

Franklin Templeton Index Funds

Invest in Franklin
Templeton Index Funds.
And save your time for
things that matter.



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INVESTMENTS

Invest in Franklin Templeton Index Funds, and you won't need to spend your time and energy monitoring the stock market. Simply because these funds invest only in the top 50 blue chip stocks - as represented in the reputable S&P CNX Nifty Index - and seek to replicate the returns generated by this index.

Which means you needn't waste your time by keeping track of your investment. The Franklin Templeton Index Funds also give you a well-diversified portfolio, affordability and tax advantages.

In other words, it's a great way to start investing in equities.

[HERE ARE SOME FREQUENTLY ASKED QUESTIONS ON INDEX MUTUAL FUNDS.](#)

[What is an Index?](#)

A market Index helps us evaluate the performance of a given market. For instance if one wants to understand how the stock market has performed over the last 5, 10 or 15 years, one would need to study the performance of each of the stocks listed in the stock market. Alternatively, it would be easier to construct a representative sample that makes it simple to understand and interpret market performance. Such a sample is termed as an Index.

Well-known indices in the Indian equity market are the BSE Sensex and S&P CNX Nifty which reflect the movement of 30 stocks on the Bombay Stock Exchange (BSE) and 50 stocks on the National Stock Exchange (NSE) respectively. The BSE Sensex has grown from a base of 100 in 1979-80 to over 3000 in recent times. A Compounded Annualised Growth Rate (CAGR) of 17% per annum.

[So what is an Index Fund?](#)

An Index Fund is a mutual fund that seeks to replicate the returns generated by an Index. An Index Fund manager invests in securities comprising the Index in an attempt to replicate the Index performance.

[What is the Franklin India Index Fund \(FIIF\)?](#)

FIIF is an open-end passive Index Fund with the objective to invest in companies whose securities are included in the S&P CNX Nifty Index and, subject to tracking errors, endeavours to attain results commensurate with the S&P CNX Nifty Index. It would seek to do that by investing in all the stocks comprising the S&P CNX Nifty Index in approximately the same weightage that they are represented in the S&P CNX Nifty. Subscriptions in FIIF are subject to a lock-in period of 10 calendar days from the date of investment.

[What is the Franklin India Index Tax Fund \(FITF\)?](#)

FITF is an Index based open-end Equity Linked Savings Scheme eligible for benefits under Section 88(2)(xiib) of the Income Tax Act, 1961. Individual investors and Hindu Undivided Family's (HUF'S) can avail a tax rebate on investments upto Rs. 10,000 per annum, subject to the applicable rates and the income brackets to which they belong. Like FIIF the objective of the scheme is to invest in companies whose securities are included in the S&P Nifty Index and, subject to tracking errors, endeavours to attain results commensurate with the S&P CNX Nifty Index. It would seek to do that by investing in all the

stocks comprising the S&P CNX Nifty Index in approximately the same weightage that they are represented in the S&P CNX Nifty. Subscriptions in FITF are subject to lock-in period of 3 years from the date of allotment.

[Tell me a little more about the S&P CNX Nifty?](#)

The S&P CNX NIFTY, also popularly known as the Nifty Fifty, is one of the most scientific indices in India that reflects the price movement of 50 blue-chip, large cap, liquid and highly traded stocks over 25 sectors. The Nifty is managed by India Index Services & Products Ltd. (IISL), which has been set up by NSE and CRISIL with technical assistance from Standard & Poor. IISL focuses on the Index as its core product and today owns and operates the S&P CNX Nifty.

[What are the stocks represented in the Nifty Fifty?](#)

The top Ten Securities in the S&P CNX Nifty (as on March 28, 2002):

Hindustan Lever Ltd.	14.18%
Wipro Ltd.	11.31%
Reliance Industries Ltd.	09.06%
Infosys Technologies Ltd.	07.10%
ITC Ltd.	04.89%
Reliance Petroleum Ltd.	03.85%
State Bank of India	03.31%
Ranbaxy Laboratories Ltd.	02.91%
Hindustan Petroleum Corporation Ltd.	02.82%
Mahanagar Telephone Nigam Ltd.	02.65%

Some of the other stocks included in the Nifty Index (not in any specific order) are: ICICI Ltd., Procter & Gamble India Ltd., Grasim Industries Ltd., Gujarat Ambuja Cements Ltd., Hero Honda Motors Ltd., HPCL, Dr. Reddy's Labs. and HDFC Bank Ltd.

[THE SYSTEMATIC INVESTMENT PLAN](#)

The Systematic Investment Plan (SIP) is a unique concept that allows investors to save a fixed amount of Rupees every month / quarter for purchasing additional units of Franklin Templeton Funds. Investors can avail of the SIP in FIIF or FITF with a minimum investment of Rs. 500/- in the case of FIIF and a minimum of Rs. 500/- or multiples of Rs. 500/- in the case of FITF. This is possible by providing post dated-cheques for the 1st or 7th of each month.

[WHY FRANKLIN TEMPLETON INDEX FUNDS?](#)

Here are a few reasons:

[Portfolio of blue chip stocks](#)

The Nifty 50 Index consists of some of the top stocks from a wide cross section of companies and industries. The Index is refreshed from time to time to bring in stocks that better represent the market and the economy.

[Diversification](#)

The Nifty 50 consists of 50 stocks currently chosen from across 25 different sectors, thus offering a potentially low risk portfolio owing to its high degree of diversification.

Low operating costs

Franklin Templeton Index Funds being passive Funds, will tend to have lower investment management fees as compared with an actively managed equity fund.

Affordability

Franklin Templeton Index Funds offer an affordable means to participate in the equity markets as the minimum investment required to start an account in FIIF is Rs. 2000/- and in FITF Rs. 500/-.

WHAT ELSE DO I NEED TO KNOW BEFORE INVESTING IN INDEX FUNDS?

An Index Fund does not attempt to outperform the stock market but simply offers a convenient way to participate in it. An Index Fund is as good as the Index it tracks. Also, a comparison between the returns of an Index Fund and that of an Index may show a variation commonly known as the Tracking Error.

The Tracking Error can occur due to a variety of reasons. While the Index is calculated on the daily closing prices on the NSE, the Fund will need to buy or sell securities at different times, during the trading session at the then prevailing prices. Also, the inability of the Fund to buy or sell exact quantities (sometimes due to market illiquidity reasons) may result in a Tracking Error.

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Scheme Classification and Objectives: Franklin India Index Fund (FIIF) and Franklin India Index Tax Fund (FITF) are open ended index linked growth schemes with the objective to invest in companies whose securities are included in the Nifty and subject to tracking errors, endeavoring to attain results commensurate with the S&P CNX Nifty Index. **Risk factors:** All investments in mutual funds and securities are subject to market risks and the NAVs of the schemes may go up or down depending upon the factors and forces affecting the securities market. There can be no assurance that schemes' investment objectives will be achieved. The past performance of the mutual funds managed by the Franklin Templeton Group and its affiliates is not necessarily indicative of future performance of the schemes. **The Mutual Fund is not guaranteeing or assuring any dividend under the schemes.** FIIF and FITF are only the names of the schemes and do not in any manner indicate the quality of the schemes, their future prospects or returns. The Fund is subject to external risks on transferring, pricing, trading volumes, settlements etc. of securities and hence redemptions may be delayed inordinately. The existence, accuracy and performance of the S&P CNX Nifty Index will directly affect the schemes performance and tracking errors are inherent in any Index Fund. The tracking errors are expected to be around 2% per annum but may vary substantially due to several factors. The schemes may invest in various derivative instruments including Index futures which are untested instruments and may carry high risk return ratio and the schemes may invest in overseas instruments which is subject to forex fluctuations. All redemptions in FIIF will be subject to a lock-in-period of period of 10 calendar days from the date of allotment. All subscriptions in FITF are subject to a lock-in-period of 3 years and the unitholder cannot redeem, transfer, assign or pledge the units from the date of allotment. The Trustee, AMC, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that FITF is wound up before the completion of the lock-in period. Please call the Templeton Investor Service Centres to obtain a copy of the offer document and go through the same before investing. **Load Structure:** FIIF - Entry Load: 1% Exit Load - Nil. FITF- Entry Load & Exit Load - Nil. **Statutory Details:** Templeton Mutual Fund in India has been set up as a trust by Templeton International Inc. (liability restricted to the seed corpus of Rs.1 lac) with Templeton Trust Services Pvt. Ltd. as the Trustee (Trustee under the Indian Trust Act 1882) and with Templeton Asset Management (India) Pvt.Ltd. as the Investment Manager. The Fund offers NAVs, purchases and redemptions on all business days.



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