Shares subject to a CDSC can only be switched with Class A Shares subject to the same CDSC. The aging of the Shares will be carried over to the new Share Class and no CDSC is payable at the time of such switch.

Class B Shares

Class B Shares can only be switched with Class B Shares of another Fund which continues to issue Class B Shares of the same currency and subject to the same CDSC. The aging of the Shares will be carried over to the new Share Class and no CDSC is payable at the time of such switch. No other Share Class is permitted to switch into Class B Shares.

Attention of Investors is drawn to this restriction which may limit their possibility to acquire Shares of another Fund through switching because Class B Shares are not available in all Funds and the further issue of Class B Shares of the same currency of any Fund may be suspended at any time by the Board of Directors.

Class C Shares

Class C Shares can only be switched with Class C Shares of another Fund which continues to issue Class C Shares of the same currency and subject to the same CDSC. The aging of the Shares will be carried over to the new Share Class and no CDSC is payable at the time of such switch. No other Share Class is permitted to switch into Class C Shares.

Attention of Investors is drawn to this restriction which may limit their possibility to acquire Shares of another Fund through switching because Class C Shares are not available in all Funds and the further issue of Class C Shares of the same currency of any Fund may be suspended at any time by the Board of Directors.

Class I Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class I Shares can be switched with Shares in any other Fund or Share Class. Only Institutional Investors can switch their Shares into Class I Shares.

Class N Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class N Shares can be switched with Shares in any other Fund or Share Classes subject to meeting Investor qualification criteria for that Share Class.

Class W Shares

Without prejudice to specific Share Class restrictions provided for in this section, Class W Shares can be switched with Shares in any other Fund or Share Class subject to meeting Investor qualification criteria for that Share Class. Switching into Class W Shares is only permitted to Investors investing through certain sub-distributors, Brokers/Dealers and/or professional investors having separate fee arrangements with their clients and who at the discretion of the Principal Distributor are considered wholesale investors, i.e. intermediaries (such as platforms) providing financial services to other financial institutions, rather than to individuals.

Class X Shares

Only Institutional Investors can switch their Shares into Class X Shares, subject to the conditions laid down in the section "Share Classes".

Class Z Shares

Switching into Class Z Shares is only permitted to (i) Investors investing through certain sub-distributors and/or Brokers/Dealers having separate fee arrangements with their clients, and/or (ii) professional investors at the discretion of the Principal Distributor.

Instructions to Switch

An instruction to switch Shares should be submitted to the Management Company in writing or, if expressly permitted, by telephone, facsimile or electronic means. In the event of joint Investor Portfolios all instructions must be signed by all Investors, except where sole signatory authority has been granted or where a power of attorney has been communicated to the Management Company. If an instruction is not submitted in writing, the Management Company may request a written and duly signed confirmation of such instruction in which case it may delay the processing of the instruction until receipt of the written and duly signed confirmation.

Investors must receive and read the relevant KIID prior to switching their Shares. Where applicable, Brokers/Dealers are responsible for providing Investors with the appropriate KIID. Please always contact your Broker/Dealer before switching Shares. If you do not have a Broker/Dealer you should contact the Management Company in order to receive a copy of the KIID.

The instruction must contain details of the personal Investor Portfolio Number and the number/value of Shares to be switched between named Funds and Share Classes including the ISIN codes (available on the Franklin Templeton Investments Internet site <http://www.franklintempleton.lu>) and also the confirmation that the relevant KIID has been provided. If there is any discrepancy between the name of the Fund(s), the Share Class, the Share Class ISIN code or the currency of the Share Class quoted in the instruction, the instruction will be executed on the basis of the ISIN code quoted. Investors may switch Shares on any Dealing Day.

The minimum initial investment in the new Fund is USD 2,500 (or currency equivalent). Any instruction which would result in a Holding balance being less than USD 2,500 (or currency equivalent) may not be executed.

Any instruction to switch Shares may not be executed until any previous transaction involving the Shares to be switched has been completed and settled. Where the sale is settled prior to the purchase, the sale proceeds will remain in the Company's collection bank account pending settlement of the purchase. No interest will accrue to the benefit of the Investor.

The Company reserves the right not to be bound to switch on any Valuation Day more than 10% of the value of the Shares of any Fund. In these circumstances the switch may be deferred for a period not exceeding ten (10) Business Days. These instructions to switch will be executed in priority to later instructions.

In certain limited circumstances as well as for distributions in certain countries and/or through certain sub-distributors and/or professional investors, the Company or the Management Company may require one (1) additional Business Day in order to process switch transactions. The additional day may be required for operational reasons in cases where the Fund is in scope of the European Savings Directive and where withholding tax applies and requires to be calculated and factored into the calculation of the number of Shares that the Investor will become entitled to in the new Fund or where currency conversion is required.

An Investor may not withdraw an instruction to switch Shares except in the event of a suspension of the valuation of the assets of the Company (see Appendix E) and, in such event, a withdrawal of the instruction to switch will be effective only if written notification is

received by the Management Company before termination of the period of suspension. If the instruction is not so withdrawn, the switch of the Shares will be made on the next Valuation Day following the end of the suspension.

Switch Price

A complete switch instruction received and accepted by the Management Company or by a duly authorized Distributor on any Dealing Day before the applicable Dealing Cut-Off Time (as described in Appendix A), will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on this Dealing Day.

A complete switch instruction received and accepted by the Management Company or by a duly authorized Distributor on a Dealing Day after the applicable Dealing Cut-Off Time, will be dealt with on the basis of the Net Asset Value per Share of the relevant Share Class determined on the next Valuation Day.

The number of Shares issued will be based upon the respective Net Asset Value of the Shares of the two relevant Funds or Share Classes on the relevant Valuation Day(s).

Switch Fees and Charges

A switch charge of up to 1.00% of the value of the Shares to be switched, authorized in exceptional circumstances by the Board of Directors and/or the Management Company, may be applied. This charge may be applied for distribution in certain countries and/or through certain Distributors and/or professional investors. In the event this charge is applied details will be contained in any local supplement to this Prospectus or marketing materials. Such charge shall be automatically deducted when the number of Shares is calculated and paid by the Company.

In certain circumstances a switch from any one Fund or Share Class will necessitate a fee equivalent to the difference between the two levels of entry charges unless the Investor, as a result of prior switches, has already paid the entry charge rate differential. It is currently anticipated that any entry charge rate differential will be paid to the Principal Distributor, who may, in turn, pay a portion of each differential to Distributors, intermediaries, Brokers/Dealers and/or professional investor. However, the entry charge rate differential may be waived at the discretion of the Company and/or the Management Company.

Tax

Switches of Shares will be treated as a taxable event under the provisions of the European Savings Directive (see the section "**Taxation of Investors**"). As a result, tax may be withheld in respect of switches of Shares out of the original Fund.

HOW TO TRANSFER SHARES

A transfer is a transaction for the purpose of transferring an Investor Holding to another Investor.

The transfer of Shares shall be effected by delivery to the Management Company of an instruction of transfer or a duly signed Share transfer form. The instruction must be dated and signed by the transferor(s), and if requested by the Company and/or the Management Company also signed by the transferee(s), or by persons holding suitable powers of attorney to act therefore.

Acceptance of the transfer by the Management Company will be subject to the transferee(s) having an accepted application by the Company, and meeting all Fund and Share Class eligibility requirements.

Any request to transfer Shares will only be executed once any previous transaction involving the Shares to be transferred has been completed and full settlement on those Shares received.

If the transfer instruction would result in a Holding balance being less than USD 2,500 (or currency equivalent) the Company and/or the Management Company may redeem such Holding balance and pay the proceeds to the Investor.

Transfer of Shares will be effected in accordance with the Luxembourg Stock Exchange regulations.

The Shares are freely transferable. The Articles provide that the Board of Directors is entitled to impose restrictions as they may think necessary for the purposes of ensuring that no Shares are acquired or held by (a) any person in violation of or subject to the applicable laws or regulations of any country or government authority or (b) any person in circumstances which, in the opinion of the Board of Directors, might result in the Company incurring any liability of taxation or suffering any other disadvantage which the Company might not otherwise have incurred.

The Shares transferred may be subject to specific conditions, including CDSC. Investors should ensure that they are aware of all specific conditions applicable to such Shares.

DIVIDEND POLICY

In respect of all Funds which issue Distribution Shares, it is the intention of the Board of Directors to distribute substantially all of the income attributable to the Distribution Shares. Subject to any legal or regulatory requirements, dividends may also be paid out of the capital of such Funds. Subject to any legal or regulatory requirements, the Board of Directors reserves the right to introduce new Share Classes, which may retain and re-invest their net income.

Annual dividends may be declared separately in respect of each Fund at the Annual General Meeting of Shareholders.

Interim Share dividends may be paid upon a decision of the Board of Directors and/or the Management Company in relation to any of the Funds.

It is anticipated that distributions will be made under normal circumstances as set out in the table below:

Share type	Share name	Payments
Accumulation Shares	A (acc), B (acc), C (acc), I (acc), N (acc), W (acc), X (acc) and Z (acc)	No distribution of dividends shall be made but the net income attributable will be reflected in the increased value of the Shares
Distribution Shares	A (Mdis), B (Mdis), C (Mdis), I (Mdis), N (Mdis), X (Mdis) and Z (Mdis)	Under normal circumstances it is anticipated that distribution will be made monthly (following the end of each month)
	A (Qdis), B (Qdis), C (Qdis), I (Qdis), N (Qdis), W (Qdis), X (Qdis) and Z (Qdis)	Under normal circumstances it is anticipated that distribution will be made quarterly (following the end of each fund financial quarter)
	A (Bdis), B (Bdis), C (Bdis), I (Bdis), N (Bdis), W (Bdis), X (Bdis) and Z (Bdis)	Under normal circumstances it is anticipated that distribution will be made semi-annually (normally in November and in May each year)
	A (Ydis), B (Ydis), C (Ydis), I (Ydis), N (Ydis), W (Bdis), X (Ydis) and Z (Ydis)	Under normal circumstances it is anticipated that distribution will be made yearly (normally in November/December each year)

In order to receive dividends on Distribution Shares, Investors must be registered as holders of such Distribution Shares on the register of Shareholders on the Valuation Day determined by the Company as being the distribution accounting date.

Dividends of registered Distribution Shares will normally be reinvested in the purchase of further Distribution Shares of the Fund and Share Class to which such dividends relate, unless otherwise stated in the application form. Such further Distribution Shares will be issued on the ex-dividend date. The price will be calculated in the same way as for other issues of Shares of that Fund on the Valuation Day on which the price of the Distribution Shares of that Fund goes ex-dividend. Fractional Shares will be rounded to three decimal places. No entry charge will be payable. Investors not wishing to use this reinvestment facility should complete the appropriate section of the application form. In the event that cash dividends are payable they will be paid to holders of registered Distribution Shares who have elected to receive dividends in cash, payment normally being made by transfer of funds. Dividends to be paid in any other freely exchangeable currency will be converted at the Investor's expense.

When dividends of USD 250 (or currency equivalent) or less cannot be paid to a registered Investor due to missing data or payment unable to be effected, the Company or the Management Company reserves the right to automatically re-invest such dividends and any subsequent dividends to be paid in the purchase of further Distribution Shares of the Fund and Share Class to which such dividends relate until receipt of instructions in good order from the Investor.

If a dividend has been declared but not paid within a period of five (5) years, the Company will, as it is entitled to do under the laws of the Grand Duchy of Luxembourg, declare the dividend forfeited and such unpaid dividend will accrue for the benefit of the relevant Fund.

In respect of each dividend declared, the Board of Directors and/or the Management Company may determine if, and to what extent, such dividend is to be paid out of realised and unrealised capital gains regardless of capital losses, increased or decreased, as the case may be, by the portion of net investment income and capital gains attributable to Shares issued and to Shares redeemed.

It should be remembered that dividend distributions are not guaranteed, that the Funds do not pay interest and that the price of Shares in the Funds and any income earned on the Shares may go down as well as up. It should also be remembered that any dividend distribution lowers the value of the Shares in the Funds by the amount of the distribution. Future earnings and investment performance can be affected by many factors, including changes in exchange rates, not necessarily within the control of the Company, its Board of Directors, officers, the Management Company or any other person. No guarantees as to future performance of, or future return from, the Company can be given by the Company itself, or by any Director or officer of the Company, by the Management Company, by Franklin Templeton Investments, or any of its worldwide affiliates, or by any of their directors, officers or employees.

Equalisation of Income

The Funds use an accounting practice known as equalisation, by which a portion of the proceeds from issues and the costs of sale 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.

MANAGEMENT COMPANY FEES

Franklin Templeton International Services S.A. in its respective capacities as registrar and transfer, corporate, domiciliary and administrative agent will receive as remuneration an annual fee of up to 0.20% of the Net Asset Value of the relevant Share Class plus an additional amount (consisting of a fixed and variable component) per Investor Holding at the relevant Share Class level over each one (1) year period. Such fees will be calculated and accrued daily and will be paid monthly in arrears to the Management Company by the Company.

INVESTMENT MANAGEMENT FEES

The Management Company receives from the Company a monthly investment management fee equivalent to a certain percentage per annum of each Fund's adjusted daily net assets during the year. Details of investment management fees are provided in Appendix F. The Investment Managers will be remunerated by the Management Company out of the investment management fee received from the Company.

In certain Company related documents and/or electronic media, the relevant aforementioned investment management fee plus maintenance charges and/or servicing charges where applicable to a Share Class may be combined and expressed as an "annual management charge" for ease of administration/comparison.

The Management Company and/or the Investment Managers may, from time to time, pay a part of the investment management fee to various sub-advisers, sub-distributors, intermediaries, brokers, professional investors and/or assimilated entities which may or may not be part of Franklin Templeton Investments. Such payments are intended to compensate such sub-distributors, brokers or other intermediaries for providing distribution or other services to the Investors, including but not limited to the enhancement of the communication of ongoing information to Investors, the transaction processing or other shareholder and/or administrative services. Any request for additional information regarding any such payments should be addressed by the Investors to their relevant intermediaries.

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

The Investment Managers may enter, with Brokers/Dealers that are entities and not individuals, into soft commission arrangements only where there is a direct and identifiable benefit to the clients of the Investment Managers, including the Company, and where the Investment Managers are satisfied that the transactions generating the soft commissions are made in good faith, in strict compliance with applicable regulatory requirements and in the best interest of the Company. Any such arrangement must be made by the Investment Managers on terms commensurate with best market practice. The use of soft commissions shall be disclosed in the periodic reports.

OTHER COMPANY CHARGES AND EXPENSES

The Principal Distributor may be entitled to receive any applicable entry charge, of up to 5.75% of the total amount invested. The entry charge shall in no case exceed the maximum permitted by the laws, regulations and practice of any country where the Shares are sold.

The Principal Distributor may enter into contractual arrangements with various sub-distributors, intermediaries, Brokers/Dealers and/or professional investors for the distribution of Shares outside the United States of America. Payments of fees or commissions to various sub-distributors, Brokers/Dealers or other intermediaries may be made out of the maintenance charges, servicing charges or other related similar fees normally paid to the Principal Distributor, when such payments are expected to enhance the quality of the distribution or other services provided to the Investors, including but not limited to the improvement of the communication of ongoing information to Investors, the transaction processing or other shareholder and/or administrative services.

The Shariah Supervisory Board shall be entitled, for its Shariah advisory services in relation to each Fund, to receive an annual fee of USD 15,000 per Fund to be paid out of the expenses of each Fund.

Amiri Capital LLP in its capacity as Shariah Stock Screening Provider will receive an annual fee of USD 40,000 to be paid out equally from the expenses of Templeton Shariah Global Equity Fund and Templeton Shariah Asian Growth Fund.

As remuneration for the services rendered to the Company as Depositary Bank, HSBC Securities Services (Luxembourg) S.A. will receive an annual fee depending on the nature of the investments of the different Funds in a range from 0.03% to 0.70% of the net asset values of the assets of the different Funds, with possible higher depositary annual fees for those Funds of the Company the investment objectives and policies of which provide for investments in securities of issuers in developing countries, as reflected in the Company financial reports. Such fee will be calculated and accrued daily and will be paid monthly in arrears to the Depositary Bank by the Company.

Such fees do not include normal banking and brokerage fees and commissions on transactions relating to the assets and liabilities of the Company as well as any reasonable out-of-pocket expenses incurred in connection with the Company, and chargeable to the Company and fees for other services as agreed from time to time. The amounts effectively paid will be shown in the Company's financial statements.

The Company bears its other operational costs including, but not limited to, the costs of buying and selling underlying securities, governmental and regulatory charges, legal and auditing fees, insurance premiums, overdraft charges, reporting and publication expenses, postage, telephone and facsimile expenses. All expenses are estimated and accrued daily in the calculation of the Net Asset Value of each Fund. The Company may, from time to time, pay certain fees to the Management Company for onward allocation to various sub-distributors, intermediaries, Brokers/Dealers and/or professional investors relating to placing certain Funds on sales platforms designed to bring about a wider distribution of Fund Shares. Such costs would only be allocated among the Funds placed on such platforms.

All charges and expenses pursuant to the above are exclusive of value added taxes or other taxes chargeable thereon, which should be paid by the Fund as required.

SERVICING AND MAINTENANCE CHARGES

Servicing Charge

A servicing charge may be applicable depending on the Share Class invested in. The charge is applied to the average Net Asset Value and is paid to the Principal Distributor and/or other party in order to compensate the Principal Distributor and/or other party for any financing costs and expenses incurred by it in connection with sales of Shares. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor and/or other party.

The Company has committed to pay the Principal Distributor or the relevant third party the servicing charge at the rates as provided in Appendix F, net of any taxes. In case any taxes would be payable on said amounts, the amount of servicing charge would be increased in a

manner to ensure that the agreed amounts are paid net to the Principal Distributor or relevant third party. The Board of Directors has, at the date of this Prospectus, no reason to believe that any taxes are due or levied on the servicing charge.

Full details of servicing charges are provided in Appendix F.

Maintenance Charge

A maintenance charge of up to a certain percentage per annum of the applicable average Net Asset Value is deducted and paid to the Principal Distributor, in order to compensate the Principal Distributor for any expenses incurred by it in connection with Investors liaison and administration of the Shares and the handling of CDSC. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor.

The Principal Distributor will generally, pay part or all of this maintenance charge to various third party sub-distributors, intermediaries, Brokers/Dealers, Investors or particular groups of investors.

Full details of maintenance charges are provided in Appendix F.

TAXATION OF THE COMPANY

The following information is based on the laws, regulations, decisions and practice currently in force in the Grand-Duchy of Luxembourg and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of Shares and is not intended as tax advice to any particular Investor or potential Investor. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than the Grand-Duchy of Luxembourg.

The Company is not liable in the Grand Duchy of Luxembourg to any tax on its profits or income and is not subject to the Grand-Duchy of Luxembourg's net wealth tax.

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 also 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 of the Company 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.

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.

WITHHOLDING TAX

Distributions made by the Company are not subject to withholding tax in Luxembourg. However, the Investors should consider the section related to the EU Savings Directive below.

TAXATION OF INVESTORS

Luxembourg

Subject to the provisions of the European Savings Directive, Investors are currently not subject to any capital gains, income, withholding, gift, estate, inheritance or other taxes in the Grand Duchy of Luxembourg (except for Investors domiciled, resident or having a permanent establishment in the Grand Duchy of Luxembourg).

Investors should inform themselves of and, when appropriate, consult their professional advisers on the possible tax consequences of purchasing, buying, holding or disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

EU Savings Tax Directive Considerations

The EU Savings Directive has been implemented in Luxembourg by the law dated 21 June, 2005, as amended (the "**2005 Law**").

The EU Savings Directive requires Member States of the European Union ("**EU Member States**") to provide to the tax authorities of other EU Member States details of payments of interest or other similar income (which may include Sukuk payments) paid by a paying agent established in the Member State to an individual resident in another Member State.

Austria and Luxembourg have elected to apply withholding tax of 35% unless the Investor elects for the exchange of information. The Luxembourg government has however announced that it will elect out of the withholding tax system in favour of automatic exchange of information with effect as from January 1, 2015.

Any dividends distributed by a Fund will be subject to reporting or withholding tax if more than 15% of the Fund's assets are invested in debt securities. Proceeds realized by Shareholders on the disposal of Shares may be subject to such reporting or withholding tax if more than 25% of the Fund's assets are invested in debt instruments.

Withholding tax applied in Luxembourg under the European Savings Directive is not a final taxation and does not relieve the Investor from any responsibilities to declare income or capital gains to the relevant tax authority in his/her country of residence. Any withholding tax levied under the European Savings Directive may be creditable against the Investor's personal tax liability, subject to the laws in his/her country of residence.

The list of Funds falling within the scope of the European Savings Directive and the 2005 Law is made public at the registered office of the Company and is available at the offices of the Management Company. This information may also be available on the Internet site: <http://www.franklintempleton.lu>

The foregoing is only a summary of the implications of the European Savings Directive and the 2005 Law, is based on the current interpretation thereof and does not purport to be complete in all respects. It does not constitute investment or tax advice and Investors should therefore seek advice from their financial or tax adviser on the full implications for themselves of the European Savings Directive and the 2005 Law.

Investors should inform themselves of and, when appropriate, consult their professional advisers on the possible tax consequences of purchasing, holding, transferring or disposing of Shares under the laws of their country of citizenship, residence, domicile or incorporation.

MEETINGS AND REPORTS

The Annual General Meeting of Shareholders is held at the registered office of the Company on March 31 of each year or, if such day is not a Luxembourg Business Day, on the Luxembourg Business Day immediately preceding the 31st day of March. Notices of general meetings and other notices (which shall include the place and time of the meetings, conditions of admission, agenda, quorum and voting requirements) are given in accordance with Luxembourg law. The requirements for attendance, quorum and majorities at all general meetings will be those specified in the Articles. The Board of Directors may decide in accordance with the Articles and applicable laws and regulations, to hold the Annual General Meeting of Shareholders at another date, time or place than as set forth above, which shall be communicated to the Shareholders by notice.

The audited annual reports and unaudited semi-annual reports will be available on the following Franklin Templeton Investments Internet site, www.franklintempleton.lu, or may be obtained on request at the registered office of the Company and the Management 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 and the Management Company. The accounting year of the Company ends on October 31 of each year.

INVESTOR VOTING RIGHTS

At any general meetings of the Shareholders of the Company, each Shareholder will be entitled to one vote for each whole Share held, whatever Class and regardless of the Net Asset Value per Share within the Share Class(es).

A Shareholder of any particular Fund or Share Class will be entitled at any separate meeting of the Shareholders of that Fund or Share Class to one vote for each whole Share of that Fund or Share Class held, whatever Class and regardless of the Net Asset Value per Share within the Share Class(es).

In the case of joint Shareholders, only the first named Shareholder may vote, whom the Company may consider to be the representative of all joint Shareholders, except where a Shareholder has been expressly nominated by all joint Shareholders or where a written authority has been given.

The Company and the Management Company draw the Investors' attention to the fact that any Investor will only be able to fully exercise her/his Investor rights directly against the Company, notably the right to participate in general meetings of Shareholders if the Investor is registered himself and in her/his own name in the register of Shareholders of the Company. In cases where an Investor invests in the Company through an intermediary investing into the Company in his own name but on behalf of the Investor, it may not always be possible for the Investor to exercise certain Shareholder rights directly against the Company. Investors are advised to take advice on their rights.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Articles may be obtained at the registered office of the Company and of the Management Company.

APPENDIX A

STANDARD DEALING CUT-OFF TIMES

Unless otherwise disclosed in a local supplement to the Prospectus, any agreement or marketing material, requests for purchase, sale or switch of Shares (the "**Transactions**") received by one of the Franklin Templeton Investments offices listed below on a Dealing Day before the appropriate Dealing Cut-Off Time will be dealt on that day on the basis of the net asset value per Share of the relevant Share Class calculated on that day.

Luxembourg office

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
Any country where the Company is registered for distribution, unless mentioned below under another local Franklin Templeton Investments office.	18:00 CET	18:00 CET	18:00 CET

Frankfurt office

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
. Austria . Germany . Switzerland	16:00 CET	16:00 CET	16:00 CET
. the Netherlands	18:00 CET	18:00 CET	18:00 CET

Singapore office

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
. Hong Kong . Macau . Singapore . South Korea	16:00 SGT	16:00 SGT	16:00 SGT

American office

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
Caribbean Latin America	16:00 EST	12:00 EST	12:00 EST

Electronic Dealing

(Swift and Direct Electronic link with Franklin Templeton Investments)

Main Countries covered	Dealing Cut-Off Time for transactions in the currencies of the relevant Share Class	Dealing Cut-Off Time for transactions in other acceptable currencies than the currency of the relevant Share Class	Dealing Cut-Off Time for transactions in Hedged Share Classes
Any Country where the Shares of the Company can be distributed	22:00 CET	18:00 CET	18:00 CET

Investors domiciled in countries not listed above but where transactions in Shares of the Company are allowed under all applicable laws and regulations should contact the client service's representative of the nearest Franklin Templeton Investments office. This information is available on the Internet site <http://www.franklintempleton.lu>

Definitions:

CET: Central Europe time

EST: Eastern Standard time (USA)

SGT: Singapore Standard time

APPENDIX B

SHARIAH GUIDELINES

The business of the Funds shall at any time be managed in accordance with the guidelines below that shall apply in addition to the investment restrictions specified in Appendix C. In general, Shariah-compliant investment refers to contractual arrangements and investment guidelines that are in compliance with Shariah (as such guidelines shall be determined by the Shariah Supervisory Board). Subject to their investment objectives and policies, the Funds may only invest in transferable securities of companies whose business is permissible (*Halal*) and therefore not invest in the following forbidden sectors (*Haram*):

- Manufacturing or distributing alcohol or tobacco products;
- Gaming or gambling;
- Producing or distributing content for purely entertainment purposes through any medium;
- Manufacturing or distributing weapons and defence related products;
- Producing, processing, packaging or any other business activity relating to pork or pork products and other meats and poultry not specifically defined as acceptable products within the screening criteria;
- Conventional banking, insurance or any other interest related financial services activity; and
- Producing or distributing pornographic materials.

Shariah-Compliance Screening

1. Stocks Screening

Shariah-compliance stocks screening will apply only to the Equity Funds within the Company.

The Shariah Stock Screening Provider initially chosen to perform the Shariah stock screening is Amiri Capital LLP. The service granted by Amiri Capital LLP has received a Fatwa endorsing the Shariah-compliant nature of the service. The Company may elect to change its Shariah Stock Screening Provider in the future as appropriate, working in consultation with its Shariah Supervisory Board.

Amiri Capital LLP has agreed to supply a monthly list of companies screened according to criteria as required by the Company's Shariah Supervisory Board, as set forth below (the "**Criteria**") and as advised by Company's Shariah Supervisory Board from time to time. In addition, no more than fifty (50) times a calendar year, the Company may ask Amiri Capital LLP to screen a company not included in the list. In such a case, Amiri Capital LLP will screen the company using the Criteria and report the results of that screening to the Company.

The Criteria agreed upon for the stocks screening include the following:

- Companies where 5% or more of its revenue, as defined from Standard Industry Classification Codes, is derived from activities on the above list of *Haram* sectors are deemed to fail the business activities test.
- Companies which exceed the following financial ratios are deemed to fail the financial structure test:
 - (a) Total debt divided by total assets of 33.3%;
 - (b) Interest bearing securities divided by total assets of 33.3%; and
 - (c) Accounts receivables and cash divided by total assets of 70%.

The Company retains the right to adjust the financial ratios above with the advice and consent of the Company's Shariah Supervisory Board, as appropriate.

2. Sukuk Screening

The specific standards to select Sukuk investments will follow the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) standards. These standards will adhere to the Gulf Cooperation Council (GCC) and Malaysian Industry screens.

Where the Shariah Supervisory Board requests a change to the Shariah Guidelines, it shall give the Company and the Investment Managers a reasonable period of time to effect such change in the Prospectus in accordance with the requirements of any applicable law and regulation.

Purification of Prohibited Income

The Shariah Supervisory Board will from time to time issue 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 this 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 will be calculated on an annual basis, based on the purification ratios, expressed as a percentage of each target company's dividend payments. The resulting amount will be donated to a charity and will be detailed in the Company's Annual Report. Any such amounts will be deducted only upon their actual determination and no anticipated accrual thereof shall be made.

Zakat

Each Investor is responsible for the payment of its own Zakat.

APPENDIX C

INVESTMENT RESTRICTIONS

The assets of each Fund shall be managed in accordance with the following investment restrictions.

However, the Board of Directors of the Company, the Management Company and the Investment Managers (based on the advices of the Shariah Supervisory Board) have determined that additional investment restrictions will apply at all times to each Fund of the Company, as set out under the Shariah Guidelines articulated in Appendix B and as may be amended from time to time.

1. INVESTMENT IN TRANSFERABLE SECURITIES AND LIQUID ASSETS

- a) The Company will invest in:
- (i) transferable securities and money market instruments admitted to or dealt in on a regulated market within the meaning of Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments and/or;
 - (ii) transferable securities and money market instruments dealt in on another market in a Member State which is regulated, operates regularly and is recognised and open to the public;
 - (iii) transferable securities and money market instruments admitted to official listing on a stock exchange in a non Member State or dealt in on another market in a non Member State, which is regulated, operates regularly and is recognised and open to the public;
 - (iv) recently issued transferable securities and money market instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or on another regulated market, in the countries of the areas referred to under (i), (ii) and (iii) above, which operates regularly and is recognised and open to the public, and such admission is secured within one year of the issue;
 - (v) units of UCITS and/or other UCIs, whether or not established in a Member State, provided that:
 - such other UCIs have been authorised under the laws of any Member State or under laws which provide that they are subject to supervision considered by the Luxembourg supervisory authority to be equivalent to that laid down in EU law and that cooperation between authorities is sufficiently ensured,
 - the level of protection for unitholders in such other UCIs is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009, as amended,
 - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period,
 - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;

For the purpose of this restriction and the limits set forth in 6. below, the following definitions shall apply:

"UCITS" shall mean an undertaking for collective investment in transferable securities authorised according to the Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009, as amended;

"other UCI" shall mean an undertaking for collective investment or investment fund within the meaning of Article 1, paragraph (2), point a) and b) of Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009, as amended.

- (vi) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a non-Member State, provided that it is subject to prudential rules considered by the Luxembourg supervisory authority as equivalent to those laid down in EU law;
- (vii) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in subparagraphs (i) to (iv) above, and/or financial derivative instruments dealt in over-the-counter ("**OTC derivatives**"), provided that:
 - the underlying consists of instruments covered by this appendix under 1. a), financial indices, foreign exchange rates or currencies, in which the Fund may invest according to its investment objectives,
 - the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Luxembourg supervisory authority,
 - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative,

and/or

(viii) money market instruments other than those dealt in on a regulated market and which fall under 1. a), if the issue or the issuer of such instruments are themselves regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
- issued by an undertaking any securities of which are dealt in on regulated markets referred to above, or
- issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by the EU law, or by an establishment which is subject to and complies with prudential rules considered by the Luxembourg supervisory authority to be at least as stringent as those laid down by EU law, or
- issued by other bodies belonging to the categories approved by the Luxembourg supervisory authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least 10 million euro and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity which, within a group of companies which include one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

b) The Company may invest up to 10% of the net assets of any Fund in transferable securities and money market instruments other than those referred to in (a) above;

c) Each Fund of the Company may hold ancillary liquid assets;

d) (i) Each Fund of the Company may invest no more than 10% of its net assets in transferable securities and money market instruments issued by the same body. Each Fund of the Company may not invest more than 20% of its net assets in deposits made with the same body. The risk exposure to a counterparty of a Fund in an OTC derivative transaction may not exceed 10% of its assets when the counterparty is a credit institution referred to in 1. a) (vi) above or 5 % of its net assets in other cases.

(ii) The total value of the transferable securities and money market instruments held in the issuing bodies in each of which any Fund invests more than 5 % of its net assets must not exceed 40 % of the value of its assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.

Notwithstanding the individual limits laid down in paragraph 1. d) (i), a Fund may not combine:

- investments in transferable securities or money market instruments issued by a single body,
- deposits made with a single body, and/or
- exposures arising from OTC derivative transactions undertaken with a single body,

in excess of 20 % of its assets.

(iii) The limit laid down under the first sentence of paragraph 1. d) (i) above shall be of 35 % where the Fund has invested in transferable securities or money market instruments issued or guaranteed by a Member State, by its local authorities, by a non-Member State or by public international bodies of which one or more Member States are members.

(iv) The limit laid down under the first sentence of paragraph 1. d) (i) above shall be of 25 % for bonds issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued profit.

If a Fund invests more than 5 % of its net assets in the bonds above and issued by one issuer, the total value of such investments may not exceed 80 % of the value of the assets of the Fund.

(v) The transferable securities and money market instruments referred to in paragraphs 1. d) (iii) and 1. d) (iv) are not included in the calculation of the limit of 40% referred to in paragraph 1. d) (ii).

The limit set out above under 1. d) (i), (ii), (iii) and (iv) may not be combined, and thus investments in transferable securities or money market instruments issued by the same body, in deposits or derivative instruments made with this body carried out in accordance with section 1. d) (i), (ii), (iii) and (iv) may not exceed a total of 35 % of the assets of the Fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits contained under 1. d). A Fund may cumulatively invest up to 20 % of its net assets in transferable securities and money market instruments within the same group.

- (vi) Without prejudice to the limits laid down in paragraph e), the limits laid down in this paragraph d) shall be 20% for investments in shares and/or bonds issued by the same body when the aim of a Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Luxembourg supervisory authority, provided
 - the composition of the index is sufficiently diversified,
 - the index represents an adequate benchmark for the market to which it refers,
 - it is published in an appropriate manner.

The limit laid down in the subparagraph above is raised to 35% where it proves to be justified by exceptional market conditions in particular in regulated markets where certain transferable securities or money market instruments are highly dominant provided that investment up to 35% is only permitted for a single issuer.

- (vii) **where any Fund has invested in accordance with the principle of risk spreading in transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, OECD member states, Singapore, Brazil, Russia, Indonesia and South Africa or public international bodies of which one or more EU Member States are members or by any other State of the OECD, the Company may invest 100% of the assets of any Fund in such securities provided that such Fund must hold securities from at least six different issues and securities from one issue must not account for more than 30% of that Fund's assets.**

- e) The Company or any Fund may not invest in voting shares of companies allowing it to exercise a significant influence in the management of the issuer. Further, the Company may acquire no more than (i) 10% of the non-voting shares of any single issuing body, (ii) 10% of the debt securities of any single issuing body, (iii) 25% of the units of any single collective investment undertaking, (iv) 10% of the money market instruments of any single issuing body. However, the limits laid down under (ii), (iii) and (iv) may be disregarded at the time of acquisition if, at that time, the gross amount of the bonds or of the money market instruments or the net amount of the instruments in issue cannot be calculated.

The limits under this section e) shall not apply to (i) transferable securities or money market instruments issued or guaranteed by a Member State, its local authorities, or public international bodies of which one or more Member States of the EU are members or by any other State, nor to (ii) shares held by the Company in the capital of a company incorporated in a State which is not a Member State of the EU investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State, provided that, however, the Company, in its investment policy, complies with the limits laid down in Articles 43 and 46 and in paragraphs (1) and (2) of Article 48 of the Law of 17 December, 2010.

- f) (i) Unless otherwise provided in the investment policy of a specific Fund, each Fund will not invest more than 10% of its net assets in units of UCITS and/or other UCIs.
- (ii) In the case restriction f) (i) above is not applicable to a specific Fund, as provided in its investment policy, such Fund may acquire units of UCITS and/or other UCIs referred to in paragraph 1. a) (v), provided that no more than 20% of a Fund's net assets be invested in the units of a single UCITS or other UCI.

For the purpose of the application of this investment limit, each compartment of a UCITS and/or other UCI with multiple compartments is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various compartments vis-à-vis third parties is ensured.

- (iii) Investments made in units of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of a Fund.
- (iv) When a Fund invests in the units of UCITS and/or other UCIs linked to the Company by common management or control, or by a substantial direct or indirect holding, no subscription or redemption fees may be charged to the Company on account of its investment in the units of such other UCITS and/or UCIs.

In respect of a Fund's investments in units of other UCITS and other UCIs linked to the Company as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Fund and each of the UCITS or other UCIs concerned shall not exceed 2% of the value of the relevant investments. The Company will indicate in its annual report the total management fees charged both to the relevant Fund and to the UCITS and other UCIs in which such Fund has invested during the relevant period.

- (v) The Company may acquire no more than 25% of the units of the same UCITS and/or other UCI. This limit may be disregarded at the time of acquisition if at that time the gross amount of the units in issue cannot be calculated. In case of a UCITS or other UCI with multiple compartments, this restriction is applicable by reference to all units issued by the UCITS/UCI concerned, all compartments combined.
- (vi) The underlying investments held by the UCITS or other UCIs in which the Funds invest do not have to be considered for the purpose of the investment restrictions set forth under 1. d) above.
- (vii) A Fund (the "**Investing Fund**") may subscribe, acquire and/or hold securities to be issued or issued by one or more Funds (each a "**Target Fund**") under the condition that:

- the Target Fund does not, in turn, invest in the Investing Fund invested in this Target Fund; and
- no more than 10% of the assets of the Target Fund whose acquisition is contemplated, may, according to its investment policy, be invested in units of other UCITS or other UCIs; and
- the Investing Fund may not invest more than 20% of its net assets in units of a single Target Fund; and

- for as long as these securities are held by the Investing Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for the purposes of verifying the minimum threshold of the net assets imposed by the Law of 17 December, 2010; and
 - there is no duplication of management/subscription or sale fees between those at the level of the Investing Fund having invested in the Target Fund, and this Target Fund.
- g) The Company may not (i) acquire for the benefit of any Fund securities which are partly paid or not paid or involving liability (contingent or otherwise) unless according to the terms of issue such securities will or may at the option of the holder become free of such liabilities within one year of such acquisition and (ii) underwrite or subunderwrite securities of other issuers for any Fund.
- h) The Company may not purchase or otherwise acquire any investment in which the liability of the holder is unlimited.
- i) The Company may not purchase securities or debt instruments issued by the Investment Managers or any connected person or by the Management Company.
- j) The Company may not purchase any securities on margin (except that the Company may, within the limits set forth in clause 2. e) below, obtain such short term credit as may be necessary for the clearance of purchases or sales of securities) or make uncovered sales of transferable securities, money market instruments or other financial instruments referred to above; except that the Company may make initial and maintenance margin deposits in respect of futures and forward contracts (and options thereon).

2. INVESTMENT IN OTHER ASSETS

- a) The Company may not purchase real estate, nor acquire any options, rights or interest in respect thereof, provided that the Company may invest for the account of any Fund in securities secured by real estate or interest therein or in securities of companies investing in real estate.
- b) The Company may not make investments in precious metals or certificates representing them.
- c) The Company may not enter into direct commodities transactions or commodity contracts, except that the Company may, in order to hedge risk, enter into financial derivative instruments giving exposure, through financial indices, to commodities within the limits laid down in the Shariah Guidelines and clause 3 below.
- d) The Company may not extend financing to other persons or act as a guarantor on behalf of third parties or assume, endorse or otherwise become directly or contingently liable for, or in connection with, any obligation or indebtedness or any person in respect of borrowed monies, provided that for the purpose of this restriction the purchase of foreign currency by way of a back-to-back loan shall not be deemed to be the making of a loan.
- e) The Company may not seek financing for the account of any Fund, other than amounts which do not in aggregate exceed 10% of the net assets of the Fund, taken at market value and then only as a temporary measure. The Company may, however, acquire foreign currency by means of a back-to-back loan.
- f) The Company may not mortgage, pledge, hypothecate or in any manner transfer as security for indebtedness, any of the securities or other assets of any Fund, except as may be necessary in connection with the borrowings mentioned in clause e) above. The purchase or sale of securities on a when-issued or delayed-delivery basis, and collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed the pledge of the assets.

3. FINANCIAL DERIVATIVE INSTRUMENTS

As specified in clause 1. a) (vii) above, the Company may, in respect of each Fund, invest in Shariah-compliant financial derivative instruments.

The Company shall ensure that the Global Exposure of each Fund relating to financial derivative instruments does not exceed the total net assets of that Fund. The Fund's overall risk exposure shall consequently not exceed 200% of its total net assets. In addition, this overall risk exposure may not be increased by more than 10% by means of temporary borrowings (as referred to in clause 2. e) above) so that it may not exceed 210% of any Fund's total net assets under any circumstances.

The Company on behalf of a relevant Fund may only choose swap counterparties that are first class financial institutions selected by the Board of Directors and that are subject to prudential supervision and belonging to the categories approved by the CSSF for the purposes of OTC derivative transactions and specialized in these types of transactions.

As the case may be, collateral received by each Fund in relation to OTC derivative transactions may offset net exposure by counterparty provided it meets a range of standards, including those for liquidity, valuation, and issuer credit quality. Collateral primarily consist of cash and highly rated sovereign fixed income securities. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral. Net exposures are calculated daily by counterparty and subject to the terms of the agreements, including a minimum transfer amount, collateral levels may fluctuate between the Fund and the counterparty depending on the market movement of the exposure. Non-cash collateral received is not sold, reinvested or pledged. Cash collateral may be reinvested in a manner consistent with the Shariah Guidelines, the provisions established in the Credit Support Annex ("CSA") of the International Swaps and Derivatives Association Master Agreement ("ISDA Master Agreement") executed with the relevant counterparty and with the risk diversification requirements detailed in Appendix C "Investment Restrictions" in (a) shares or units issued by short term money market undertakings for collective investment as defined in the Guidelines on a Common Definition of European Money Market Funds, (b) deposits with credit institution having its registered office in a Member State or

with a credit institution situated in a non-Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, (c) high quality government fixed income securities that are deemed eligible collateral according to the terms of the CSA of the ISDA Master Agreement, and (d) reverse repurchase agreement transactions provided the transactions are with credit institutions subject to the prudential supervision and the Company may recall at any time the full amount of cash on accrued basis. The Company has policies with respect to the reinvestment of collateral (specifically, that derivatives or other instruments that may contribute to leverage may not be used) such that it would not impact the Global Exposure calculation.

The Global Exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.

Each Fund may invest in financial derivative instruments within the limits laid down in clause 1. a) (vii) provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in clause 1. d) (i) to (v). When a Fund invests in index-based financial derivative instruments, these investments do not have to be combined in respect of the limits laid down in clause 1. d). When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this restriction.

The Funds may use financial derivative instruments for investment, hedging or efficient portfolio management purposes, within the limits of the Law of 17 December, 2010 and of the Shariah Guidelines. Under no circumstances shall the use of these instruments and techniques cause a Fund to diverge from its investment policy.

Where appropriate, the Funds apply either the Value-at-Risk (VaR) approach or the Commitment Approach to calculate their Global Exposure, whichever is deemed to be appropriate.

When the investment objective of a Fund indicates a benchmark against which the performance might be compared, the method used to calculate the Global Exposure may consider a different benchmark than the one mentioned for performance or volatility purposes in said Fund's investment objective.

4. USE OF TECHNIQUES AND INSTRUMENTS RELATING TO TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS

To the maximum extent allowed by, and within the limits set forth in, the Law of 17 December, 2010 as well as any present or future related Luxembourg laws or implementing regulations, circulars and the Luxembourg supervisory authority's positions (the "**Regulations**"), in particular the provisions of (i) Article 11 of the Grand-Ducal regulation of February 8, 2008 relating to certain definitions of the law of 20 December 2002 on undertakings for collective investment¹, (ii) CSSF Regulation 10-4 and (iii) CSSF Circulars 08/356 and 11/512, each Fund may for the purpose of generating additional capital or income or for reducing costs or risks enter, either as purchaser or seller, into optional as well as non optional Shariah-compliant repurchase transactions.

As the case may be, collateral received by each Fund in relation to these repurchase transactions may offset net exposure by the counterparty provided it meets a range of standards, including those for liquidity, valuation, and issuer credit quality. Collateral primarily consist of cash and highly rated sovereign fixed income securities. Collateral value is reduced by a percentage (a "haircut") which provides for short term fluctuations in the value of the collateral. Net exposures are calculated daily by the counterparty and subject to the terms of the agreements, including a minimum transfer amount, collateral levels may fluctuate between the Fund and the counterparty depending on the market movement of the exposure. Non-cash collateral received is not sold, reinvested or pledged. Cash collateral received by each Fund in relation to any of these repurchase transactions may be reinvested in a manner consistent with the Shariah Guidelines, the investment objectives of such Fund and the risk diversification requirements detailed in Appendix C "Investment Restrictions" in (a) shares or units issued by short term money market undertakings for collective investment as defined in the Guidelines on a Common Definition of European Money Market Funds, (b) deposits with credit institution having its registered office in a Member State or with a credit institution situated in a non-Member State provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law, (c) high quality government fixed income securities, and (d) reverse repurchase agreement transactions provided the transactions are with credit institutions subject to the prudential supervision and the Company may recall at any time the full amount of cash on accrued basis. The Company has policies with respect to the reinvestment of collateral (specifically, that derivatives or other instruments that may contribute to leverage may not be used) such that it would not impact the Global Exposure calculation.

A Fund may utilise up to 100% of its assets for repurchase agreement transactions, but a Fund's exposure to any single counterparty in respect of repurchase agreement transactions is limited to (i) 10% of its assets where the counterparty is a credit institution having its registered office in an EU Member State or subject to equivalent prudential rules, and (ii) 5% of its assets in other cases. The volume of the repurchase agreement transactions of each Fund shall be kept at a level such that the Fund is able, at all times, to meet its redemption obligations towards Shareholders. Further, each Fund must ensure that, at maturity of the repurchase agreement transactions, it has sufficient assets to be able to settle the amount agreed with the counterparty for the restitution of the securities to the Fund.

Direct and indirect operational costs and fees arising from repurchase arrangements may be deducted from the revenue delivered to the relevant Fund. These costs and fees shall not include hidden revenue. All the revenues arising from such efficient portfolio management technique, net of direct and indirect operational costs, will be returned to the relevant Fund. The annual report of the Company shall contain details of the revenues arising from repurchase arrangements for the entire reporting period together with the direct and indirect operational costs and fees incurred. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers or other financial institutions or intermediaries and may be related parties to the Management Company and/or the Depositary Bank.

RISK MANAGEMENT

The Management Company will employ a risk-management process which enables it with the Investment Managers to monitor and measure at any time the risk of the positions of the Company and their contribution to the overall risk profile of each portfolio. The Management Company or the Investment Managers will employ a process for accurate and independent assessment of the value of OTC derivative instruments.

¹ The law of 20 December, 2002 has been repealed and replaced by the Law of 17 December, 2010.

Upon request of an investor, the Management Company will provide supplementary information relating to the quantitative limits that apply in the risk management of each Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments.

APPENDIX D

ADDITIONAL INFORMATION

1. The Company is an investment company with limited liability organised as a *société anonyme* under the laws of the Grand Duchy of Luxembourg and is qualified as a *société d'investissement à capital variable*. The Company was incorporated in Luxembourg on July 3, 2012, for an undetermined period. The Company is registered with the *Registre de Commerce et des Sociétés de Luxembourg*, under number B-169.965. Copies of the Articles as amended are available for inspection at the *Registre de Commerce et des Sociétés de et à Luxembourg* and the registered office of the Company and of the Management Company.

2. The minimum capital of the Company is 1,250,000 Euro or the equivalent in US dollars.

3. The Company may be dissolved upon decision of an extraordinary general meeting of its Shareholders. If the capital of the Company falls below two thirds of the minimum capital, the Board of Directors must submit the question of the dissolution of the Company to a general meeting for which no quorum shall be prescribed and which shall be decided by a simple majority of the holders of Shares represented at the meeting. If the capital of the Company falls below one-fourth of the minimum capital, the Board of Directors must submit the question of the dissolution of the Company to a general meeting for which no quorum shall be prescribed; dissolution may be resolved by Shareholders holding one-fourth of the Shares at the meeting. If the Company should be liquidated, its liquidation will be carried out in accordance with the provisions of the laws of the Grand Duchy of Luxembourg which specify the steps to be taken to enable Shareholders to participate in the liquidation distribution(s) and in that connection provides for deposit in escrow at the *Caisse de Consignation* of any such amounts which have not been promptly claimed by any Shareholders. Amounts not claimed from escrow within the prescribed period would be liable to be forfeited in accordance with the provisions of the laws of the Grand Duchy of Luxembourg.

4. The Board of Directors may decide to liquidate a Fund if the net assets of such Fund fall below USD 20 million or if a change in the economic or political situation relating to the Fund concerned would justify such liquidation. The decision to liquidate the Fund will be published by the Company prior to the liquidation and the publication will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests of, or to keep equal treatment between the Shareholders, the Shareholders of the Fund concerned may continue to request sale or switch of their Shares. Assets which could not be distributed to their beneficiaries upon the close of the liquidation period of the Fund will be deposited with the Depositary Bank for a period of six (6) months after the closure of liquidation. After such time, the assets will be deposited with the Caisse de Consignation on behalf of their beneficiaries.

Any merger of a Fund with another Fund of the Company or with another UCITS (whether subject to Luxembourg law or not) shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for such merger to the meeting of Shareholders of the Fund concerned. In the latter case, no quorum is required for such meeting and the decision for such merger is taken by a simple majority of the votes cast. In case of a merger of a Fund where, as a result, the Company ceases to exist, the merger shall, notwithstanding the foregoing, be decided by a meeting of Shareholders resolving in accordance with the quorum and majority requirements for the amendment of the Articles.

Under the same circumstances as described in the first paragraph above, the Board of Directors may decide to close down a Share Class by contribution into another Fund or UCITS governed by Part I of the Law of 17 December, 2010. Such decision will be published in the same manner as described above and, in addition, the publication will contain information in relation to the other undertaking for collective investment. Such publication will be made within one (1) month before the date on which the merger becomes effective in order to enable Shareholders to request sale or switch of their Shares, free of charge, before the operation involving contribution into another Fund or another UCITS governed by Part I of the Law of 17 December, 2010 becomes effective.

The Board of Directors may also decide upon the reorganisation of any Fund by means of a division into two or more separate Funds, if required by the interests of the Shareholders of the Fund concerned or if a change in the economic or political situation relating to the Fund concerned would justify such reorganisation. Such decision will be published in the same manner as described above and, in addition, the publication will contain information in relation to the two or more separate Funds resulting from the reorganisation. Such publication will be made within one (1) month before the date on which the reorganisation becomes effective in order to enable Shareholders to request sale or switch of their Shares, free of charge, before the reorganisation becomes effective.

Where the Board of Directors does not have the authority to do so or where the Board of Directors determines that the decision should be put for Shareholders' approval, the decision to liquidate or to reorganise a Fund or to merge a Class may be taken at a meeting of Shareholders of the Fund or Class to be liquidated, merged or reorganised instead of being taken by the Board of Directors. At such class meeting, no quorum shall be required and the decision to liquidate, merge or reorganise must be approved by Shareholders holding at least a simple majority of the Shares present or represented. A publication of such decision will be made at least thirty (30) days before the last date for requesting sale or switch free of charge in order to enable Shareholders to request sale, redemption or switch of their Shares, free of charge, before the liquidation, merger or reorganisation becomes effective.

5. As a matter of policy, the Management Company aims to exercise the voting rights that may be associated with the Company's various investments in transferable securities. Proxy voting records are available free of charge and upon request at the registered office of the Company and of the Management Company.

APPENDIX E

DETERMINATION OF THE NET ASSET VALUE OF SHARES

CALCULATION OF THE NET ASSET VALUE

The Net Asset Value per Share ("NAV") of each Share Class of each Fund shall be expressed in the currency of the relevant Fund or of the relevant Class as a per Share figure, and shall be determined in respect of any Valuation Day by dividing the net assets of the Company corresponding to each Share Class of each Fund, being the value of the assets of the Company corresponding to such Fund less liabilities attributable to such Fund, by the number of Shares then outstanding and shall be rounded up or down to two decimal places as the Board of Directors may decide.

VALUATION

The assets of the Company shall be deemed to include:

- (a) all cash on hand or on deposit, including Hibah or profit accrued thereon;
- (b) all bills and demand notes and accounts receivable (including proceeds of securities sold but not delivered);
- (c) all fixed-income securities, Sukuk, shares, stock, subscription rights, warrants, options and other investments and securities owned or contracted for by the Company;
- (d) all stock, stock dividends, cash dividends and cash distributions receivable by the Company (provided that the Company may make adjustments with regard to fluctuations in the market value of securities caused by trading ex-dividends, ex-rights, or by similar practices);
- (e) all profit accrued on any Hibah/profit-bearing securities owned by the Company, except to the extent that the same is included or reflected in the principal amount of such security;
- (f) the formation expenses of the Company insofar as the same have not been written off; and
- (g) all other assets of every kind and nature, including prepaid expenses.

The total liabilities of the Company shall be deemed to include:

- (a) all loans (all forms of Shariah financing), bills and accounts payable;
- (b) all accrued or payable administrative expenses (including management and/or advisory fees, depositary fees and corporate agents' fees);
- (c) all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid dividends declared by the Company where the Valuation Day falls on the record date for determination of the person entitled thereto or is subsequent thereto;
- (d) an appropriate provision for future taxes based on capital and income to the Valuation Day, as determined from time to time by the Company, and other provisions, if any, authorized and approved by the Board of Directors covering, among others, liquidation expenses; and,
- (e) all other liabilities of the Company of whatsoever kind and nature except liabilities represented by Shares in the Company. In determining the amount of such liabilities the Company shall take into account all relevant expenses payable by the Company comprising formation expenses, fees and expenses at the accounts, fees payable to the Management Company for the performance of its various services and for those rendered by the Investment Managers and/or Advisers, the Shariah Supervisory Board, the Shariah Stock Screening Provider, the Depositary Bank, the , the principal paying agent and local paying agents (if any) and permanent representatives in places of registration, any other agent employed by the Company, fees for legal and auditing services, insurance premiums, printing, reporting and publishing expenses, including the cost of advertising and/or preparing and printing of the prospectuses, explanatory memoranda, KIID or registration statements, taxes or governmental charges, all other operating expenses, including the cost of buying and selling assets, interests, bank charges and brokerage commissions, postage, telephone, telegram, telex, telefax message and facsimile (or other similar means of communication). The Company may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance, and may accrue the same in equal proportions over any such period.

The value of such assets shall be determined as follows:

1) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends, cash distributions and profit accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Company may consider appropriate in such case to reflect the true value thereof.

2) The value of transferable securities, money market instruments and financial derivative instruments are valued on the basis of the last available price at the closing of the relevant stock exchange or regulated market on which these securities or assets are traded or admitted for trading. Where such securities or other assets quoted or dealt in on one or more than one stock exchange or regulated market, the Board of Directors shall make rules as to the order of priority in which such stock exchanges or other regulated markets shall be used for the provisions of prices of securities or assets.

- 3) If a transferable security or money market instrument is not traded or admitted on any official stock exchange or an regulated market, or in the case of transferable securities or money market instruments so traded or admitted where the last available price is not representative of their fair market value, the Board of Directors shall proceed on the basis of their reasonably foreseeable sales price, which shall be valued with prudence and in good faith.
- 4) The financial derivative instruments which are not listed on any official stock exchange or traded on any other regulated market will be valued in accordance with market practice.
- 5) Units or shares of undertakings for collective investment, including Fund(s) of the Company, shall be valued on the basis of their last available net asset value as reported by such undertakings.
- 6) Liquid assets and money market instruments may be valued at nominal value plus any accrued profit or on an amortized cost basis. All other assets, where practice allows, may be valued in the same manner.
- 7) If any of the aforementioned valuation principles do not reflect the valuation method commonly used in specific markets or if any such valuation principles do not seem accurate for the purpose of determining the value of the Company's assets, the Board of Directors may fix different valuation principles in good faith and in accordance with generally accepted valuation principles and procedures.
- 8) Any assets or liabilities in currencies other than the base currency of the respective Funds will be converted using the relevant spot rate quoted by a bank or other recognised financial institution.

Islamic foreign exchange hedging instruments (including Wa'd structured foreign exchange swaps) may be utilised for the benefit of Hedged Share Classes. As such, cost and related liabilities and/or benefits of such hedging activities shall be for the account of that class only. Accordingly, such costs and related liabilities and/or benefits will be reflected in the Net Asset Value per Share for Shares of any such Hedged Share Class. The currency exposures of the assets of the relevant Fund will not be allocated to separate classes. Foreign exchange hedging shall not be used for speculative purposes and shall not contain the element of *riba* (i.e. interest). The periodic reports of the Company will indicate how hedging transactions have been utilised.

The net asset value may be adjusted as the Board of Directors or the Management Company may deem appropriate to reflect, among other considerations, any dealing charges including any dealing spreads, fiscal charges and potential market impact resulting from shareholders' transactions.

In determining the NAV of the Company, the Management Company values cash and receivables at their realisable amounts and records dividends on the ex-dividend date. The Management Company generally utilises two independent pricing services to assist in determining a current market value for each security. If market quotations are readily available for portfolio securities quoted or dealt in on a stock exchange, the Management Company will value those securities at their latest available price on said stock exchange (last quoted sale price or official closing price of the day, respectively), or if there is no reported sale, within the range of the most recent bid and ask prices. Securities dealt in on an organised market will be valued in a manner as near as possible to that for quoted securities.

Generally, trading in corporate Sukuk, government securities or money market instruments is substantially completed each day at various times before the close of the New York Stock Exchange. The value of these securities used in computing the NAV is determined as of such times. Occasionally, events affecting the values of these securities may occur between the times at which they are determined and the close of the New York Stock Exchange that will not be reflected in the computation of the NAV. The Management Company relies on third party pricing vendors to monitor for events materially affecting the value of these securities during this period.

Since the Company may, in accordance with the investment restrictions set forth in Appendix C above, invest in securities that are restricted, unlisted, traded infrequently, thinly traded, or relatively illiquid, there is the possibility of a differential between the last available market prices for one or more of those securities and the latest indications of market values for those securities. The Management Company has procedures to determine the fair value of individual securities and other assets for which market prices are not readily available (such as certain restricted or unlisted securities and private placements) or which may not be reliably priced (such as in the case of trade suspensions or halts, price movement limits set by certain foreign markets, and thinly traded or illiquid securities). Some methods for valuing these securities may include: fundamental analysis (earnings multiple, etc.), matrix pricing, discounts from market prices of similar securities, or discounts applied due to the nature and duration of restrictions on the disposition of the securities.

The application of fair value pricing procedures represents a good faith determination based upon specifically applied procedures. There can be no assurance that the Company could obtain the fair value assigned to a security if it were able to sell the security at approximately the time at which the Management Company determines the Company's NAV per share.

Trading in securities on foreign securities stock exchanges and over-the-counter markets, such as those in Europe and Asia, may be normally completed well before the New York Stock Exchange closing time on each day that the New York Stock Exchange is open. Trading in European or Far Eastern securities generally, or in a particular country or countries, may not take place on every Valuation Day. Furthermore, trading may take place in various foreign markets on days that are not Valuation Days and on which the Fund's net asset value is not calculated. Thus, the calculation of the Shares' net asset value does not take place contemporaneously with the determination of the prices of many of the portfolio securities used in the calculation and, if events materially affecting the values of these foreign securities occur, the securities will be valued at fair value as determined and approved in good faith by or under the direction of the Management Company.

SUSPENSION OF CALCULATION OF NET ASSET VALUE

1. The Company may suspend the determination of the net asset value of the Shares of any particular Fund and the purchase and sale of the Shares and the switch of Shares from and to such Fund:
 - (a) during any period when any of the principal stock exchanges or markets on which any substantial portion of the investments of the Company attributable to such Fund from time to time are quoted is closed, or during which dealings therein are restricted or suspended;
 - (b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets owned by the Company attributable to such Fund would be impracticable;
 - (c) during any breakdown or restriction in the means of communication normally employed in determining the price or value of any of the investments of any particular Fund or the current price or value on any stock exchange or market;
 - (d) during any period when the Company is unable to repatriate funds for the purpose of making payments due on redemption of Shares of such Fund or any period when the transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of such Shares cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange;
 - (e) during any period when the net asset value of Shares of any Fund or Share Class may not be determined accurately;
 - (f) during any period when in the opinion of the Directors there exist unusual circumstances where it would be impractical or unfair towards the Shareholders to continue dealing in the Shares of the Company or of any Fund or any other circumstances, or circumstances where a failure to do so might result in the Shareholders or a Fund incurring any liability to taxation or suffering other pecuniary disadvantage or other detriment which the Shareholders or a Fund might not otherwise have suffered;
 - (g) if the Company or a Fund or a Class of Shares is being or may be wound-up, on or following the date on which such decision is taken by the Board of Directors or notice is given to Shareholders of a general meeting of Shareholders at which a resolution to wind-up the Company or a Fund or a Class of Shares is to be proposed;
 - (h) in the case of a merger, if the Board of Directors deems this to be justified for the protection of the Shareholders; or
 - (i) in the case of a suspension of the calculation of the net asset value of one or several underlying investment funds in which a Fund has invested a substantial portion of assets.
2. Any such suspension shall be publicized, if appropriate, by the Company and shall be notified to Shareholders instructing the sale or switch of their Shares by the Company at the time of the filing of the written request for such sale or switch.

ALLOCATION OF ASSETS AND LIABILITIES

The Board of Directors shall establish a pool of assets for the Shares of each Fund in the following manner:

1.
 - (a) the proceeds from the issue of Shares of each Class of each Fund shall be applied in the books of the Company to the pool of assets established for that Fund, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such pool;
 - (b) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same pool as the assets from which it was derived and in each revaluation of an asset, the increase or diminution in value shall be applied to the relevant pool;
 - (c) where the Company incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability shall be allocated to the relevant pool;
 - (d) in the case where any asset or liability of the Company cannot be considered as being attributable to a particular pool, such asset or liability shall be equally divided between all the pools or, as in so far as justified by the amounts, shall be allocated to the pools pro rata to the net asset value of the relevant pool;
 - (e) upon the record date for determination of the person entitled to any dividend on the Shares of each Class of any Fund, the net asset value of the Shares of such Fund shall be reduced by the amount of such dividend declared.
2. If there have been created within any Fund two or several Share Classes, the allocation rules set out above apply, *mutatis mutandis*, to such Classes.
3. For the purpose of the calculation of the net asset value, the valuation and the allocation as aforesaid, Shares of the Company to be redeemed shall be treated as existing and taken into account until immediately after the close of business on the Valuation Day, and from time to time, until the price therefor has been paid, shall be deemed to be a liability of the Company; all investments, cash balances and other assets of the Company expressed in currencies other than the currency of the relevant Fund shall be valued after taking into account the market rate or rates of exchange in force at the date and time for determination of the net asset value of Shares; and effect shall be given on any Valuation Day to any purchases or sales of securities contracted for by the Company on such Valuation Day, to the extent practicable.

APPENDIX F
CHARGES, FEES AND EXPENSES

1. ENTRY CHARGE AND CDSC

Entry Charge

Share Class Overview	Class A	Class B	Class C	Class I	Class N	Class W	Class X	Class Z
Investor Category	Retail Institutional	Retail Institutional	Retail Institutional	Institutional	Retail Institutional	Retail Institutional	Institutional	Retail Institutional
Entry Charge - Equity Funds	Up to 5,75% See also CDSC table below	See CDSC table below	See CDSC table below	No	Up to 3%	No	No	No
Entry Charge – Fixed Income Funds	Up to 5,00% See also CDSC table below	See CDSC table below	See CDSC table below	No	Up to 3%	No	No	No

CDSC

The amount of the CDSC is calculated by multiplying the percentages indicated in the following chart by the Net Asset Value of the Shares when purchased, or their Net Asset Value when sold, whichever is applicable.

CDSC for Class A Shares on qualified investments of USD 1 million or more		CDSC for Class B Shares		CDSC for Class C Shares	
Period since purchase	Percentage	Period since purchase	Percentage	Period since purchase	Percentage
Less than 18 months	Up to 1%	Less than one year	4%	Less than 12 months	1%
		Equal or more than 1 year but less than 2	3%		
		Equal or more than 2 years but less than 3	2%		
Equal or more than 18 months	0%	Equal or more than 3 years but less than 4	1%	Equal or more than 12 months	0%
		Equal or more than 4 years	0%		

2. INVESTMENT MANAGEMENT FEES (PER ANNUM)

The following investment management fees apply in respect of the Shares as indicated below:

Fund Names	Classes A, B, C, N, Z	Class I	Class W
Franklin Templeton Global Sukuk Fund	1.00%	0.70%	up to 2.00%
Templeton Shariah Global Equity Fund	1.00%	0.70%	up to 2.00%
Templeton Shariah Asian Growth Fund	1.35%	0.90%	up to 2.00%

3. MAINTENANCE CHARGES

The following maintenance charges apply in respect of the Class A Shares, Class B Shares, Class C Shares and Class N Shares:

Fund Names	Class A*	Class B*	Class C**	Class N*
Franklin Templeton Global Sukuk Fund	up to 0.30%	up to 1.75%	1.08%	1.25%
Templeton Shariah Global Equity Fund	up to 0.50%	up to 0.75%	1.08%	1.25%
Templeton Shariah Asian Growth Fund	up to 0.50%	up to 0.75%	1.08%	1.00%

* Maintenance charge per annum applied to the average Net Asset Value of the Share Class.

** Maintenance charge per annum applicable to the average Net Asset Value of Class C shares from the second and subsequent years of investment.

4. SERVICING CHARGES

Class B Shares

A servicing charge of **1.06%** per annum is applicable to the average Net Asset Value of Class B shares.

Class C Shares

A servicing charge of **1.08 %** per annum is applicable to the average Net Asset Value of Class C shares during the first year of investment.



FRANKLIN TEMPLETON SHARIAH FUNDS

Société d'investissement à capital variable

Registered office: 8A, rue Albert Borschette, L-1246 Luxembourg

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Mandatory Statement

Applicable to an Offer or Sale of Units of a Foreign Fund in or from the Dubai International Financial Centre

This Prospectus relates to a Fund which is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA") and is not directed to Retail Clients.

The DFSA has no responsibility for reviewing or verifying any Prospectus or other documents in connection with this Fund. Accordingly, the DFSA has not approved this Prospectus or any other associated documents nor taken any steps to verify the information set out in this Prospectus, and has no responsibility for it.

The Units to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Units.

If you do not understand the contents of this document you should consult an authorised financial adviser.