

Fund Details

ISIN	LU1195185126
Domicile	Luxembourg
Currency	USD
Asset Class	Fixed Income
Management Fee	0.70%
Ongoing Charges, as of August 31, 2021	0.90%
AUM, as of August 31, 2021 (USD, mn)	346.99

Figure 1: Sector Allocation, July 2021

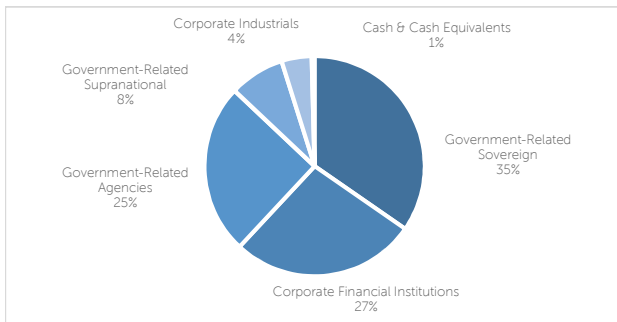
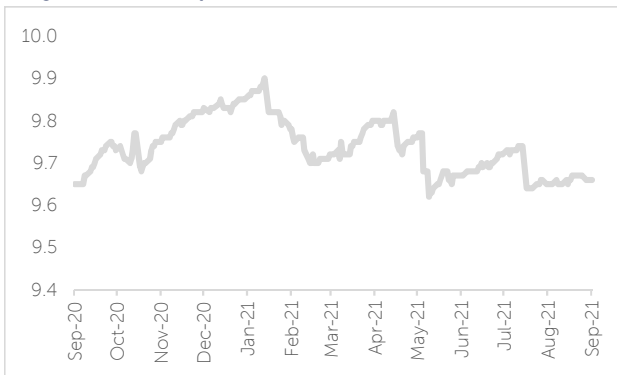


Figure 2: Fund's 1 year Performance (USD)



Source: Figure 1 – Fund's Factsheet (31 July 2021), Figure 2 - Factset (27 September 2021)

Fund Management

Franklin Templeton Investments manages USD1,552.1 billion of total client assets as of end-June 2021. By asset class, Franklin invests majorly in fixed income (42%), followed by equity (35%), multi-asset (10%), and alternative (9%). It has over 600 investment professionals across 35 countries and employs more than 10,600 people.

Fund

Investment Objective: The Fund aims to maximize, consistent with prudent investment management, total investment return, consisting of a combination of profit income and capital appreciation, by investing principally in a portfolio of fixed- and floating-rate Shariah-compliant securities, including Sukuk, Murabaha and Wakala placements and other short-term instruments issued by government, government-related and corporate entities located in developed and developing countries.

Investment Process: The Fund's investment process incorporates multiple research perspectives - predominantly proprietary bottom-up fundamental issuer analysis, but also top-down macroeconomic and country-specific research. The investment seeks to identify opportunities from the investable universe, researching 140 sovereign, supranational, financial, and corporate issuers. The analysts also collaborate with Franklin Templeton Fixed Income's global team of 152 investment professionals, sharing information to enhance their overall assessment of global, country, and industry developments.

- **Bottom-up Analysis:** A global universe of sovereign and corporate issuers are evaluated and rated using fundamental bottom up research. Forward looking financial models that incorporate qualitative criteria are used based on which multiple ratios are weighted and aggregated to produce an internal credit score.
- **Model Portfolio:** A model portfolio is constructed using issuer weights which are based on potential upside relative to fair value. The more divergent the assessment of value with market consensus the higher the active risk.
- **Portfolio Implementation:** Top down analysis applied, covering duration, yield curve, currencies and spreads. Customized risk framework analysis is carried out

Investment Parameters: The key investment parameters of the Fund are,

- The strategy invests mainly in Sukuk investments.
- The Fund may also hold short term instruments including Murabaha placements and up to 20% of its net assets in Sharia compliant credit linked notes or structured products.
- The average portfolio rating will typically be investment grade (above BBB-/Baa3).
- The team expects to have an average position size of between 1.5% and 2.0%.
- Country exposure is controlled by the duration x spread (DTS) guidelines, which limit the contribution to overall DTS from any single country to 35%, and from any sector to 35%.
- Issuer risk and diversification is controlled and limits exposure to a single corporate issuer to 5%.
- The portfolio will hold at least 30 positions, with an average of 45-50 positions. However, there are no restrictions on the maximum number of holdings.
- Targeted fixed income to cash ratio is 80%-95% fixed income and 5%-20% cash.
- High yield issuers limited to 25%.
- Non US dollar currencies limited to 20%.



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Sources: 1. Standard Request For Proposal (03/31/2021), 2. Fund's Factsheet (July 2021), 3. Morningstar Fund Details (09/27/2021), 4. Factset (09/27/2021)