FRANKLIN TEMPLETON INVESTMENTS

Franklin Templeton Mutual Fund

Indiabulls Finance Center, Tower 2, 12th and 13th Floor, Senapati Bapat Marg,
Elphinstone Road (West), Mumbai 400013

Addendum to various Scheme Information Documents/ Key information Memorandum of Franklin Templeton Mutual Fund

The unit holders of various schemes of Franklin Templeton Mutual Fund ("FTMF") are requested to note that pursuant to SEBI circulars dated October 06, 2017 and December 4, 2017 on categorization and rationalization of mutual fund schemes, following is proposed:

Merger of Plans

As a part of the categorization and rationalization of schemes process, Franklin India Government Securities Fund (FIGSF) - Composite and PF Plan (Merging Plans) shall be merged into FIGSF – Long Term Plan (Surviving Plan) as on June 4, 2018. Consequently, from the date of merger i.e., effective June 4, 2018, the investors of Merging Plans would become investors of Surviving Plan.

The sale of the units of FIGSF - Composite and PF Plan (including switch-in) will be suspended w.e.f. April 20, 2018, except in respect of SIP, STP and DTP. Registration of SIP / STP / DTP will also be suspended w.e.f. from April 20, 2018.

The requirement of minimum application amount for fresh and additional purchase of units as mentioned in the Scheme Information Document will not be applicable in respect of the units of surviving plan allotted to the investors of Merging Plan(s) on account of the merger.

Further, the portfolio of Merging Plan(s) as on the date of merger, which is valued as per SEBI Guidelines, will be merged with the portfolio of Surviving Plan as applicable.

In case of investors in merging plan(s) who opt to continue in Surviving plan post-merger and have registered for any of the systematic transaction facility viz., Systematic Investment Plan (SIP), Systematic Transfer Plan (STP), Dividend Transfer Plan (DTP) or Systematic Withdrawal Plan (SWP) in Merging Plan(s), the said registration for SIP, STP, DTP or SWP will continue under Surviving Plan for its balance tenure subsequent to the merger.

If the investors do not wish to continue the systematic transactions under Surviving Plan post-merger, the investors are required to intimate Franklin Templeton Mutual Fund in writing their unwillingness to continue the said facilities latest by 3 p.m. on June 1, 2018. In respect of the units in Merging Plan(s) which are under any pledge / lien / encumbrance, such pledge/lien/encumbrance will continue on the units allotted in Surviving Plan on account of merger.

Subsequent to the merger, the Merging Plan(s) viz. FIGSF – Composite and PF Plan shall cease to exist.

Change in Scheme features

Further, as a part of the categorization and rationalization of schemes process, it is proposed to change certain features of few schemes (collectively referred as 'the Schemes') with effect from June 4, 2018.

Given below are the changes in the features of the Schemes. Some of these changes constitute change in fundamental attributes of the Schemes.

1. Franklin India Prima Plus

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Name of Scheme</td><td>Franklin India Prima Plus</td><td>Franklin India Equity Fund</td></tr>
<tr><td>Type of Scheme</td><td>An open-end growth fund</td><td>Multi-cap Fund- An open ended equity scheme investing across large cap, mid cap, small cap stocks</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Equities</td><td>Medium to High</td><td>At least 40%</td></tr>
<tr><td>Debt*</td><td>Low to Medium</td><td>Upto 40%</td></tr>
<tr><td>Money Market Instruments</td><td>Low</td><td>Upto 20%</td></tr>
</table>
*Includes Securitised Debt upto 40%

#including investments in Foreign Securities as may be permitted by SEBI/RBI upto the limit specified for applicable asset class in the asset allocation table above.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

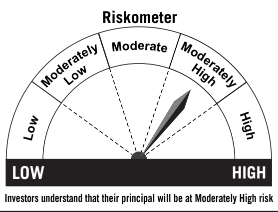
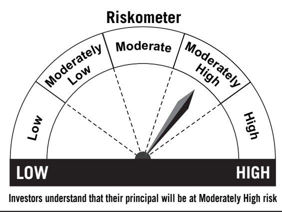
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time. Trading in derivatives by the scheme shall be restricted to hedging and portfolio balancing purposes.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Equity and Equity related instruments</td><td>Medium to High</td><td>65-100</td></tr>
<tr><td>Debt & Money Market Instruments*</td><td>Low to Medium</td><td>0-35</td></tr>
</table>
*Includes Securitised Debt upto 35%

#including investments in Foreign Securities as may be permitted by SEBI/RBI upto 35% of net assets

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time. Trading in derivatives by the scheme shall be restricted to hedging and portfolio balancing purposes.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
<tr><td>Investment Strategy</td><td>The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose wealth creating companies across sectors. The scheme will invest in diversified portfolio of primarily large cap stocks, with a marginal small/mid cap exposure.</td><td>The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose wealth creating companies across sectors.</td></tr>
<tr><td>Product positioning</td><td>A diversified equity portfolio investing predominantly in large cap stocks with allocation to mid and small caps.</td><td>A diversified equity portfolio investing in large, mid and small-cap stocks</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• Primarily a large cap fund with some allocation to small/mid cap stocks

</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• Investing in large, mid and small-cap stocks

</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

2. Franklin India Bluechip Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Type of scheme</td><td>Open – end Growth Fund</td><td>Large-cap Fund- An open ended equity scheme predominantly investing in large cap stocks</td></tr>
<tr><td>Investment Objective</td><td>To provide medium to long term capital appreciation.</td><td>The investment objective of the scheme is to generate long-term capital appreciation by actively managing a portfolio of equity and equity related securities. The Scheme will invest in a range of companies, with a bias towards large cap companies.</td></tr>
<tr><td>Benchmark Index</td><td>S&P BSE Sensex</td><td>Nifty 100</td></tr>
<tr><td>Definition of Large cap, mid cap and small cap companies</td><td>-</td><td>Definition as prescribed by SEBI of large cap, mid cap and small cap is as follows:
a. Large Cap: 1st -100th company in terms of full market capitalization
b. Mid Cap: 101st -250th company in terms of full market capitalization
c. Small Cap: 251st company onwards in terms of full market capitalization

Franklin Templeton Mutual Fund (FTMF) will adopt the list of stocks as prepared by AMFI in this regard and AMFI would adhere to the following points while preparing the list:
a. If a stock is listed on more than one recognized stock exchange, an average of full market capitalization of the stock on all such stock exchanges, will be computed;
b. In case a stock is listed on only one of the recognized stock exchanges, the full market capitalization of that stock on such an exchange will be considered.
c. This list would be uploaded on the AMFI website and the same would be updated every six months based on the data as on the end of June and December of each year. The data shall be available on the AMFI website within 5 calendar days from the end of the 6 months period.
d. While preparing the single consolidated list of stocks, average full market capitalization of the previous six months of the stocks shall be considered.

Subsequent to any updation in the list, FTMF would rebalance the portfolio (if required) in line with updated list, within a period of one month.</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Equities</td><td>Medium to High</td><td>Above 60%</td></tr>
<tr><td>Debt*</td><td>Low to Medium</td><td>Upto 40%</td></tr>
<tr><td>Money Market Instruments</td><td>Low</td><td>Upto 15%</td></tr>
</table>
* includes Securitised Debt upto 40%

#including investments in Foreign Securities as may be permitted by SEBI/RBI upto the limit specified for applicable asset class in the asset allocation table above.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time. Trading in derivatives by the scheme shall be restricted to hedging and portfolio balancing purposes.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Equity and Equity related instruments of Large cap companies</td><td>Medium to High</td><td>80-100%</td></tr>
<tr><td>Equity and Equity related instruments of other companies</td><td>Medium to High</td><td>0-20%</td></tr>
<tr><td>Debt & Money Market Instruments*</td><td>Low to Medium</td><td>0-20%</td></tr>
</table>
* includes Securitised Debt upto 20%

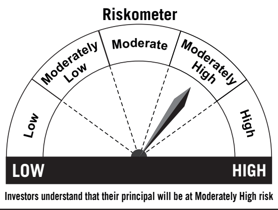
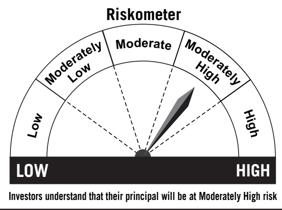
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto 35% of net assets

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time. Trading in derivatives by the scheme shall be restricted to hedging and portfolio balancing purposes.

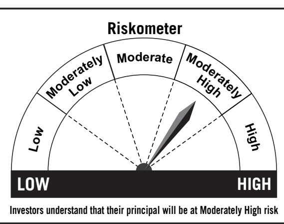
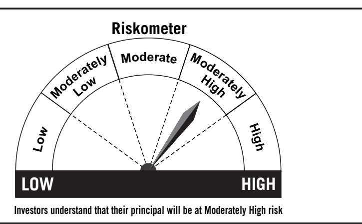
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation.

However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
</table>

<table>
<tr><td>Investment Strategy</td><td>The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose companies across sectors. The scheme will invest in diversified portfolio of stocks which have a large market capitalization and are liquid. Large capitalization stocks are generally defined as stocks whose market cap is higher than that of hundredth stock in the Nifty 500 Index.</td><td>The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose companies across sectors. The scheme will invest in diversified portfolio of stocks which have a large market capitalization and are liquid.</td></tr>
<tr><td>Product positioning</td><td>A diversified equity portfolio investing in Large Cap stocks.</td><td>A diversified equity portfolio predominantly investing in large-cap stocks.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• A fund that invests in large cap stocks
</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• A fund that primarily invests in large-cap stocks
</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

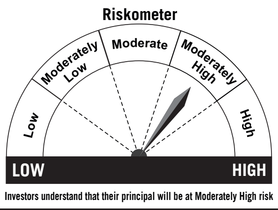
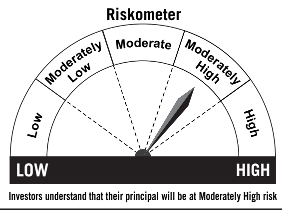
3. Franklin India Flexi Cap Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Name of Scheme</td><td>Franklin India Flexi Cap Fund</td><td>Franklin India Equity Advantage Fund</td></tr>
<tr><td>Type of Scheme</td><td>Open-end diversified equity fund</td><td>Large & Mid-cap Fund- An open ended equity scheme investing in both large cap and mid cap stocks</td></tr>
<tr><td>Investment Objective</td><td>To provide medium to long-term capital appreciation by investing in stocks across the entire market capitalisation range.</td><td>To provide medium to long-term capital appreciation by investing primarily in Large and Mid-cap stocks.</td></tr>
<tr><td>Definition of Large cap, mid cap and small cap companies</td><td>–</td><td>Definition as prescribed by SEBI of large cap, mid cap and small cap is as follows:
a. Large Cap: 1st -100th company in terms of full market capitalization
b. Mid Cap: 101st -250th company in terms of full market capitalization
c. Small Cap: 251st company onwards in terms of full market capitalization
Franklin Templeton Mutual Fund (FTMF) will adopt the list of stocks as prepared by AMFI in this regard and AMFI would adhere to the following points while preparing the list:
a. If a stock is listed on more than one recognized stock exchange, an average of full market capitalization of the stock on all such stock exchanges, will be computed;
b. In case a stock is listed on only one of the recognized stock exchanges, the full market capitalization of that stock on such an exchange will be considered.
c. This list would be uploaded on the AMFI website and the same would be updated every six months based on the data as on the end of June and December of each year. The data shall be available on the AMFI website within 5 calendar days from the end of the 6 months period.
d. While preparing the single consolidated list of stocks, average full market capitalization of the previous six months of the stocks shall be considered.
Subsequent to any updation in the list, FTMF would rebalance the portfolio (if required) in line with updated list, within a period of one month.</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets</th></tr>
<tr><td>Equities and Equity Linked instruments# out of which</td><td>Medium to High</td><td>75% - 100%</td></tr>
<tr><td>Large Cap</td><td>Medium</td><td>20%-100%</td></tr>
<tr><td>Mid Cap</td><td>Medium to High</td><td>0%-70%</td></tr>
<tr><td>Small Cap</td><td>High</td><td>0%-40%</td></tr>
<tr><td>Debt securities*</td><td>Low to Medium</td><td>0% - 25%</td></tr>
<tr><td>Money Market Instruments</td><td>Low</td><td>0% - 25%</td></tr>
</table>
including investments in ADR/GDR up to 50%, exposure in derivatives upto a maximum of 50%
*including securitised debt upto 25%
The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time. Trading in derivatives by the scheme shall be restricted to hedging and portfolio balancing purposes.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
Market Capitalisation: Market value of the listed company, which is calculated by multiplying its current market price by number of its shares outstanding.
Large Cap Stocks: Any stock having market capitalisation above Rs. 1500 crores.
Mid Cap Stocks: Any stock having market capitalisation between Rs. 250 crores to Rs. 1500 crores.
Small Cap Stocks: Any stock having market capitalisation below Rs. 250 crores.</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Equity and Equity linked instruments of large cap companies</td><td>Medium to High</td><td>35-65</td></tr>
<tr><td>Equity and Equity linked instruments of Mid cap companies</td><td>Medium to High</td><td>35-65</td></tr>
<tr><td>Equity and Equity linked instruments of other companies</td><td>Medium to High</td><td>0-30</td></tr>
<tr><td>Debt & Money Market Instruments *</td><td>Low to Medium</td><td>0-30</td></tr>
</table>
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto 35% of net assets
*including securitised debt upto 30%
The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time. Trading in derivatives by the scheme shall be restricted to hedging and portfolio balancing purposes.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation.
However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
<tr><td>Investment Strategy</td><td>The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose companies across sectors. The scheme will invest in diversified portfolio of stocks which have a large market capitalization and are liquid. Large capitalization stocks are generally defined as stocks whose market cap is higher than that of hundredth stock in the Nifty 500 Index.</td><td>The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose companies across sectors. The scheme will invest predominantly in large and mid-cap stocks.</td></tr>
<tr><td>Product positioning</td><td>A diversified equity portfolio investing across market capitalizations in a dynamic manner based on relative valuations.</td><td>A diversified equity portfolio predominantly investing in large and mid-cap stocks.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• A fund that invests in stocks of companies across the market cap range
</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• A fund that primarily invests in large and mid-cap stocks
</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

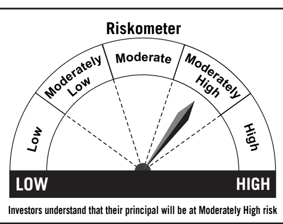
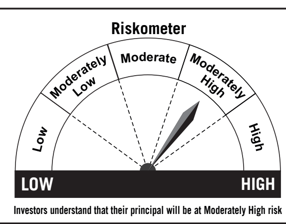
4. Franklin India Prima Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Type of Scheme</td><td>Open– end Growth Scheme</td><td>Mid-cap Fund- An open ended equity scheme predominantly investing in mid cap stocks</td></tr>
<tr><td>Benchmark Index</td><td>Nifty 500 and Nifty Free Float Midcap 100</td><td>Nifty Midcap 150</td></tr>
<tr><td>Definition of Large cap, mid cap and small cap companies</td><td>–</td><td>Definition as prescribed by SEBI of large cap, mid cap and small cap is as follows:
a. Large Cap: 1st -100th company in terms of full market capitalization
b. Mid Cap: 101st -250th company in terms of full market capitalization
c. Small Cap: 251st company onwards in terms of full market capitalization
Franklin Templeton Mutual Fund (FTMF) will adopt the list of stocks as prepared by AMFI in this regard and AMFI would adhere to the following points while preparing the list:
a. If a stock is listed on more than one recognized stock exchange, an average of full market capitalization of the stock on all such stock exchanges, will be computed;
b. In case a stock is listed on only one of the recognized stock exchanges, the full market capitalization of that stock on such an exchange will be considered.
c. This list would be uploaded on the AMFI website and the same would be updated every six months based on the data as on the end of June and December of each year. The data shall be available on the AMFI website within 5 calendar days from the end of the 6 months period.
d. While preparing the single consolidated list of stocks, average full market capitalization of the previous six month of the stocks shall be considered.
Subsequent to any updation in the list, FTMF would rebalance the portfolio (if required) in line with updated list, within a period of one month.</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Equities</td><td>Medium to High</td><td>Above 60%</td></tr>
<tr><td>Debt*</td><td>Low to Medium</td><td>Upto 40%</td></tr>
<tr><td>Money Market Instruments</td><td>Low</td><td>Upto 15%</td></tr>
</table>
* Includes Securitised Debt upto 40%
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto the limit specified for applicable asset class in the asset allocation table above.
The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time. Trading in derivatives by the scheme shall be restricted to hedging and portfolio balancing purposes.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Equity and equity related instruments of mid cap companies</td><td>Medium to High</td><td>65-100%</td></tr>
<tr><td>Equity and equity related instruments of other than mid cap companies</td><td>Medium to High</td><td>0-35%</td></tr>
<tr><td>Debt & Money Market Instruments *</td><td>Low to Medium</td><td>0-35%</td></tr>
</table>
* Includes Securitised Debt upto 35%
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto 35% of net assets
The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time. Trading in derivatives by the scheme shall be restricted to hedging and portfolio balancing purposes.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation.
However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
</table>

<table>
<tr><td>Investment Strategy</td><td>The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose companies across sectors. The scheme will invest in diversified portfolio of primarily mid and small cap stocks. Mid & Small cap stocks are defined as companies whose market cap is less than the hundredth stock in Nifty 500 Index.</td><td>The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose companies across sectors. The scheme will invest in diversified portfolio of primarily mid cap stocks.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• A fund that invests in mid and small cap stocks
</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• A fund that primarily invests in mid-cap stocks
</td></tr>
</table>

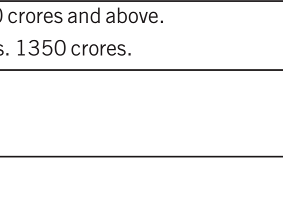
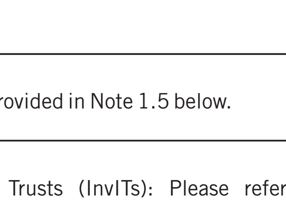
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

5. Franklin India Smaller Companies Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Type of Scheme</td><td>Open-end diversified equity fund</td><td>Small-cap Fund- An open ended equity scheme predominantly investing in small cap stocks</td></tr>
<tr><td>Investment Objective</td><td>The Fund seeks to provide long-term capital appreciation by investing in mid and small cap companies.</td><td>The Fund seeks to provide long-term capital appreciation by investing predominantly in small cap companies.</td></tr>
<tr><td>Benchmark Index</td><td>Nifty Free Float Midcap 100</td><td>Nifty Smallcap 250</td></tr>
<tr><td>Definition of Large cap, mid cap and small cap companies</td><td>–</td><td>Definition as prescribed by SEBI of large cap, mid cap and small cap is as follows:
a. Large Cap: 1st -100th company in terms of full market capitalization
b. Mid Cap: 101st -250th company in terms of full market capitalization
c. Small Cap: 251st company onwards in terms of full market capitalization
Franklin Templeton Mutual Fund (FTMF) will adopt the list of stocks as prepared by AMFI in this regard and AMFI would adhere to the following points while preparing the list:
a. If a stock is listed on more than one recognized stock exchange, an average of full market capitalization of the stock on all such stock exchanges, will be computed;
b. In case a stock is listed on only one of the recognized stock exchanges, the full market capitalization of that stock on such an exchange will be considered.
c. This list would be uploaded on the AMFI website and the same would be updated every six months based on the data as on the end of June and December of each year. The data shall be available on the AMFI website within 5 calendar days from the end of the 6 months period.
d. While preparing the single consolidated list of stocks, average full market capitalization of the previous six months of the stocks shall be considered.
Subsequent to any updation in the list, FTMF would rebalance the portfolio (if required) in line with updated list, within a period of one month.</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>Min%-Max%*</th></tr>
<tr><td>Equities and Equity Linked instruments out of which:</td><td>Medium to High</td><td>75% - 100%</td></tr>
<tr><td>Smaller Companies</td><td>High</td><td>75% - 100%</td></tr>
<tr><td>Other Companies</td><td>Medium</td><td>0% - 25%</td></tr>
<tr><td>Debt**/Money Market Instruments/Cash</td><td>Low to Medium</td><td>0% - 25%</td></tr>
</table>
* including investments in ADR/GDR/foreign securities up to 50% of the equity/debt portion, exposure in derivatives up to a maximum of 50%.
**including securitised debt up to 25%.
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
The fund manager(s) will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time by investing in Smaller Companies as defined.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis, on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from the date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Equities and Equity Linked instruments of Smaller Companies</td><td>Medium to High</td><td>65 – 100%</td></tr>
<tr><td>Equities and Equity Linked instruments of other Companies</td><td>Medium to High</td><td>0 – 35%</td></tr>
<tr><td>Debt/Money Market Instruments/Cash **</td><td>Low to Medium</td><td>0 – 35%</td></tr>
</table>
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto 35% of net assets
**including securitised debt up to 35%.
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
The fund manager(s) will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time by investing in Smaller Companies as defined.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis, on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from the date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.</td></tr>
<tr><td>Investment Strategy</td><td>FISCF is an open end diversified equity fund designed for those investors who seek exposure to an equity product that can take advantage of the opportunities available in the mid and small cap space. The fund shall invest at least 75% of its corpus in equity and equity related securities of those Smaller Companies, which has a market capitalisation below that of the 100th stock in Nifty 500 Index, with the index constituents ranked in terms of market capitalisation and may or may not be a company forming part of the Nifty 500. The universe would also include those companies coming out with fresh issuance IPO and whose post issue market cap (based on issue price) would fall under above-mentioned criteria. The remaining portion of the portfolio will be invested in equity and equity related securities of any company, which has market capitalisation of the 100th stock and above in Nifty 500 and may or may not be a company forming part of the Nifty 500 index and in the opinion of the fund manager have attractive growth prospects and potential to outperform the broad market indices. The overall investment strategy of FISCF will be in line with the FT Equity (India) style of equity investing.</td><td>FISCF is an open end equity fund designed for those investors who seek exposure to an equity product that can take advantage of the opportunities available predominantly in the small cap space. The universe may also include some allocation to companies in large and mid cap space.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• A fund that invests primarily in small and mid cap companies
</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• A fund that invests primarily in small-cap stocks
</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

6. Templeton India Equity Income Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Type of Scheme</td><td>An open-end diversified equity fund</td><td>An open ended equity scheme predominantly investing in dividend yielding stocks</td></tr>
<tr><td>Investment Objective</td><td>The Scheme seeks to provide a combination of regular income and long-term capital appreciation by investing primarily in stocks that have a current or potentially attractive dividend yield.</td><td>The Scheme seeks to provide a combination of regular income and long-term capital appreciation by investing primarily in stocks that have a current or potentially attractive dividend yield, by using a value strategy.</td></tr>
<tr><td>Asset Allocation Pattern</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Equity & Equity linked instruments, out of which</td><td>Medium to high</td><td>70-100%</td></tr>
<tr><td>Large Companies</td><td>Medium</td><td>20%-75%</td></tr>
<tr><td>Other Indian Companies</td><td>Medium to High</td><td>0%-25%</td></tr>
<tr><td>Foreign securities as permitted by SEBI/ RBI</td><td>Medium to High</td><td>0%-50%</td></tr>
<tr><td>Debt securities, Money Market Instruments and cash*</td><td>Low to Medium</td><td>0%-30%</td></tr>
</table>
including investments in ADR/GDR/Foreign Securities/FCCBs and any other instruments as may be permitted by SEBI/RBI upto 50% of the net assets of the scheme, exposure in derivatives upto a maximum of 50%
* including securitised debt upto 30%</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>% of Net Assets #</th><th>Risk Profile</th></tr>
<tr><td>Equity and Equity related instruments, out of which:</td><td>65%-100%</td><td>Medium to High</td></tr>
<tr><td>Indian Companies</td><td>50%-100%</td><td>Medium to High</td></tr>
<tr><td>Foreign Securities</td><td>0%-50%</td><td>Medium to High</td></tr>
<tr><td>Debt Securities, Money Market Instruments, units of Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trust (InvIT) and Cash*</td><td>0%-35%</td><td>Low to Medium</td></tr>
</table>
including investments in ADR/GDR/Foreign Securities/ FCCBs and any other instruments as may be permitted by SEBI/RBI upto 50% of the net assets of the scheme, exposure in derivatives upto a maximum of 50%
* including securitised debt upto 35%
A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to time</td></tr>
<tr><td>Definitions</td><td>Large Company: Any company having a market capitalization of Rs. 1350 crores and above.
Other Company: Any company having a market capitalization less than Rs. 1350 crores.</td><td>To be removed</td></tr>
<tr><td>Risk Factors</td><td>Refer existing disclosure in SID under Section “Risk factors”</td><td>The following shall be added under Risk factors:
Risks associated with Investments in REITs and InvITs: Please refer disclosure provided in Note 1.5 below.</td></tr>
<tr><td>Where will the Scheme Invest?</td><td>Refer existing disclosure in SID</td><td>The following shall be added under “Where will the Scheme invest?”
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 2.3 below.</td></tr>
<tr><td>Investment Restrictions</td><td>Refer existing disclosure in SID</td><td>The following shall be added under “Investment Restrictions”:
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 3.2 below</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• A fund that focuses on Indian and emerging market stocks - a value fund taking into account dividend yield of stocks
</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• A fund that focuses on Indian and emerging market stocks that have a current or potentially attractive dividend yield, by using a value strategy
</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

7. Templeton India Growth Fund

Particulars	Current Features	Proposed Features
Name	Templeton India Growth Fund	Templeton India Value Fund
Type of Scheme	An open-end growth fund	An open ended equity scheme following a value investment strategy
Investment Objective	The Investment Objective of the Scheme is to provide long-term capital growth to its Unitholders. The corpus of the Scheme will be invested primarily in Equity Capital, Preference Capital, Non-voting Capital (when permitted), Warrants, Debt Securities convertible into or carrying the right to acquire Equity Capital of both established as well as emerging growth companies.	The Investment objective of the scheme is to provide long-term capital appreciation to its Unitholders by following a value investment strategy.

<table>
<tr><td>Benchmark</td><td>S&P BSE Sensex and MSCI India Value</td><td>MSCI India Value</td></tr>
<tr><td>Asset Allocation Pattern</td><td>
It is expected that around 85% of the corpus of the Scheme will be invested in Equity and Equity related instruments. The balance portion will be invested in Debt Securities such as non-convertible portion of Convertible Debentures (Khokas), Non-Convertible Debentures, Secured Premium Notes, Zero Interest Bonds / Notes, Commercial Papers and Money Market Instruments, Short Term Debt Instruments, etc. issued by various Corporates, Government-State or Central, Public Sector undertakings and all other instruments as may be permitted by SEBI from time to time. This is for providing liquidity, preservation of capital and for giving recurring income to the fund. The Investment Manager may invest in Debt Securities when it is perceived that such investments present an opportunity for achieving the Scheme's investment objectives, provided that the Debt Securities are rated as investment grade by a credit rating agency. In case of investments in Debt Securities that are not rated, prior approval of the Board of Directors of Investment Manager or a committee appointed by the Board of Directors of the AMC and Trustee Company will be taken. Investment in money market instruments will be in accordance with SEBI / RBI Regulations.
The scheme will purchase securities in public offerings and rights issues, as well as those traded in the secondary markets. The scheme may also invest in securities sold directly by the issuer or acquired in a negotiated transaction. The moneys collected under this scheme shall be invested only in transferable securities.
Under normal circumstances, the asset allocation under the scheme will be as follows:
<table>
<tr><th>Type of Security</th><th>% of Corpus # (Indicative)</th><th>Risk Profile</th></tr>
<tr><td>Equity & Equity linked securities</td><td>85</td><td>Medium to high</td></tr>
<tr><td>Debt securities/ Money Market Instruments</td><td>15</td><td>Low to Medium</td></tr>
<tr><td>Total</td><td>100</td><td></td></tr>
</table>
Note: Debt includes Securities Debt
including investments in Foreign Securities as may be permitted by SEBI/RBI upto the limit specified for applicable asset class in the asset allocation table above.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
</td><td>
Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>% of Net Assets#</th><th>Risk Profile</th></tr>
<tr><td>Equity and Equity related instruments</td><td>65%-100%</td><td>Medium to high</td></tr>
<tr><td>Debt Securities, Money Market Instruments, Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trust (InvIT) and Cash*</td><td>0%-35%</td><td>Low to Medium</td></tr>
</table>
including investments in ADR/GDR/Foreign Securities/ FCCBs and any other instruments as may be permitted by SEBI/RBI upto 50% of the net assets of the scheme, exposure in derivatives upto a maximum of 50%
* including securitised debt upto 35%
A maximum of 50% of net assets may be deployed in securities lending and the maximum single party exposure will be restricted to 10% of net assets outstanding at any point of time.
A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to time
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
</td></tr>
<tr><td>Investment Strategy</td><td>The stock selection would generally be based on constructing a diversified portfolio generally of large capitalised and/or liquid stocks. In general, the methodology adopted by TIGF is based on the bottom up value investing approach.</td><td>
The stock selection would generally be based on constructing a diversified portfolio generally of large capitalised and/or liquid stocks.
Methodology adopted by the fund is based on long term, bottom-up value investing approach. The fund invests in stocks that trade at discounts to their intrinsic value held with a long-term view, leading to low portfolio valuations and low portfolio turnover. Fund manager identifies value through rigorous fundamental analysis, proprietary screens and a worldwide network of experienced research resources. Research is done on a company-by-company basis to determine what we consider its economic worth to be based on projected future earnings, cash flow, asset value potential, and material environmental, social and governance (ESG) factors.
</td></tr>
<tr><td>Risk Factors</td><td>Refer existing disclosure in SID under Section "Risk factors"</td><td>
The following shall be added under Risk factors:

Risks associated with Derivatives: Please refer disclosure provided in Note 1.2 below.
Risks associated with Investments in REITs and InvITs: Please refer disclosure provided in Note 1.5 below.

</td></tr>
<tr><td>Where will the Scheme Invest?</td><td>Refer existing disclosure in SID</td><td>
The following shall be added under "Where will the Scheme invest?"

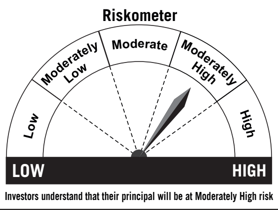
Investment in Derivative: Please refer disclosure provided in Note 2.1 below.
Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 2.3 below.

</td></tr>
<tr><td>Investment Restrictions</td><td>Refer existing disclosure in SID</td><td>
The following shall be added under "Investment Restrictions":

Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 3.2 below.

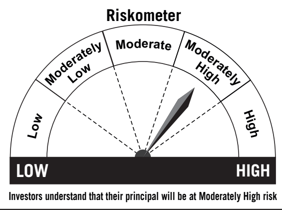
</td></tr>
<tr><td>Product Label</td><td>
This product is suitable for investors who are seeking*:

Long term capital appreciation
A fund that invests predominantly in large cap stocks- a value fund



</td><td>
This product is suitable for investors who are seeking*:

Long term capital appreciation
An equity fund that follows value investment strategy



</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

8. Franklin India High Growth Companies Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Name of scheme</td><td>Franklin India High Growth Companies Fund</td><td>Franklin India Focused Equity Fund</td></tr>
<tr><td>Type of Scheme</td><td>Open-end diversified equity fund</td><td>An open ended equity scheme investing in maximum 30 stocks. The scheme intends to focus on Multi-cap space</td></tr>
<tr><td>Investment Objective</td><td>FIHGCF is an open-end diversified equity fund that seeks to achieve capital appreciation through investments in Indian companies/sectors with high growth rates or potential</td><td>An open-end focused equity fund that seeks to achieve capital appreciation through investing predominantly in Indian companies/sectors with high growth rates or potential.</td></tr>
<tr><td>Asset Allocation</td><td>
Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Equities and Equity Linked instruments</td><td>Medium to High</td><td>70% - 100%</td></tr>
<tr><td>Debt securities* and Money Market Instruments</td><td>Low to Medium</td><td>0% - 30%</td></tr>
</table>
including investments in Foreign Securities as may be permitted by SEBI/RBI up to 35% of the net assets of the scheme, exposure in derivatives up to a maximum of 50%
* including securitised debt up to 30%
The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
</td><td>
Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Equities and Equity Linked instruments</td><td>Medium to High</td><td>65% - 100%</td></tr>
<tr><td>Debt securities* and Money Market Instruments</td><td>Low to Medium</td><td>0% - 35%</td></tr>
</table>
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto 35% of net assets
* including securitised debt up to 20%
The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
</td></tr>
</table>

9. Franklin India Technology Fund

<table>
<tr><th>Particulars</th><th>Current Features</th><th>Proposed Features</th></tr>
<tr><td>Type of Scheme</td><td>Open – end Growth Scheme</td><td>An open ended equity scheme following Technology theme</td></tr>
<tr><td>Asset Allocation</td><td>
Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Assets</th></tr>
<tr><td>Equity/Equity related instruments</td><td>High-Medium</td><td>65-100%</td></tr>
<tr><td>Money Market instruments</td><td>Low</td><td>0-35%</td></tr>
</table>
The Scheme may invest up to a maximum of 35% of its corpus in overseas securities.
If permitted by SEBI under extant regulations/guidelines, the Scheme may engage in short selling of securities and scrip lending as provided under Securities Lending Scheme 1997, and other applicable guidelines/regulations, as amended from time to time. A maximum of 20% of net assets may be deployed in securities lending and the maximum single counter party exposure may be restricted to 5% of net assets outstanding at any point of time.
The Scheme will not invest in derivatives and securitized debt.
The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
</td><td>
Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Assets#</th></tr>
<tr><td>Equity/Equity related instruments of technology and technology related companies</td><td>High-Medium</td><td>80-100%</td></tr>
<tr><td>Debt & Money Market instruments*</td><td>Low</td><td>0-20%</td></tr>
</table>
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto 35% of net assets
If permitted by SEBI under extant regulations/guidelines, the Scheme may engage in short selling of securities and scrip lending as provided under Securities Lending Scheme 1997, and other applicable guidelines/regulations, as amended from time to time. A maximum of 20% of net assets may be deployed in securities lending and the maximum single counter party exposure may be restricted to 5% of net assets outstanding at any point of time.
* including securitised debt up to 20%
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
</td></tr>
<tr><td>Risk Factors</td><td>Refer existing disclosure in SID under Section "Risk factors"</td><td>
The following shall be added under Risk factors:

Risks Factor associated with Derivatives: Please refer disclosure provided in Note 1.2 below.
Risk Factors associated with Securitised Debt: Please refer disclosure provided in Note 1.6 below.

</td></tr>
<tr><td>Where will the Scheme Invest?</td><td>Refer existing disclosure in SID</td><td>
The following shall be added under "Where will the Scheme invest?"

Investment in Derivative: Please refer disclosure provided in Note 2.1 below.
Investments in Securitised Debt: Please refer disclosure provided in Note 2.5 below.

</td></tr>
</table>

10. Franklin Build India Fund

Particulars	Current Features	Proposed Features
Type of Scheme	Open – end Equity Fund	An open ended equity scheme following Infrastructure theme
Benchmark	Nifty 500	S&P BSE India Infrastructure Index

<table>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>As % of Net Assets #
(Min. – Max.)</th></tr>
<tr><td>Equities and Equity Linked instruments
- Infrastructure-related companies
- Other companies</td><td>Medium to High</td><td>70% - 100%
65% - 100%
0% - 35%</td></tr>
<tr><td>Debt securities* and Money Market Instruments</td><td>Low to Medium</td><td>0% - 30%</td></tr>
</table>
including investments in Foreign Securities as may be permitted by SEBI/RBI up to 35% of the net assets of the scheme, exposure in derivatives up to a maximum of 50%

*including government securities and securitised debt up to 30%

The Scheme would primarily invest in equities and equity related instruments of companies which are engaged either directly or indirectly in infrastructure-related activities.

A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td>
<td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>As % of Net Assets #
(Min. – Max.)</th></tr>
<tr><td>Equities and Equity Linked instruments
- Infrastructure-related companies
- Other companies</td><td>Medium to High</td><td>80% - 100%
80% - 100%
0% - 20%</td></tr>
<tr><td>Debt securities* and Money Market Instruments</td><td>Low to Medium</td><td>0% - 20%</td></tr>
</table>
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto 35% of net assets

* including government securities and securitised debt up to 20%

The Scheme would primarily invest in equities and equity related instruments of companies which are engaged either directly or indirectly in infrastructure-related activities.

A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
</table>

11. Franklin Asian Equity Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Type of scheme</td><td>Open-end Diversified Equity Fund</td><td>An open ended equity scheme following Asian (excluding Japan) equity theme</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>As % of Net Assets #
(Min. – Max.)</th></tr>
<tr><td>Equities and Equity Linked instruments
- Domestic securities
- Foreign Securities@</td><td>Medium to High</td><td>70% - 100%
0% - 40%
50% - 100%</td></tr>
<tr><td>Domestic Debt securities* and Money Market Instruments</td><td>Low to Medium</td><td>0% - 30%</td></tr>
</table>
@ including investments in units/securities of overseas mutual funds/unit trusts and such other foreign securities/ instruments as may be permitted by SEBI/RBI upto the limit specified for applicable asset class in the asset allocation table above.

exposure in derivatives up to a maximum of 50%

* including securitised debt up to 30%

The scheme would predominantly invest in Foreign Securities of Asian companies (excluding Japan) and other companies that are benefiting from growth in Asian economies.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td>
<td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>As % of Net Assets #
(Min. – Max.)</th></tr>
<tr><td>Equities and Equity Linked instruments
- Domestic securities
- Foreign Securities@</td><td>Medium to High</td><td>80% - 100%
0% - 20%
80% - 100%</td></tr>
<tr><td>Domestic Debt securities* and Money Market Instruments</td><td>Low to Medium</td><td>0% - 20%</td></tr>
</table>
@ including investments in units/securities of overseas mutual funds/unit trusts and such other foreign securities/ instruments as may be permitted by SEBI/RBI upto the limit specified for applicable asset class in the asset allocation table above.

exposure in derivatives up to a maximum of 50%

*including securitised debt up to 20%

The scheme would predominantly invest in Foreign Securities of Asian companies (excluding Japan) and other companies that are benefiting from growth in Asian economies.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
</table>

12. Franklin India Opportunities Fund

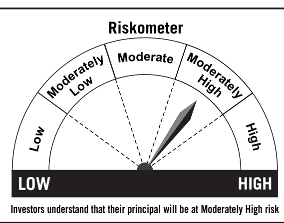
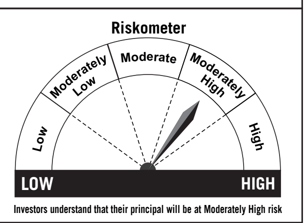
<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Type of scheme</td><td>Open-end diversified scheme</td><td>An open ended equity scheme following special situations theme</td></tr>
<tr><td>Investment Objective</td><td>To generate capital appreciation by capitalizing on the long-term growth opportunities in the Indian economy.</td><td>To generate capital appreciation by investing in opportunities presented by special situations such as corporate restructuring, Government policy and/or regulatory changes, companies going through temporary unique challenges and other similar instances.</td></tr>
<tr><td>Benchmark Index</td><td>S&P BSE 200</td><td>Nifty 500</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of corpus#</th></tr>
<tr><td>Equities</td><td>Medium to high</td><td>Up to 100%</td></tr>
<tr><td>Money Market instruments</td><td>Low to Medium</td><td>Up to 35%</td></tr>
</table>
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto the limit specified for applicable asset class in the asset allocation table above.

Under normal circumstances at least 65% of the scheme's assets will be invested in equities. Upon defensive consideration the AMC may reduce the allocation to below 65% and correspondingly increase allocation to money market instruments.

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time. Trading in derivatives by the scheme shall be restricted to hedging and portfolio balancing purposes.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td>
<td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Equity and equity related instruments of special situations theme</td><td>Medium to high</td><td>80- 100</td></tr>
<tr><td>Money Market instruments</td><td>Low to Medium</td><td>0-20</td></tr>
</table>
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto 35% of net assets

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time. Trading in derivatives by the scheme shall be restricted to hedging and portfolio balancing purposes.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
<tr><td>Investment Strategy</td><td>The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking. The scheme will invest in a broad range of stocks without any limitation either qualitative or quantitative and across market capitalization. The scheme takes concentrated stock exposure based on four themes – (a) Companies that operate in the space where India has a strong advantage (b) Globally competitive Indian companies that have the potential to participate in global opportunities as well (c) Companies that are undervalued (d) Companies that are best positioned to take advantage of the opportunities thrown up by the growing domestic economy.</td><td>The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking. The scheme will invest in stocks with an emphasis on opportunities presented by special situations such as corporate restructuring, Government policy and/or regulatory changes, companies going through temporary unique challenges and other similar instances.</td></tr>
<tr><td>Product Positioning</td><td>An equity fund with an emphasis on opportunities presented by special situations such as corporate restructuring, Government policy and/or regulatory changes, companies going through temporary unique challenges and other similar instances.</td><td>An equity fund with an emphasis on special situations.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• A fund that takes concentrated stock or sector exposures based on four themes

</td>
<td>This product is suitable for investors who are seeking*:
• Long term capital appreciation
• A fund that takes stock or sector exposures based on special situations theme

</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

13. Franklin India Ultra Short Bond Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Type of Scheme</td><td>Open – end Income Fund</td><td>An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months to 6 months (please refer to Note 4)</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>As % of Net Assets
(Min. – Max.)</th></tr>
<tr><td>Debt securities* with maturity up to 12 months and Money Market Instruments</td><td>Low to Medium</td><td>70% - 100%</td></tr>
<tr><td>Debt securities* with maturity over 12 months</td><td>Low to Medium</td><td>0% - 30%</td></tr>
</table>
* including Government Securities and Securitised Debt up to 100%, exposure in derivatives up to a maximum of 50%, investments in Foreign Securities as may be permitted by SEBI/RBI up to 50% of the net assets of the scheme.

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating)</td>
<td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>As % of Net Assets#
(Min. – Max.)</th></tr>
<tr><td>Debt securities*, Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trust (InvIT) and Money Market Instruments</td><td>Low to Medium</td><td>Up to 100%</td></tr>
</table>
* including Government Securities upto 100%, Securitised Debt up to 50%

#The Scheme may have exposure in the following:
1. Foreign securities as may be permitted by SEBI/RBI upto 50% of net assets
2. Derivatives up to a maximum of 50% of net assets. Investment in derivatives including imperfect hedging using Interest Rate Futures shall be in line with the guidelines prescribed by SEBI from time to time. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
3. Repos in corporate debt securities
4. Short Selling
5. Securities Lending - A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.</td></tr>
</table>

<table>
<tr><td></td><td>and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td>6. REITs and InvITs - A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to time.

The Scheme will generally invest in instruments such that the Macaulay duration of the portfolio is between 3-6 months.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
<tr><td>Product Positioning</td><td>A fixed income fund investing in short term debt and money market instruments.</td><td>A fixed income fund investing in short term debt and money market instruments, while generally keeping portfolio duration between 3-6 months.</td></tr>
<tr><td>Risk Factors</td><td>Refer existing disclosure in SID under Section "Risk factors"</td><td>The following shall be added under Risk factors:
• Risks Factor associated with Imperfect Hedging Using Interest Rate Futures: Please refer disclosure provided in Note 1.3 below.
• Risk factors associated with participation in repo transactions in Corporate Debt Securities: Please refer disclosure provided in Note 1.4 below.
• Risk Factors associated with Investments in REITs and InvITs: Please refer disclosure provided in Note 1.5 below.</td></tr>
<tr><td>Where will the Scheme Invest?</td><td>Refer existing disclosure in SID</td><td>The following shall be added under "Where will the Scheme invest?"
• Disclosure provided in Note 2.1.4 below on Interest Rate Futures shall be added under the existing section on "Investment in Derivative"
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 2.3 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 2.4 below.</td></tr>
<tr><td>Investment Restrictions</td><td>Refer existing disclosure in SID</td><td>The following shall be added under "Investment Restrictions":
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 3.2 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 3.3 below.</td></tr>
</table>

14. Franklin India Low Duration Fund

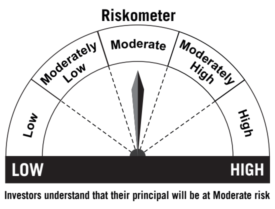
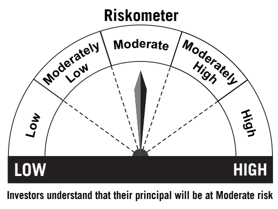
<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Type of scheme</td><td>Open – end Income Fund</td><td>An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months (please refer to Note 4)</td></tr>
<tr><td>Investment Objective</td><td>The objective of the Scheme is to earn regular income for investors through investment primarily in highly rated debt securities.</td><td>The objective of the Scheme is to earn regular income for investors through investment primarily in debt securities</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets #</th></tr>
<tr><td>Debt including Corporate Debt, PSU Bonds, Gilts and Securitised Debt</td><td>Low to Medium</td><td>10% - 80%</td></tr>
<tr><td>Money Market Instruments</td><td>Low</td><td>20% - 90%</td></tr>
</table>
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto the limit specified for applicable asset class in the asset allocation table above.

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets #</th></tr>
<tr><td>Debt* including Corporate Debt, PSU Bonds, Gilts, Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trust (InvIT) and Securitised Debt</td><td>Low to Medium</td><td>10% - 80%</td></tr>
<tr><td>Money Market Instruments</td><td>Low</td><td>20% - 90%</td></tr>
</table>
*Including Securitised Debt up to 50%

#The Scheme may have exposure in the following:
1. Foreign securities as may be permitted by SEBI/RBI upto 50% of net assets
2. Derivatives up to a maximum of 50% of net assets. Investment in derivatives including imperfect hedging using Interest Rate Futures shall be in line with the guidelines prescribed by SEBI from time to time. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
3. Repos in corporate debt securities
4. Short Selling
5. Securities Lending - A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
6. REITs and InvITs - A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to time.

The Scheme will generally invest in instruments such that the Macaulay duration of the portfolio is between 6-12 months.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
<tr><td>Risk Factors</td><td>Refer existing disclosure in SID under Section "Risk factors"</td><td>The following shall be added under Risk factors:
• Risks Factor associated with Imperfect Hedging Using Interest Rate Futures: Please refer disclosure provided in Note 1.3 below.
• Risk factors associated with participation in repo transactions in Corporate Debt Securities: Please refer disclosure provided in Note 1.4 below.
• Risk Factors associated with Investments in REITs and InvITs: Please refer disclosure provided in Note 1.5 below.</td></tr>
<tr><td>Where will the Scheme Invest?</td><td>Refer existing disclosure in SID</td><td>The following shall be added under "Where will the Scheme invest?"
• Disclosure provided in Note 2.1.4 below on Interest Rate Futures shall be added under the existing section on "Investment in Derivative"
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 2.3 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 2.4 below.</td></tr>
<tr><td>Investment Restrictions</td><td>Refer existing disclosure in SID</td><td>The following shall be added under "Investment Restrictions":
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 3.2 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 3.3 below.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Regular income for short term
• An income fund focusing on low duration securities

</td><td>This product is suitable for investors who are seeking*:
• Regular income for short term
• A fund that focuses on low duration securities

</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

15. Franklin India Savings Plus Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Name of scheme</td><td>Franklin India Savings Plus Fund</td><td>Franklin India Savings Fund</td></tr>
<tr><td>Type of scheme</td><td>Open – end Income Fund</td><td>An open ended debt scheme investing in money market instruments</td></tr>
<tr><td>Investment Objective</td><td>The Primary objective of the Scheme is to provide income consistent with the prudent risk from a portfolio comprising substantially of floating rate debt instruments, fixed rate debt instruments swapped for floating rate return, and also fixed rate instruments and money market instruments.</td><td>To provide income and liquidity consistent with the prudent risk from a portfolio comprising of money market instruments.</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>% of Net Assets #</th><th>Risk Profile</th></tr>
<tr><td>Fixed Rate debt instruments:
• Money market instruments (including Cps, CDs, treasury bills, bill rediscounting, gilts less than 1 year, Repos/Reverse Repos or any other instrument permitted by RBI/SEBI)
• Non-Money market instruments (including bonds & debentures of over 182 days to maturity issued by corporates or PSUs, gilts, securitised debt*, fixed deposits or any other instrument permitted by RBI/SEBI)</td><td>0-35%</td><td>Low to Medium</td></tr>
<tr><td>Floating Rate debt instruments**:
• Money market instruments with residual maturity of upto 182 days (Money at call, CPs, CDs, bill rediscounting, or any other instrument permitted by RBI/SEBI)
• Non-Money market instruments (including floating rate bonds & debentures issued by corporates or PSUs, floating rate gilts, inverse floaters, floating rate bank deposits, floating rate securitised debt*, fixed rate debentures /bonds with swap, mibor linked debentures or any other instrument permitted by RBI/SEBI, fixed rate bonds & debentures with residual maturity of upto 182 days issued by corporates or PSUs, gilts, securitised debt*)</td><td>65-100%</td><td>Low to Medium</td></tr>
</table></td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>As % of Net Assets</th><th>Risk Profile</th></tr>
<tr><td>Money Market Instruments as may be defined by SEBI/ RBI from time to time and Cash</td><td>100%</td><td>Low to Medium</td></tr>
</table>
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from the date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
</table>

<table>
<tr><td></td><td>*Investment in securitised debts (including floating securitisation) will not, normally, exceed 35% of the net assets of the scheme.

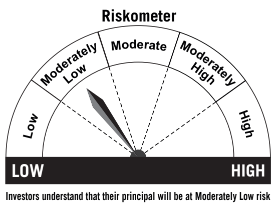
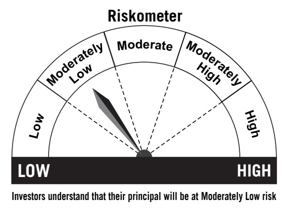
** Floating rate debt instruments include fixed rate instruments swapped for floating rate returns

#including investments in Foreign Securities as may be permitted by SEBI/RBI upto the limit specified for applicable asset class in the asset allocation table above.

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

It is clarified that this scheme is not a money market mutual fund scheme.

The above allocation pattern would be applicable under normal circumstances and generally the allocation would not be allowed to rise beyond these levels unless the markets are extremely turbulent and there is a need to protect the unitholders' interest by reallocating the portfolio. In other words, the scheme would be maintaining the above ratio diligently which the investor can assume would be the steady state allocation strategy.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td></td></tr>
<tr><td>Product Positioning</td><td>An income fund which endeavours to invest at the short end of the yield curve by primarily investing in money market and other fixed income instruments with high credit rating.</td><td>Invests in money market instruments with high liquidity and low to moderate credit risk.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Regular income for short term
• A fund that invests primarily in floating and short term fixed rate debt instruments

</td><td>This product is suitable for investors who are seeking*:
• Regular income for short term
• A money market fund that invests in money market instruments

</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

16. Franklin India Income Opportunities Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Type of scheme</td><td>An open ended income fund</td><td>An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years (please refer to Note 4)</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets #</th></tr>
<tr><td>Government Securities and/or securities unconditionally guaranteed by the Central/State Government for repayment of principal and interest</td><td>Low</td><td>Upto 100%</td></tr>
<tr><td>Debt securities issued by Public Sector Undertakings (PSU)</td><td>Low to Medium</td><td>Upto 100%</td></tr>
<tr><td>Debt securities issued by private sector corporate including banks and financial institutions</td><td>Low to Medium</td><td>Upto 100%</td></tr>
<tr><td>Securitised Debt</td><td>Low to Medium</td><td>Upto 100%</td></tr>
<tr><td>Money Market Instruments and securities held under reverse repos</td><td>Low</td><td>Upto 100%</td></tr>
</table>
including investments in Foreign Securities as may be permitted by SEBI/RBI up to 50% of the net assets of the scheme, exposure in derivatives up to a maximum of 50%.

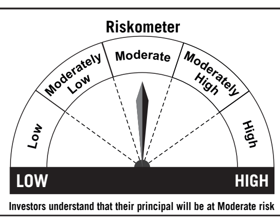
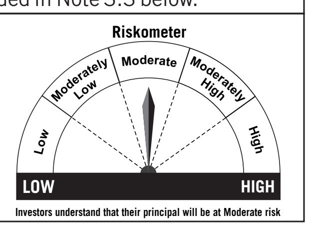
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis, on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets #</th></tr>
<tr><td>Government Securities and/or securities unconditionally guaranteed by the Central/ State Government for repayment of principal and interest</td><td>Low</td><td>0-100</td></tr>
<tr><td>Debt securities issued by Public Sector Undertakings (PSU)</td><td>Low to Medium</td><td>0-100</td></tr>
<tr><td>Debt securities issued by private sector corporate including banks and financial institutions, units of Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trust (InvIT)</td><td>Low to Medium</td><td>0-100</td></tr>
<tr><td>Securitised Debt</td><td>Low to Medium</td><td>0-100</td></tr>
<tr><td>Money Market Instruments and securities held under reverse repos</td><td>Low</td><td>0-100</td></tr>
</table>
#The Scheme may have exposure in the following:
1. Foreign securities as may be permitted by SEBI/RBI upto 50% of net assets
2. Derivatives up to a maximum of 50% of net assets. Investment in derivatives including imperfect hedging using Interest Rate Futures shall be in line with the guidelines prescribed by SEBI from time to time. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
3. Repos in corporate debt securities
4. Short Selling
5. Securities Lending - A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
6. REITs and InvITs - A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to time.

The Macaulay duration of the portfolio shall be between 3 years – 4 years. However, the fund manager, in the interest of investors, may reduce the portfolio duration upto 1 year, in case he has a view on interest rate movements in light of anticipated adverse situation. Portfolio Macaulay duration under anticipated adverse situation shall be 1 year to 4 years.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis, on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
<tr><td>Risk Factors</td><td>Refer existing disclosure in SID under Section "Risk factors"</td><td>The following shall be added under Risk factors:
• Risks Factor associated with Imperfect Hedging Using Interest Rate Futures: Please refer disclosure provided in Note 1.3 below.
• Risk factors associated with participation in repo transactions in Corporate Debt Securities: Please refer disclosure provided in Note 1.4 below.
• Risk Factors associated with Investments in REITs and InvITs: Please refer disclosure provided in Note 1.5 below.</td></tr>
<tr><td>Where will the Scheme Invest?</td><td>Refer existing disclosure in SID</td><td>The following shall be added under "Where will the Scheme invest?"
• Disclosure provided in Note 2.1.4 below on Interest Rate Futures shall be added under the existing section on "Investment in Derivative"
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 2.3 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 2.4 below</td></tr>
<tr><td>Investment Restrictions</td><td>Refer existing disclosure in SID</td><td>The following shall be added under "Investment Restrictions":
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 3.2 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 3.3 below.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Medium term capital appreciation with current income
• A fund that invests across the yield curve - focusing on high accrual securities

</td><td>This product is suitable for investors who are seeking*:
• Medium term capital appreciation with current income
• A fund that focuses on high accrual securities

</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

17. Franklin India Income Builder Account

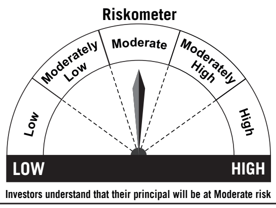
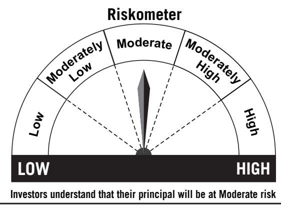
<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Name of scheme</td><td>Franklin India Income Builder Account</td><td>Franklin India Corporate Debt Fund</td></tr>
<tr><td>Type of scheme</td><td>Open – end Income Fund</td><td>An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds</td></tr>
<tr><td>Investment Objective</td><td>The investment objective of the Scheme is primarily to provide investors Regular income under the Dividend Plan and Capital appreciation under the Growth Plan

It is a scheme designed for investors seeking regular returns in the form of dividends or capital appreciation. Investing in quality bonds and debentures, the scheme has an active management style that emphasizes quality of debt, tapping opportunities from interest rate changes and deriving maximum value by targeting undervalued sectors.</td><td>The investment objective of the Scheme is primarily to provide investors Regular income and Capital appreciation.</td></tr>
<tr><td>Benchmark Index</td><td>Crisil Composite Bond Fund Index</td><td>Crisil Short Term Bond Fund Index</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets #</th></tr>
<tr><td>Debentures* (Investment grade, privately placed etc.), Bonds issued by Public Sector Units and other Fixed Income Instruments</td><td>Medium to Low</td><td>Upto 100%</td></tr>
<tr><td>Money Market Instruments</td><td>Low</td><td>Upto 20%</td></tr>
<tr><td>Shares</td><td>High to Medium</td><td>Upto 20%</td></tr>
</table>
* Includes Securitised Debt up to 40%

#including investments in Foreign Securities as may be permitted by SEBI/RBI upto the limit specified for applicable asset class in the asset allocation table above.

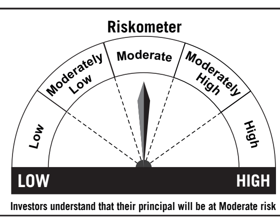
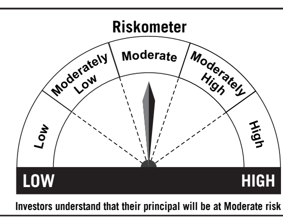
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets #</th></tr>
<tr><td>Corporate Debt*</td><td>Low to Medium</td><td>80- 100</td></tr>
<tr><td>Government Securities, Debt, Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trust (InvIT) and Money Market Instruments</td><td>Low to Medium</td><td>0- 20</td></tr>
</table>
* Investment will be in AA+ and above rated corporate debt as provided by any SEBI recognised Rating Agency at the time of investment.

#The Scheme may have exposure in the following:
1. Securitised Debt up to 50% of net assets
2. Foreign securities as may be permitted by SEBI/RBI upto 50% of net assets
3. Derivatives up to a maximum of 50% of net assets. Investment in derivatives including imperfect hedging using Interest Rate Futures shall be in line with the guidelines prescribed by SEBI from time to time. The</td></tr>
</table>

<table>
<tr><td></td><td>It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td>exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
4. Repos in corporate debt securities
5. Short Selling
6. Securities Lending - A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
7. REITs and InvITs - A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to time.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
<tr><td>Product Positioning</td><td>An income fund that primarily focuses on duration with a potential for higher accrual gains.</td><td>A corporate bond fund that primarily focuses on income generation along with some capital gains.</td></tr>
<tr><td>Risk Factors</td><td>Refer existing disclosure in SID under Section “Risk factors”</td><td>The following shall be added under Risk factors:
• Risks Factor associated with Imperfect Hedging Using Interest Rate Futures: Please refer disclosure provided in Note 1.3 below.
• Risk factors associated with participation in repo transactions in Corporate Debt Securities: Please refer disclosure provided in Note 1.4 below.
• Risk Factors associated with Investments in REITs and InvITs: Please refer disclosure provided in Note 1.5 below.</td></tr>
<tr><td>Where will the Scheme Invest?</td><td>Refer existing disclosure in SID</td><td>The following shall be added under “Where will the Scheme invest?”
• Disclosure provided in Note 2.1.4 below on Interest Rate Futures shall be added under the existing section on “Investment in Derivative”
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 2.3 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 2.4 below.</td></tr>
<tr><td>Investment Restrictions</td><td>Refer existing disclosure in SID</td><td>The following shall be added under “Investment Restrictions”:
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 3.2 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 3.3 below.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Medium term capital appreciation with current income
• A long bond fund – focuses on Corporate/PSU Bonds.

</td><td>This product is suitable for investors who are seeking*:
• Medium term capital appreciation with current income
• A bond fund – focuses on AA+ and above rated Corporate/PSU Bonds.

</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

18. Franklin India Corporate Bond Opportunities Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Name of scheme</td><td>Franklin India Corporate Bond Opportunities Fund</td><td>Franklin India Credit Risk Fund</td></tr>
<tr><td>Type of scheme</td><td>Open-end Income Fund</td><td>An open ended debt scheme primarily investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds)</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>As % of Net Assets (Min. – Max.)</th></tr>
<tr><td>Debt & money market securities issued by private sector corporate and Public Sector Undertakings including banks, financial institutions, Non-Banking Financial Companies*</td><td>Low to Medium</td><td>65% - 100%</td></tr>
<tr><td>CBLO and T-Bills</td><td>Low</td><td>0% - 35%</td></tr>
</table>
* Including securitised Debt (ABS, MBS, single loan) up to 50%
The scheme does not intend to invest in Government Securities and in such debt securities that may have a coupon or payout linked to the performance of an equity/equity index as an underlying (popularly known as ‘equity linked debentures’). It is clarified that the scheme may invest in Treasury Bills (T-Bills) up to the extent mentioned above.
The Scheme may invest in derivatives up to a maximum of 50% of its net assets. The cumulative gross exposure through debt and derivative positions should not exceed 100% of the net assets of the Scheme.
The Scheme may invest in Foreign Securities up to 50% of the net assets of the scheme.
The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis, on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would generally be rebalanced in about one month from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>As % of Net Assets# (Min. – Max.)</th></tr>
<tr><td>Debt securities issued by private sector, corporate and Public Sector Undertakings including banks, financial institutions, Non-Banking Financial Companies*</td><td>Low to Medium</td><td>65% - 100%</td></tr>
<tr><td>Government Securities, Debt, Money market securities, Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trust (InvIT), CBLO and T-Bills</td><td>Low</td><td>0% - 35%</td></tr>
</table>
* Investment will be in securities rated AA and below by any SEBI recognised Rating Agency at the time of investment (excludes AA+ rated corporate bonds).
#The Scheme may have exposure in the following:
1. Securitised Debt up to 50% of net assets
2. Foreign securities as may be permitted by SEBI/RBI upto 50% of net assets
3. Derivatives up to a maximum of 50% of net assets. Investment in derivatives including imperfect hedging using Interest Rate Futures shall be in line with the guidelines prescribed by SEBI from time to time. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
4. Repos in corporate debt securities
5. Short Selling
6. Securities Lending - A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
7. REITs and InvITs - A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to time.
The scheme does not intend to invest in such debt securities that may have a coupon or payout linked to the performance of an equity/equity index as an underlying (popularly known as ‘equity linked debentures’). It is clarified that the scheme may invest in Treasury Bills (T-Bills) up to the extent mentioned above.
The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis, on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would generally be rebalanced in about one month from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
<tr><td>Risk Factors</td><td>Refer existing disclosure in SID under Section “Risk factors”</td><td>The following shall be added under Risk factors:
• Risks Factor associated with Imperfect Hedging Using Interest Rate Futures: Please refer disclosure provided in Note 1.3 below.
• Risk factors associated with participation in repo transactions in Corporate Debt Securities: Please refer disclosure provided in Note 1.4 below.
• Risk Factors associated with Investments in REITs and InvITs: Please refer disclosure provided in Note 1.5 below.</td></tr>
<tr><td>Where will the Scheme Invest?</td><td>Refer existing disclosure in SID</td><td>The following shall be added under “Where will the Scheme invest?”
• Disclosure provided in Note 2.1.4 below on Interest Rate Futures shall be added under the existing section on “Investment in Derivative”
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 2.3 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 2.4 below.</td></tr>
<tr><td>Investment Restrictions</td><td>Refer existing disclosure in SID</td><td>The following shall be added under “Investment Restrictions”:
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 3.2 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 3.3 below</td></tr>
<tr><td>Product Positioning</td><td>A fixed income fund that invests predominantly in corporate bonds while maintaining an average maturity of upto 3 years.</td><td>A fixed income fund that seeks to maximize portfolio yield by primarily investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds).</td></tr>
<tr><td></td><td>This product is suitable for investors who are seeking*:
• Medium to long term capital appreciation with current income
• A bond fund focusing on corporate securities

</td><td>This product is suitable for investors who are seeking*:
• Medium to long term capital appreciation with current income
• A bond fund focusing on AA and below rated corporate bonds (excluding AA+ rated corporate bonds)

</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

19. Franklin India Banking and PSU Debt Fund

Particulars	Current features	Proposed features
Type of scheme	Open-end Income Fund	An open ended debt scheme predominantly investing in debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds
Investment Objective	The fund seeks to provide regular income through a portfolio of debt and money market instruments consisting predominantly of securities issued by entities such as Banks and Public Sector Undertakings (PSUs). However, there is no assurance or guarantee that the objective of the scheme will be achieved.	The fund seeks to provide regular income through a portfolio of debt and money market instruments consisting predominantly of securities issued by entities such as Banks, Public Sector Undertakings (PSUs) and Municipal bonds. However, there is no assurance or guarantee that the objective of the scheme will be achieved.
Asset Allocation	Under normal market circumstances, the investment range would be as follows:	Under normal market circumstances, the investment range would be as follows:

<table>
<tr>
<td></td>
<td>
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>As % of Net Assets (Min. – Max.)</th></tr>
<tr><td>Debt and Money Market Instruments issued by Banks, Public Sector Undertakings (PSUs), Public Financial Institutions (PFIs)</td><td>Low to Medium</td><td>80% - 100%</td></tr>
<tr><td>Debt* and Money Market Instruments issued by other entities; Gilt Securities and State Development Loans (SDLs)</td><td>Low</td><td>0% - 20%</td></tr>
</table>
* Including securitised Debt (ABS, MBS, single loan) up to 20%

The Scheme may invest in derivatives of fixed income instruments up to a maximum of 50% of its net assets. The cumulative gross exposure through debt and derivative positions should not exceed 100% of the net assets of the Scheme.
The scheme shall not invest in foreign securities.
The scheme shall not participate in repo in corporate debt securities.
The Scheme may engage in securities lending in accordance with the guidelines issued by SEBI.
If permitted by SEBI Regulations, the Scheme may engage in short selling of securities in accordance with the guidelines issued by SEBI.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis, on defensive considerations, keeping in view market conditions, market opportunities, applicable Regulation and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
</td>
<td>
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>As % of Net Assets (Min. – Max.)#</th></tr>
<tr><td>Debt and Money Market Instruments issued by Banks, Public Sector Undertakings (PSUs), Public Financial Institutions (PFIs) and Municipal Bonds</td><td>Low to Medium</td><td>80% - 100%</td></tr>
<tr><td>Debt and Money Market Instruments issued by other entities; Gilt Securities and State Development Loans (SDLs) and Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trust (InvIT)</td><td>Low</td><td>0% - 20%</td></tr>
</table>
Securitised Debt up to 50%, investments in Foreign Securities as may be permitted by SEBI/RBI upto 50% of the net assets of the scheme.

A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to time
The Scheme may invest in derivatives of fixed income instruments up to a maximum of 50% of its net assets. The Scheme may also take imperfect hedging positions using Interest Rate Futures. The cumulative gross exposure through debt and derivative positions should not exceed 100% of the net assets of the Scheme.
The scheme participate in repo in corporate debt securities.
The Scheme may engage in securities lending in accordance with the guidelines issued by SEBI.
If permitted by SEBI Regulations, the Scheme may engage in short selling of securities in accordance with the guidelines issued by SEBI.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis, on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
</td>
</tr>
<tr>
<td>Product Positioning</td>
<td>An income fund that invests predominantly in debt and money market instruments issued by Banks, Public Sector Undertakings and Public Financial Institutions</td>
<td>A fixed income fund that invests predominantly in debt and money market instruments issued by Banks, PSUs, PFIs and Municipal bonds.</td>
</tr>
<tr>
<td>Risk Factors</td>
<td>Refer existing disclosure in SID under Section "Risk factors"</td>
<td>The following shall be added under Risk factors:

Risks associated with overseas investment: Please refer disclosure provided in Note 1.1 below.
Risks Factor associated with Imperfect Hedging Using Interest Rate Futures: Please refer disclosure provided in Note 1.3 below.
Risk factors associated with participation in repo transactions in Corporate Debt Securities: Please refer disclosure provided in Note 1.4 below.
Risk Factors associated with Investments in REITs and InvITs: Please refer disclosure provided in Note 1.5 below.

</td>
</tr>
<tr>
<td>Where will the Scheme Invest?</td>
<td>Refer existing disclosure in SID</td>
<td>The following shall be added under "Where will the Scheme invest?"

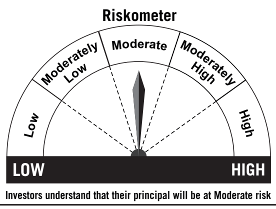
Investment in Foreign Securities: Please refer disclosure provided in Note 2.2 below.
Disclosure provided in Note 2.1.4 below on Interest Rate Futures shall be added under the existing section on "Investment in Derivative"
Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 2.3 below.
Investments in repo of corporate debt securities: Please refer disclosure provided in Note 2.4 below.

</td>
</tr>
<tr>
<td>Investment Restrictions</td>
<td>Refer existing disclosure in SID</td>
<td>The following shall be added under "Investment Restrictions":

Foreign Securities: Please refer disclosure provided in Note 3.1 below.
Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 3.2 below.
Investments in repo of corporate debt securities: Please refer disclosure provided in Note 3.3 below.

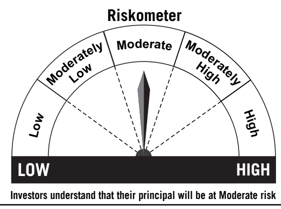
</td>
</tr>
<tr>
<td>Product Label</td>
<td>This product is suitable for investors who are seeking*:

Regular income for Medium term capital appreciation with current income
An income fund that invests predominantly in debt and money market instruments issued by Banks and Public Sector Undertakings.



</td>
<td>This product is suitable for investors who are seeking*:

Regular income for Medium term capital appreciation with current income
An income fund that invests predominantly in debt and money market instruments issued by Banks, PSUs, PFIs and Municipal Bonds.



</td>
</tr>
</table>

*Investors should consult their financial advisers in if doubt about whether the product is suitable for them.

20. Franklin India Government Securities Fund – Long Term Plan

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Name</td><td>Franklin India Government Securities Fund – Long Term Plan</td><td>Franklin India Government Securities Fund</td></tr>
<tr><td>Type of scheme</td><td>Open – end dedicated Gilts Scheme</td><td>An open ended debt scheme investing in government securities across maturity</td></tr>
<tr><td>Investment Objective</td><td>The Primary objective of the Scheme is to generate credit risk-free return through investments in sovereign securities issued by the Central Government and / or a State Government and / or any security unconditionally guaranteed by the central Government and / or State Government for repayment of Principal and Interest.</td><td>The primary objective of the Scheme is to generate return through investments in sovereign securities issued by the Central Government and / or a State Government and / or any security unconditionally guaranteed by the central Government and / or State Government for repayment of Principal and Interest.</td></tr>
<tr>
<td>Asset Allocation</td>
<td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets #</th></tr>
<tr><td>Securities issued by the Central/State Government and/or securities unconditionally guaranteed by the Central/State</td><td>Low</td><td>70% - 100%</td></tr>
<tr><td>Money Market Instruments and securities held under reverse repos</td><td>Very Low</td><td>30%</td></tr>
</table>
#including investments in Foreign Securities as may be permitted by SEBI/RBI upto the limit specified for applicable asset class in the asset allocation table above.
In normal circumstances, the average maturity of the securities in the Long Term Plan will be over 3 years.
However, in the interest of investors, these asset allocation / maturity profiles may be altered at the discretion of the AMC.
The schemes may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
</td>
<td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets #</th></tr>
<tr><td>Securities issued by the Central/State Government and/or securities unconditionally guaranteed by the Central/State</td><td>Low</td><td>80% - 100%</td></tr>
<tr><td>Debt & Money Market Instruments</td><td>Very Low</td><td>0-20%</td></tr>
</table>
#The Scheme may have exposure in the following:

Securitised Debt up to 50% of net assets
Foreign securities as may be permitted by SEBI/RBI upto 50% of net assets
Derivatives up to a maximum of 50% of net assets. Investment in derivatives including imperfect hedging using Interest Rate Futures shall be in line with the guidelines prescribed by SEBI from time to time. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
Repos in corporate debt securities
Short Selling
Securities Lending - A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
REITs and InvITs - A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.
</td>
</tr>
<tr>
<td>Risk Factors</td>
<td>Refer existing disclosure in SID under Section "Risk factors"</td>
<td>The following shall be added under Risk factors:

Risks Factor associated with Imperfect Hedging Using Interest Rate Futures: Please refer disclosure provided in Note 1.3 below.
Risk factors associated with participation in repo transactions in Corporate Debt Securities: Please refer disclosure provided in Note 1.4 below.
Risk Factors associated with Investments in REITs and InvITs: Please refer disclosure provided in Note 1.5 below.
Risk Factors associated with Securitised Debt: Please refer disclosure provided in Note 1.6 below.

</td>
</tr>
<tr>
<td>Where will the Scheme Invest?</td>
<td>Refer existing disclosure in SID</td>
<td>The following shall be added under "Where will the Scheme invest?"

Disclosure provided in Note 2.1.4 below on Interest Rate Futures shall be added under the existing section on "Investment in Derivative"
Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 2.3 below.
Investments in repo of corporate debt securities: Please refer disclosure provided in Note 2.4 below.
Investments in Securitised Debt: Please refer disclosure provided in Note 2.5 below.

</td>
</tr>
<tr>
<td>Investment Restrictions</td>
<td>Refer existing disclosure in SID</td>
<td>The following shall be added under "Investment Restrictions":

Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 3.2 below.
Investments in repo of corporate debt securities: Please refer disclosure provided in Note 3.3 below.

</td>
</tr>
</table>

21. Franklin India Cash Management Account

Particulars	Current features	Proposed features
Name of scheme	Franklin India Cash Management Account	Franklin India Floating Rate Fund
Type of scheme	An Open – end Liquid Fund	An open ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/ derivatives)
Investment Objective	To provide income and liquidity consistent with the prudent risk from a portfolio comprising of return, and also fixed rate	To provide income and liquidity consistent with the prudent risk from a portfolio comprising of floating rate money market and debt instruments.debt instruments, fixed rate debt instruments swapped for floating rate instruments and money market instruments.

<table>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>As % of Net Assets
(Min. – Max.)</th><th>Risk Profile</th></tr>
<tr><td>Money Market Instruments & Cash & Deposits (including- money at Call, mibor, linked instruments and Fixed Deposits)</td><td>65% - 100%</td><td>Low to Medium</td></tr>
<tr><td>Debt including Corporate Debt, PSU Bonds, Gilts and Securitised debt.</td><td>0% - 35%</td><td>Low to Medium</td></tr>
</table>
It is the intention of the Fund that the investments in securitised debts will not, normally, exceed 35% of the corpus of the scheme.

The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

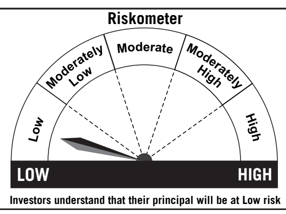
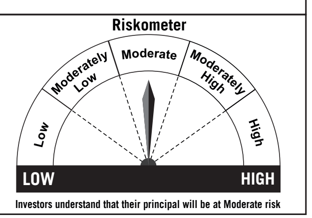
It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from the date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>As % of Net Assets#
Min- Max</th><th>Risk Profile</th></tr>
<tr><td>Floating Rate debt instruments (including fixed rate instruments converted to floating rate exposures using swaps/ derivatives)</td><td>65-100%</td><td>Low to Medium</td></tr>
<tr><td>Debt (other than floating rate instruments), Money market instruments and Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trust (InvIT)</td><td>0-35%</td><td>Low to Medium</td></tr>
</table>
#The Scheme may have exposure in the following:
1. Securitised Debt up to 50% of net assets
2. Foreign securities as may be permitted by SEBI/RBI upto 50% of net assets
3. Derivatives up to a maximum of 65% of net assets. Investment in derivatives including imperfect hedging using Interest Rate Futures shall be in line with the guidelines prescribed by SEBI from time to time. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
4. Repos in corporate debt securities
5. Short Selling
6. Securities Lending - A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
7. REITs and InvITs - A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from the date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
<tr><td>Investment Strategy</td><td>Invests in short term debt and money market instruments, with high liquidity and low credit risk as its main objectives.</td><td>Invests in floating rate instruments and other debt & money market instruments with an aim to minimise the risk arising from interest rate fluctuations.</td></tr>
<tr><td>Cut-off timing provisions and NAV applicability</td><td>For Purchase transaction
• Valid Applications received at the designated official point of acceptance up to cut-off time of 2.00 p.m. and the entire subscription amount credited to bank account of respective Liquid scheme/ money market fund before the cut-off time of 2.00 p.m. i.e. the subscription amount shall be available for utilisation before cut-off time - The closing NAV of the business day immediately preceding the day of receipt of the application shall be applicable.
• Valid Applications received at the designated official point of acceptance post cut-off time of 2.00 p.m. and the entire subscription amount credited to bank account of respective Liquid scheme/ money market fund on the day of receipt of application i.e. the subscription amount shall be available for utilisation on the same day as day of receipt of application - The closing NAV of the business day immediately preceding the next business day shall be applicable.
• Irrespective of the time of receipt of valid application at the designated official point of acceptance and the entire subscription amount is not credited to respective Liquid scheme/ money market fund account. i.e. the subscription amount is not available for utilisation before the cut-off time - The closing NAV of the day immediately preceding the business day on which the funds are available for utilisation shall be applicable.

For Switch Ins:
a) Application for switch-in is received before the applicable cutoff time i.e. 2.00 p.m.
b) Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the switch-in Scheme before 2.00 p.m.
c) The funds are available for ultilisation before 2.00 p.m, by the switch-in Scheme.

Redemption/ Switch-outs:
Applicable NAV in respect of valid applications received up to 3:00 p.m., by the Mutual Fund, is a closing NAV of the day immediately preceding the next business day. In respect of valid applications received after 3:00 p.m. by the Mutual Fund, is closing NAV of the next business day.</td><td>For Purchase transaction/ Switch-ins
1. Amount of Rs.2 lakhs and above:
• Closing NAV of the same day on which application is received if:
• valid applications received up to 3.00 p.m, by the Mutual Fund along with a local cheque or a demand draft payable at par at the place where the application is received and
➢ the subscription amount is credited to the bank account of the scheme before 3.00 p.m. and
➢ the subscription amount is available for utilisation before 3.00 pm.
If any of the above condition is not satisfied on the date of receipt of application, application will be processed at the closing NAV of the same day on which all the above conditions are satisfied.

2. Amount is less than Rs.2 lakhs:
• In respect of valid applications received up to 3.00 p.m, by the Mutual Fund along with a local cheque or a demand draft payable at par at the place where the application is received, the closing NAV of the day on which application is received shall be applicable.
• In respect of valid applications received after 3.00 p.m, by the Mutual Fund along with a local cheque or a demand draft payable at par at the place where the application is received, the closing NAV of the next business day shall be applicable.

Redemption/ Switch-outs:
In respect of valid applications received up to the cut-off time by the Mutual Fund, same day's closing NAV shall be applicable. In respect of valid applications received after the cut off time by the Mutual Fund, the closing NAV of the next business day shall be applicable.</td></tr>
<tr><td>Risk Factors</td><td>Refer existing disclosure in SID under Section "Risk factors"</td><td>The following shall be added under Risk factors:
• Risks Factor associated with Imperfect Hedging Using Interest Rate Futures: Please refer disclosure provided in Note 1.3 below.
• Risk factors associated with participation in repo transactions in Corporate Debt Securities: Please refer disclosure provided in Note 1.4 below.
• Risk Factors associated with Investments in REITs and InvITs: Please refer disclosure provided in Note 1.5 below.
• Risk Factors associated with floating rate debt instruments or fixed rate debt instruments swapped for floating rate return: Please refer disclosure provided in Note 1.7 below.</td></tr>
<tr><td>Where will the Scheme Invest?</td><td>Refer existing disclosure in SID</td><td>The following shall be added under "Where will the Scheme invest?"
• Disclosure provided in Note 2.1.4 below on Interest Rate Futures shall be added under the existing section on "Investment in Derivative"
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 2.3 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 2.4 below.</td></tr>
<tr><td>Investment Restrictions</td><td>Refer existing disclosure in SID</td><td>The following shall be added under "Investment Restrictions":
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 3.2 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 3.3 below.</td></tr>
<tr><td>Product Positioning</td><td>Invests in money market and short term instruments.</td><td>Invests in floating rate instruments, debt and money market instruments.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Regular income for short term
• A liquid fund that invests in short term and money market instruments

</td><td>This product is suitable for investors who are seeking*:
• Regular income for short term
• A fund that invests primarily in floating rate and short term fixed rate debt instruments

</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

22. Franklin India Monthly Income Plan

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Name of scheme</td><td>Franklin India Monthly Income Plan</td><td>Franklin India Debt Hybrid Fund</td></tr>
<tr><td>Type of scheme</td><td>Open – end Income Scheme</td><td>An open ended hybrid scheme investing predominantly in debt instruments</td></tr>
<tr><td>Investment Objective</td><td>To provide regular income through a portfolio of predominantly high quality fixed income securities</td><td>To provide regular income through a portfolio of predominantly fixed income securities with a maximum with a maximum exposure of 20% to equities. exposure of 25% to equities.</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>As % of corpus#</th><th>Risk Profile</th></tr>
<tr><td>Fixed Income instruments* including cash and money market instruments</td><td>Up to 100%</td><td>Low to Medium</td></tr>
<tr><td>Equities</td><td>Up to 20%</td><td>Medium to High</td></tr>
</table>
*includes securitised debt up to 40%
#including investments in Foreign Securities as may be permitted by SEBI/RBI.

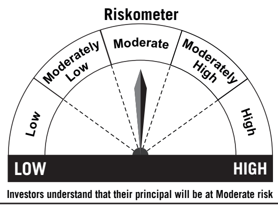
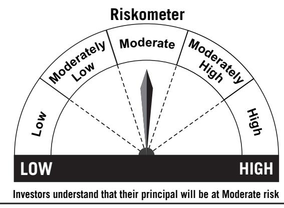
The scheme may enter into derivatives in line with the guidelines prescribed by SEBI from time to time. The scheme may take exposure in derivatives up to a maximum of 50% of its AUM. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Net Assets#</th></tr>
<tr><td>Fixed Income instruments* including Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trust (InvIT), cash and money market instruments</td><td>Low to Medium</td><td>75%-90%</td></tr>
<tr><td>Equity and equity related instruments</td><td>Medium to High</td><td>10%-25%</td></tr>
</table>
*Securitised Debt up to 50%
#The Scheme may have exposure in the following:
1. Foreign securities as may be permitted by SEBI/RBI upto 50% of net assets
2. Derivatives up to a maximum of 50% of net assets. Investment in derivatives including imperfect hedging using Interest Rate Futures shall be in line with the guidelines prescribed by SEBI from time to time. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
3. Repos in corporate debt securities
4. Short Selling
5. Securities Lending - A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
6. REITs and InvITs - A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to time.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors (i.e., for reasons other than downgrade in rating) and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
<tr><td>Risk Factors</td><td>Refer existing disclosure in SID under Section "Risk factors"</td><td>The following shall be added under Risk factors:
• Risks Factor associated with Imperfect Hedging Using Interest Rate Futures: Please refer disclosure provided in Note 1.3 below.
• Risk factors associated with participation in repo transactions in Corporate Debt Securities: Please refer disclosure provided in Note 1.4 below.
• Risk Factors associated with Investments in REITs and InvITs: Please refer disclosure provided in Note 1.5 below.</td></tr>
</table>

<table>
<tr><td>Where will the Scheme Invest?</td><td>Refer existing disclosure in SID</td><td>The following shall be added under "Where will the Scheme invest?"
• Disclosure provided in Note 2.1.4 below on Interest Rate Futures shall be added under the existing section on "Investment in Derivative"
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 2.3 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 2.4 below.</td></tr>
<tr><td>Investment Restrictions</td><td>Refer existing disclosure in SID</td><td>The following shall be added under "Investment Restrictions":
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 3.2 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 3.3 below.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Medium term capital appreciation with current income
• An MIP investing predominantly in debt instruments with marginal equity exposure

</td><td>This product is suitable for investors who are seeking*:
• Medium term capital appreciation with current income
• A fund that invests predominantly in debt instruments with marginal equity exposure

</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

23. Franklin India Balanced Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Name of scheme</td><td>Franklin India Balanced Fund</td><td>Franklin India Equity Hybrid Fund</td></tr>
<tr><td>Type of scheme</td><td>Open – end Balanced Fund</td><td>An open ended hybrid scheme investing predominantly in equity and equity related instruments</td></tr>
<tr><td>Asset Allocation</td><td>Under normal circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Assets</th></tr>
<tr><td>Equity and Equity related securities</td><td>Medium to High</td><td>50% - 75%</td></tr>
<tr><td>Fixed Income* and Money market instruments</td><td>Low</td><td>25% - 50%</td></tr>
</table>
* including high quality securitised debt up to a maximum limit of 10% of the scheme's corpus.

Within the allocation towards fixed income instruments, up to 90% may be invested in Government securities (Central / State Government) securities supported by unconditional guarantee of the respective governments.

The above percentages will be reckoned at the time of investment and the above allocation is based on a steady state situation.

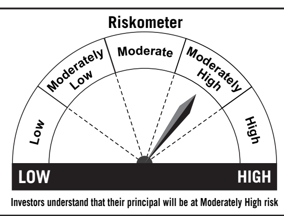
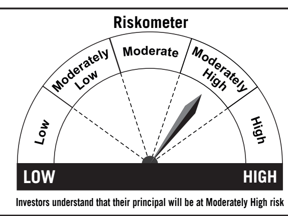
The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td>Under normal circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>% of Assets#</th></tr>
<tr><td>Equity and Equity related securities</td><td>Medium to High</td><td>65%-80%</td></tr>
<tr><td>Fixed Income* and Money market instruments and Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trust (InvIT)</td><td>Low</td><td>20%-35%</td></tr>
</table>
* including securitised debt up to a maximum limit of 35% of the scheme's corpus.

#The Scheme may have exposure in the following:
1. Foreign securities as may be permitted by SEBI/RBI upto 20% of net assets
2. Derivatives up to a maximum of 50% of net assets. Investment in derivatives including imperfect hedging using Interest Rate Futures shall be in line with the guidelines prescribed by SEBI from time to time. The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.
3. Repos in corporate debt securities
4. Short Selling
5. Securities Lending - A maximum of 40% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 10% of net assets outstanding at any point of time.
6. REITs and InvITs - A maximum of 10% of net assets may be deployed in REITs and InvITs and the maximum single issuer exposure may be restricted to 5% of net assets or upto the limits permitted by SEBI from time to time

The above percentages will be reckoned at the time of investment and the above allocation is based on a steady state situation.

The fund managers will follow an active investment strategy taking defensive/aggressive postures depending on opportunities available at various points in time.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would, in such cases, shall be rebalanced within 30 days from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
<tr><td>Investment Strategy</td><td>The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose companies across sectors. The equity portion of the scheme will invest in diversified portfolio of stocks with predominant exposure to large caps. The debt portion of the scheme will be invested in high quality fixed income instruments.</td><td>The scheme follows a blend of value and growth style of investing. The fund will follow a bottom-up approach to stock-picking and choose companies across sectors. The equity portion of the scheme will invest in diversified portfolio of stocks. The debt portion of the scheme will be invested in fixed income instruments.</td></tr>
<tr><td>Risk Factors</td><td>Refer existing disclosure in SID under Section "Risk factors"</td><td>The following shall be added under Risk factors:
• Risks associated with overseas investment: Please refer disclosure provided in Note 1.1 below.
• Risks associated with Derivatives: Please refer disclosure provided in Note 1.2 below.
• Risks associated with Imperfect Hedging Using Interest Rate Futures: Please refer disclosure provided in Note 1.3 below.
• Risks associated with participation in repo transactions in Corporate Debt Securities: Please refer disclosure provided in Note 1.4 below.
• Risks associated with Investments in REITs and InvITs: Please refer disclosure provided in Note 1.5 below.</td></tr>
<tr><td>Where will the Scheme Invest?</td><td>Refer existing disclosure in SID</td><td>The following shall be added under "Where will the Scheme invest?"
• Investment in Derivative: Please refer disclosure provided in Note 2.1 below.
• Investment in Foreign Securities: Please refer disclosure provided in Note 2.2 below.
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 2.3 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 2.4 below.</td></tr>
<tr><td>Investment Restrictions</td><td>Refer existing disclosure in SID</td><td>The following shall be added under "Investment Restrictions":
• Foreign Securities: Please refer disclosure provided in Note 3.1 below.
• Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs): Please refer disclosure provided in Note 3.2 below.
• Investments in repo of corporate debt securities: Please refer disclosure provided in Note 3.3 below.</td></tr>
<tr><td>Product Label</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation with current income
• A fund that invests both in stocks and fixed income instruments offering a balanced exposure to the asset classes

</td><td>This product is suitable for investors who are seeking*:
• Long term capital appreciation with current income
• A fund that invests both in stocks and fixed income instruments

</td></tr>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

24. Franklin India Feeder- Franklin U. S. Opportunities Fund

<table>
<tr><th>Particulars</th><th>Current features</th><th>Proposed features</th></tr>
<tr><td>Type of scheme</td><td>Open – End Fund of Funds scheme investing overseas</td><td>An open ended fund of fund scheme investing in units of Franklin U. S. Opportunities Fund</td></tr>
<tr><td>Asset Allocation</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>As % of Net Assets (Min. – Max.)</th><th>Risk Profile</th></tr>
<tr><td>Units of Franklin U. S. Opportunities Fund</td><td>90% - 100%</td><td>Medium to High</td></tr>
<tr><td>Debt securities and Money Market Instruments</td><td>0% - 10%</td><td>Low to Medium</td></tr>
</table>
The scheme would predominantly invest in units of Franklin U.S. Opportunities Fund, an international Franklin Templeton SICAV range mutual fund (domiciled in Luxemburg) that invests in securities in the United States of America.

Under normal circumstances, at least 90% of the total portfolio will be invested in Franklin U. S. Opportunities Fund, subject to the Eligible Investment Amount and the terms of offer of Franklin U. S. Opportunities Fund.

The scheme does not intend to invest in Securitised Debt and in such debt securities that may have a coupon or payout linked to the performance of an equity/equity index as an underlying (popularly known as 'equity linked debentures').

Subscriptions received in excess of the Eligible Investment Amount shall be invested in domestic debt and Money market Instruments including government securities, or securities which are supported by the Central or a state government. Further, if the investment proposed to be made by the Scheme in the underlying fund(s) exceeds any restriction (regulatory or otherwise), or is less than the minimum investment amount requirement, imposed by the underlying fund(s), the subscription received in the Scheme may be invested in debt and Money market Instruments.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would generally be rebalanced in about one month from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td><td>Under normal market circumstances, the investment range would be as follows:
<table>
<tr><th>Instruments</th><th>Risk Profile</th><th>As % of Net Assets (Min. – Max.)</th></tr>
<tr><td>Units of Franklin U. S. Opportunities Fund</td><td>Medium to High</td><td>95% - 100%</td></tr>
<tr><td>Debt securities and Money Market Instruments</td><td>Low to Medium</td><td>0% - 5%</td></tr>
</table>
The scheme would predominantly invest in units of Franklin U.S. Opportunities Fund, an international Franklin Templeton SICAV range mutual fund (domiciled in Luxemburg) that invests in securities in the United States of America.

Under normal circumstances, at least 95% of the total portfolio will be invested in Franklin U. S. Opportunities Fund, subject to the Eligible Investment Amount and the terms of offer of Franklin U. S. Opportunities Fund.

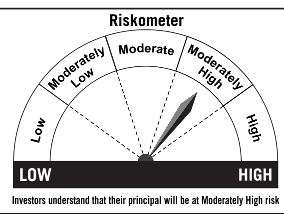
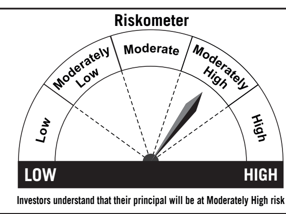
The scheme does not intend to invest in Securitised Debt and in such debt securities that may have a coupon or payout linked to the performance of an equity/equity index as an underlying (popularly known as 'equity linked debentures').

Subscriptions received in excess of the Eligible Investment Amount shall be invested in domestic debt and Money market Instruments including government securities, or securities which are supported by the Central or a state government. Further, if the investment proposed to be made by the Scheme in the underlying fund(s) exceeds any restriction (regulatory or otherwise), or is less than the minimum investment amount requirement, imposed by the underlying fund(s), the subscription received in the Scheme may be invested in debt and Money market Instruments.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The asset allocation pattern described above may alter from time to time on a short-term basis on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors and would generally be rebalanced in about one month from date of deviation. However, if the asset allocation pattern is to be altered for other reasons, as this is a fundamental attribute, the procedure outlined in the paragraph on fundamental attributes below, shall be followed.</td></tr>
</table>

Other Changes with effect from June 4, 2018:

Type of change	Current	Proposed
Change in Scheme Name	Franklin India Treasury Management Account	Franklin India Liquid Fund
Change in Type of scheme	Franklin India Short Term Income Plan (Open – end Income Fund)	Franklin India Short Term Income Plan [An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years (please refer Note 4)]
Change in Type of scheme	Franklin India Dynamic Accrual Fund (Open – end Income Fund)	Franklin India Dynamic Accrual Fund (An open ended dynamic debt scheme investing across duration)

Change in Type of scheme	Franklin India Index Fund - NSE Nifty Plan (Open – end index linked growth scheme)	Franklin India Index Fund - NSE Nifty Plan (An open ended scheme replicating/ tracking Nifty 50 Index)
Change in Type of scheme	Franklin India Feeder- Franklin European Growth Fund (Open – End Fund of Funds scheme investing overseas)	Franklin India Feeder- Franklin European Growth Fund (An open ended fund of fund scheme investing in units of Franklin European Growth Fund)
Change in Type of scheme	Franklin India Multi-Asset Solution Fund (An Open – End Fund of Funds scheme)	Franklin India Multi-Asset Solution Fund (An open ended fund of fund scheme investing in funds which in turn invest in equity, debt, gold and cash)
Change in Type of scheme	Franklin India Dynamic PE Ratio Fund of Funds (An Open – end Fund of Funds Scheme)	Franklin India Dynamic PE Ratio Fund of Funds (An open ended fund of fund scheme investing in dynamically balanced portfolio of equity and income funds)
Change in Type of scheme	Franklin India Life Stage Fund of Funds (An Open – end Fund of Funds Scheme)	Franklin India Life Stage Fund of Funds (An open ended fund of fund scheme investing in funds which in turn invest in equity and debt)
Change in Benchmark of Franklin India Dynamic PE Ratio Fund of Funds	S&P BSE Sensex and the CRISIL Balanced Fund - Aggressive index	CRISIL Balanced Fund – Aggressive index
Changes in Franklin India Pension Plan		
Type of scheme	An Open – end Tax Saving Fund	An open ended retirement solution oriented scheme having a lock-in of 5 years or till retirement age (whichever is earlier)
Lock-in period	Three (3) full financial years	For investment (including registered SIPs and incoming STPs) made on or before June 1, 2018: Three (3) full financial years For investments (including SIPs & STPs registered) made on or after June 4, 2018: 5 years or till retirement age (whichever is earlier)
Definition of Retirement age	Not available	60 years of age
Product Label	This product is suitable for investors who are seeking*: • Long term capital appreciation • A hybrid fund investing upto 40% in equities and the balance in high quality fixed income instruments  	This product is suitable for investors who are seeking*: • Long term capital appreciation • A retirement fund investing upto 40% in equities and balance in fixed income instruments 

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Notes on Additional disclosures

1. RISK FACTORS

1.1. Risks associated with overseas investment

- To the extent the assets of the scheme are invested in overseas financial assets, there may be risks associated with currency movements, restrictions on repatriation and transaction procedures in overseas market. Further, the repatriation of capital to India may also be hampered by changes in regulations or political circumstances as well as the application to it of other restrictions on investment. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration, bi-lateral conflict leading to immobilisation of the overseas financial assets and the prevalent tax laws of the respective jurisdiction for execution of trades or otherwise.
- Currency Risk: The fund may invest in overseas mutual fund / foreign securities as permitted by the concerned regulatory authorities in India. Since the assets will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes/fluctuations in the value of the foreign currencies relative to the Indian Rupee.
- Country Risk: The Country risk arises from the inability of a country, to meet its financial obligations. It is the risk encompassing economic, social and political conditions in a foreign country, which might adversely affect foreign investors' financial interests.

1.2. Risks associated with derivatives

- Derivatives are high risk, high return instruments as they may be highly leveraged. A small price movement in the underlying security could have a large impact on their value and may also result in a loss. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.
- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.
- Interest rate swaps and Forward Rate Agreement require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that the derivative adds to the portfolio and the ability to forecast failure of another party (usually referred to as the "counter-party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives, the credit risk where the danger is that of a counter-party failing to honour its commitment, liquidity risk where the danger is that the derivative cannot be sold at prices that reflect the underlying assets, rates and indices, and price risk where the market price may move in adverse fashion.
- In case of buying options either call/put, the maximum loss would be the premium paid in case of options expiring out of the money.
- The risks associated with futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- The Long position in the Nifty will have as much loss as the gain in the short portfolio if hedged completely and would be vice versa if we were holding long portfolio, short Index.
- While Futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time for scheme to purchase or close out a specific futures contract.
- The Scheme may find it difficult or impossible to execute derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limit or circuit breakers, the Scheme may face a liquidity issue.
- The Stock Exchange may impose restrictions on exercise of options and may also restrict the exercise of options at certain times in specified circumstances and this could impact the value of the portfolio.

1.3. Risks associated with Imperfect Hedging using Interest Rate Futures (IRF)

- Basis risk – While correlation between the underlying portfolio and IRF are tested, these are historical numbers and could diverge going forward. This could result in the hedge not working as desired.
- Yield curve slope risk – The IRF hedge is done on a modified duration basis. This means that the maturity of the underlying instrument and the maturity of the IRF could be different. The hedge ratio is arrived at using the prescribed formula. This hedges the risk arising from a parallel shift in the yield curve. Any change in the slope of the yield curve (flattening/steepening) remains unhedged as residual risk.
- Spread risk – The IRF is based on government securities and treasury bills. Imperfect hedging can be applied on portfolios comprised of corporate bonds as well. Corporate bond yield theoretically comprises of the risk free rate (systemic risk) and a credit spread (idiosyncratic risk). IRF would hedge out only the risk free rate. Any compression/expansion of credit spread of the underlying portfolio would not be hedged by the IRF.
- Liquidity/execution risk – IRF are relatively new instruments traded on the exchanges and don't have as much liquidity as the OTC market in the underlying bond. This could expose the hedge to liquidity (execution and wider bid-offer spread) risk and associated impact cost.
- Change in benchmark bond – IRF of government bonds are based on the liquid, on the run securities. When the underlying security is phased out for issuance by Government of India, a new bond is typically issued. IRFs are subsequently issued on the new bond and the market liquidity shifts to the new bond and away from the older bond. This would also expose the hedge to liquidity risk and impact cost to shift from the older instrument to the newer instrument.
- Rollover risk – IRF instruments are available upto a year in maturity, but typically the first few months are more liquid. If the holding period of the hedge exceeds the maturity of the IRF instrument's maturity, then the IRF would have to be rolled over at maturity. This could create rollover risk at maturity and associated costs.
- Unwinding risk— An unexpected change in market conditions may require unwinding the derivative positions at disadvantageous prices during periods of heightened volatility e.g. if the yields slide lower due to a surprise RBI rate cut, participants with short Interest Rate Futures positions would seek to cut their losses and exit, leading to an increase in the price of the IRF, and negative price impact on the hedged portfolio there from.
- Correlation risk – As per the extant regulation, the IRF has to have a 0.90 correlation coefficient with the underlying bond/portfolio, for the past 90 days, to be considered for imperfect hedging. If the correlation deteriorates going forward, the hedge may have to be removed with attendant impact costs.

1.4. Risks associated with participation in repo transactions in Corporate Debt Securities

- **Counter-party risk**

  Credit risk would arise if the counter-party fails to repurchase the security as contracted or if counterparty fails to return the security or interest received on due date. To mitigate such risks, the Schemes shall carry out repo transactions with only those counterparties, which has a credit rating of 'AA- and above'. In case of lending of funds as a repo buyer, minimum haircuts on the value of the collateral security have been stipulated, and we would receive the collateral security in the Scheme's account through an exchange settled matching process. Generally, we would have a limited number of counter-parties, comprising of Mutual Funds, Scheduled Commercial banks, Financial Institutions and Primary dealers etc. Similarly, in the event of the Scheme being unable to pay back the money to the counterparty as contracted, the counter-party may dispose off the assets (as they have sufficient margin) and the net proceeds may be refunded to the Scheme. Thus, the Scheme may suffer losses in such cases.

- **Collateral Risk (as a repo buyer)**

  Collateral risks arise due to fall in the value of the security (change in credit rating and/or interest rates) against which the money has been lent under the repo arrangement. To mitigate such risks, minimum haircuts have been stipulated on the value of the security. The Investment Manager may ask for a higher haircut depending upon the market conditions.

1.5. Risks associated with Investments in REITs and InvITs:

- Market Risk: REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends.
- Liquidity Risk: As the liquidity of the investments made by the Scheme(s) could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk.
- Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.
- Regulatory/Legal Risk: REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law.

1.6. Risks associated with Securitised Debts

- Different types of Securitised Debts in which the scheme would invest carry different levels and types of risks. Accordingly the scheme's risk may increase or decrease depending upon its investments in Securitised Debts. e.g. AAA securitised bonds will have low Credit Risk than a AA securitised bond. Credit Risk on Securitised Bonds may also depend upon the Originator, if the Bonds are issued with Recourse to Originator. A Bond with Recourse will have a lower Credit Risk than a Bond without Recourse. Underlying Assets in Securitised Debt may be the Receivables from Auto Finance, Credit Cards, Home Loans or any such receipts. Credit risk relating to these types of receivables depends upon various factors including macro-economic factors of these industries and economies. To be more specific, factors like nature and adequacy of property mortgaged against these borrowings, loan agreement, mortgage deed in case of Home Loan, adequacy of documentation in case of Auto Finance and Home Loan, capacity of borrower to meet its obligation on borrowings in case of Credit Cards and intentions of the borrower influence the risks relating to the assets (borrowings) underlying the Securitised Debts. Holders of Securitised Assets may have Low Credit Risk with Diversified Retail Base on Underlying Assets, especially when Securitised Assets are created by High Credit Rated Tranches. Risk profiles of Planned Amortisation Class Tranches (PAC), Principal Only Class Tranches (PO) and Interest Only Class Tranches (IO) will also differ, depending upon the interest rate movement and Speed of Pre-payments. A change in market interest rates/prepayments may not change the absolute amount of receivables for the investors, but affects the reinvestment of the periodic cash flows that the investor receives in the securitised paper.
- Presently, secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure
- Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Seller may repossess and sell the underlying Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

1.7. Risks of investing in floating rate debt instruments or fixed rate debt instruments swapped for floating rate return:

a. Interest rate movement (Basis Risk): As the fund will invest in floating rate instruments, these instruments' coupon will be reset periodically in line with the benchmark index movement. Normally, the interest rate risk of a floating rate instrument compared to a fixed rate instrument is limited. The changes in the prevailing rates of interest will likely affect the value of the Scheme's holdings until the next reset date and thus the value of the Scheme's Units. Increased rates of interest, which frequently accompany inflation and / or a growing economy, are likely to have a negative effect on the value of the Units. The value of securities held by the Scheme generally will vary inversely with changes in prevailing interest rates. The fund could be exposed to the interest rate risk (i) to the extent of time gap in resetting of the benchmark rates, and (ii) to the extent the benchmark index fails to capture the interest rate movement.

b. Spread Movement (Spread Risk): Though the basis (i.e. benchmark) gets readjusted on a regular basis, the spread (i.e. markup) over benchmark remains constant. This can result in some volatility to the holding period return of floating rate instruments.

c. Settlement Risk (Counterparty Risk): The floating rate assets may also be created by swapping a fixed return to a floating rate return. In such a swap, there may be an additional risk of counterparty who will pay floating rate return and receive fixed rate return.

2. WHERE WILL THE SCHEME INVEST?

2.1. Investments in Derivative Instruments

Brief note on investment in derivative instruments

As part of the Fund Management process, the Trustee may permit the use of derivative instruments such as index futures, stock futures and options contracts, warrants, convertible securities, swap agreements, Forward Rate Agreement (FRA) or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with the investment objectives of the scheme.

Index futures/options are meant to be an efficient way of buying/selling an index compared to buying/selling a portfolio of physical shares representing an index for ease of execution and settlement. Index futures/options can be an efficient way of achieving the scheme's investment objective. On the fixed income side, an interest rate swap agreement from fixed rate to floating rate is an example of how derivatives can be an effective hedge for the portfolio in a rising interest rate environment.

Derivatives can be either exchange traded or can be over the counter (OTC). Exchange traded derivatives are listed and traded on Stock Exchanges whereas OTC derivative transactions are generally structured between two counterparties.

Derivatives may be high risk - high return instruments, upon leveraging. As they are highly leveraged, a small price movement in the underlying security could have a large impact on their value and may also result in a loss.

Position Limits:

The scheme may enter into derivative transactions in line with the guidelines prescribed by SEBI from time to time.The exposure limit per scrip/instrument shall be to the extent permitted by the SEBI Regulation for the time being in force. These limits will be reviewed by the AMC from time to time.

Currently, the position limits for Mutual Funds and its schemes, as permitted by the SEBI Regulations, are as under:

The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme. Exposure due to hedging positions may not be included in the above mentioned limit subject to the following:

o Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.

- o Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned above.
- o Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
- o The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
- o Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned above.

Further, the total exposure related to option premium paid must not exceed 20% of the net assets of the scheme. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

Mutual Funds shall not write options or purchase instruments with embedded written options.

i. Position limit for Mutual Funds in index options contracts:

1. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
2. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for Mutual Funds in index futures contracts:

1. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.
2. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. Additional position limit for hedging

In addition to the position limits at point (i) and (ii) above, Mutual Funds may take exposure in equity index derivatives subject to the following limits:

1. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
2. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

iv. Position limit for Mutual Funds for stock based derivative contracts

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts shall be 20% of the applicable Market Wide Position Limit (MWPL).

v. Position limit for each scheme of a Mutual Fund

The position limits for each scheme of mutual fund and disclosure requirements shall be identical to that prescribed for a sub-account of a FII. Therefore, the scheme-wise position limit/disclosure requirements shall be –

1. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of:

   1% of the free float market capitalisation (in terms of number of shares)

   Or

   5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts)
2. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
3. For index based contracts, Mutual Funds shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

Valuation:

- ➢ The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
- ➢ The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

2.1.1. Stock and Index Options:

Option contracts are of two types - Call and Put; the former being the right, but not obligation, to purchase a prescribed number of shares at a specified price before or on a specific expiration date and the latter being the right, but not obligation, to sell a prescribed number of shares at a specified price before or on a specific expiration date. The price at which the shares are contracted to be purchased or sold is called the strike price. Options that can be exercised on or before the expiration date are called American Options, while those that can be exercised only on the expiration date are called European Options. In India, all individual stock options are American Options, whereas all index options are European Options. Option contracts are designated by the type of option, name of the underlying, expiry month and the strike price.

Strategies that employ Options:

Buying a Call Option: Let us assume that the Fund buys a call option of XYZ Ltd. with strike price of Rs. 1000, at a premium of Rs. 25. If the market price of ABC Ltd on the expiration date is more than Rs. 1000, the option will be exercised. The Fund will earn profits once the share price crosses Rs. 1025 (Strike Price + Premium i.e. 1000+25). Suppose the price of the stock is Rs. 1100, the option will be exercised and the Fund will buy 1 share of XYZ Ltd. from the seller of the option at Rs 1000 and sell it in the market at Rs. 1100, making a profit of Rs. 75. In another scenario, if on the expiration date the stock price falls below Rs. 1000, say it touches Rs. 900, the Fund will choose not to exercise the option. In this case the Fund loses the premium (Rs. 25), which will be the profit earned by the seller of the call option.

Risks:

In case of buying options either call/put, the maximum loss would be the premium paid in case of options expiring out of the money.

Buying a Put Option: Let us assume the Fund owns the shares of XYZ Ltd, which is trading at Rs. 500. The fund wishes to hedge this position in the short-term as it perceives some downside to the stock in the short-term. It can buy a Put Option at Rs. 500 by paying a premium of say Rs, 10/- In case the stock goes down to Rs. 450/- the fund has protected its downside to only the premium i.e Rs 10 instead of Rs. 50. On the contrary if the stock moves up to say Rs. 550/- the fund may let the Option expire and forego the premium thereby capturing Rs. 40/- upside. The strategy is useful for downside protection at cost of foregoing some upside.

Risks:

In case of buying options either call/put, the maximum loss would be the premium paid in case of options expiring out of the money.

Stock and Index Futures:

The Stock Exchange, Mumbai and the National Stock Exchange have introduced Index futures on BSE Sensex (BSE 30) and Nifty (NSE-50). Generally, three futures of 1 month, 2 months and 3 months are presently traded on these exchanges. These futures will expire on the last working Thursday of the respective month.

There are futures based on stock indices as mentioned above as also futures based on individual stocks. Individual stock futures are also widely used derivative instruments for enhancing portfolio returns. Stock futures trade either at a premium or at discount to the spot prices, usually the level of premium reflective of the cost of carry. Many a times the stock-specific sentiments too have a bearing on Futures as speculators may find futures as a cost-effective way of executing their view on the stock. However such executions usually increase the premium/discount to the spot significantly, thereby giving rise to clean arbitrage opportunities for a fund.

Strategies that employ Index Futures:

Illustrative list of strategies that can employ index futures:

(a) The fund has an existing equity portion invested in a basket of stocks. In case the fund manager has a view that the equity markets are headed downwards, the fund can then hedge the exposure to equity either fully or partially by initiating short futures positions in the index. A similar position in the long direction can also be initiated by the fund to hedge its position of cash and permissible equivalents. The extent to which this can be done is determined by existing guidelines.

(b) To the extent permissible by extant regulations the scheme can initiate a naked short position in an underlying index future traded on a recognized stock exchange.

In case the Nifty near month future contract trading at say, 1850, and the fund manager has a view that it will depreciate going forward, the fund can initiate a sale transaction of nifty futures at 1850 without holding a portfolio of equity stocks or any other underlying long equity position. Once the price falls to 1800 after say, 20 days the fund can initiate a square-up transaction by buying the said futures and book a profit of 50. Correspondingly the fund can take a long position without an underlying cash/ cash equivalent subject to the extant regulations.

Risks:

- The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- The Long position in the Nifty will have as much loss as the gain in the short portfolio if hedged completely and would be vice versa if we were holding long portfolio, short Index.

Strategies that employ Stock Futures:

Sell Spot Buy Future: To illustrate, let us assume the fund holds the stock XYZ Ltd which is trading @ Rs. 100/- at the spot market. If for some reasons the stock trades at Rs. 98 in the futures, the fund may sell the stock and buy the futures. On the date of expiry, the fund may reverse the transactions (i.e. Buy Spot & Sell futures) and earn a risk-free Rs. 2/- (2% absolute) on its holdings. Since this is done without diluting the fund's view on the underlying stock, the fund will benefit from any upside move i.e. if on the date of futures expiry, the stock is trading at Rs. 110/- the futures too will be trading at Rs. 110- and the fund will capture the 10% upside the stock provided and along with it the 2% arbitrage too, thereby enhancing returns to 12%

Risks:

- While Futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time for scheme to purchase or close out a specific futures contract.
- The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures.

Buy Spot Sell Future: If the fund holds a stock XYZ Ltd which trades @ Rs 100/- at the spot market and is trading at Rs. 102/- in the futures market. The fund may buy the spot and sell the futures and earn the premium of Rs.2 /- which is risk-free. However this strategy can be used only when the fund is sitting in cash and is looking at enhancing the returns on the cash.

Risks:

- While Futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time for scheme to purchase or close out a specific futures contract.
- The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures.

Sell Future: This helps in shorting the market and taking a direct short position in the market. Futures facilitate a short position if fund manager has a bearish view in the market. A sold Futures can be re-purchased any time up to the date of its expiry. If not re-purchased, it is automatically squared off on the expiry date at Spot Rate.

Risks:

The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Buy Future: If the fund wants to initiate a long position in a stock whose spot price is at say, Rs.100 and futures is at 98, the fund may just buy the futures contract instead of the spot thereby benefiting from a lower cost option.

Risks:

The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis–pricing of the futures and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

2.1.2. Interest Rate Swaps:

The Indian markets have faced high volatility in debt and equity markets. An interest rate swap is a contractual agreement between two counter-parties to exchange streams of interest amount on a national principal basis. In this, one party agrees to pay a fixed stream of interest amount against receiving a variable or floating stream of interest amount. The variable or floating part is determined on a periodical basis.

Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.

➢ Purpose of Interest Rate Swaps:

- The Indian markets have faced high volatility in debt and equity markets. An interest rate swap is a contractual agreement between two counter-parties to exchange streams of interest amount on a national principal basis. In this, one party agrees to pay a fixed stream of interest amount against receiving a variable or floating stream of interest amount. The variable or floating part is determined on a periodical basis.
- The scheme shall use derivative position for hedging the portfolio risk on a non-leverage basis. The scheme shall fully cover their positions in the derivatives market by holding underlying securities / cash or cash equivalents / option and / or obligation for acquiring underlying assets to honour the obligations contracted in the derivatives market.

Let us look at an example of an interest rate swap:

Entity A has Rs.20 crores, 3 month asset which is being funded through call. Entity B, on the other hand, has deployed Rs.20 crores in overnight call money market, 3 month liability. Both the entities are taking on an interest rate risk.

To hedge against the interest rate risk, both the entities can enter into a 3 month swap agreement based on say MIBOR (Mumbai Inter Bank Offered Rate). Through this swap, entity B will receive a fixed pre-agreed rate (say 8%) and pay NSE MIBOR ("the benchmark rate") which will neutralize the interest rate risk of lending in call. Similarly, entity A will neutralize its interest rate risk from call borrowing as it will pay 8% and receive interest at the benchmark rate.

Assuming the swap is for Rs.20 crores 1 September to 1 December, Entity A is a floating rate receiver at the overnight compounded rate and Entity B is a fixed rate receiver. On a daily basis, the benchmark rate fixed by NSE will be tracked by them.

On December 1, they will calculate as explained below:

Entity A is entitled to receive daily compounded call rate for 92 days and pay 8% fixed. Entity B is entitled to receive interest on Rs.20 crores @ 8% i.e. Rs.40.33 lakhs, and pay the compounded benchmark rate.

Thus on December 1, if the total interest on the daily overnight compounded benchmark rate is higher than Rs.40.33 lakhs, entity B will pay entity A the difference and vice versa.

2.1.3. Forward Rate Agreement (FRA)

A FRA is basically a forward starting IRS. It is an agreement between two parties to pay or receive the difference between an agreed fixed rate (the FRA rate) and the interest rate (reference rate) prevailing on a stipulated future date, based on a notional principal amount for an agreed period. The only cash flow is the difference between the FRA rate and the reference rate. As is the case with IRS, the notional amounts are not exchanged in FRAs.

Example: Let us assume that a scheme has an investment of Rs.10 crore in an instrument that pays interest linked to NSE Mibor. Since the NSE Mibor would vary daily, the scheme is running interest rate risk on its investment and would stand to lose if rates go down. To hedge itself against this risk, the scheme could do an IRS where it receives a fixed rate (assume 10%) for the next 5 days on the notional amount of Rs. 10 crore and pay a floating rate (NSE Mibor). In doing this, the scheme would effectively lock itself into a fixed rate of 10% for the next five days. The steps would be:

1. The scheme enters into an IRS on Rs. 10 crore from December 1 to December 6. It receives a fixed rate of interest at 10% and the counter party receives the floating rate (NSE Mibor). The scheme and the counter party exchange a contract of having entered into this IRS.
2. On a daily basis, the NSE Mibor will be tracked by the counterparties to determine the floating rate payable by the scheme.
3. On December 6, the counterparties will calculate the following:

- The scheme will receive interest on Rs. 10 crore at 10% p.a. for 5 days i.e. Rs.1,36,986/-
- The scheme will pay the compounded NSE Mibor for 5 days by converting its floating rate asset into a fixed rate through the IRS.
- If the total interest on the compounded NSE Mibor rate is lower than Rs. 1,36,986/-, the scheme will receive the difference from the counterparty and vice-versa. In case the interest on compounded NSE Mibor is higher, the scheme would make a lower return than what it would have made had it not undertaken IRS.

Risks:

Interest rate swaps and Forward Rate Agreement require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that the derivative adds to the portfolio and the ability to forecast failure of another party (usually referred to as the "counter-party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives, the credit risk where the danger is that of a counter-party failing to honour its commitment, liquidity risk where the danger is that the derivative cannot be sold at prices that reflect the underlying assets, rates and indices, and price risk where the market price may move in adverse fashion.

As is clear from the above examples, engaging in derivatives has the potential to help the scheme in minimising the portfolio risk and/or improve the overall portfolio returns.

2.1.4. Interest Rate Futures

An Interest Rate Futures ('IRF') contract is "an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today." The underlying security for Interest Rate Futures is either Government Bond or T-Bill. Interest Rate Futures are Exchange traded and standardized contracts based on 6 year, 10 year and 13 year Government of India Security and 91-day Government of India Treasury Bill (91DTB). These future contracts are cash settled. These instruments can be used for hedging the underlying cash positions.

Numerical Example –

When the underlying asset being hedged and the IRF contract are based on the same instrument, the hedge is known as a perfect hedge.

Imperfect hedging is when the underlying asset being hedged and the IRF contract has a 90 day correlation of closing prices of more than 90%. If such a correlation does not exist at any time, the derivative position shall be counted as exposure. Maximum permissible imperfect hedging is 20%. For example, assume a portfolio comprising the following structure:

Security	Amount (crs)	Price (INR)
IGB 6.79% 2027	50	94.6
IGB 6.68% 2031	25	91
IGB 7.17% 2028	15	98
Cash	10	-
Total	100	

Assuming the fund manager intends to hedge the portfolio using IRF and uses contracts on IGB 6.79% 2027 as it is most liquid. Maximum permissible imperfect hedging is 20%. For the above fund is 100*20% = INR 20 crores. Maximum perfect hedging using 6.79% 2027 is INR 50 crores. Total hedge the fund can enter into is INR 50 crores + INR 20 crores = INR 70 crores. Assuming the 90 day historical correlation between the instruments in the portfolio are as follows:

90 day historical correlation	IGB 6.79% 2027	IGB 6.68% 2031	IGB 7.17% 2028
IGB 6.79% 2027	1	0.95	0.85
IGB 6.68% 2031	0.95	1	0.80
IGB 7.17% 2028	0.85	0.80	1

Given that we are using IRF on 6.79% 2027, we can hedge 6.68% 2031 using IRFs as correlation is more than 90% upto INR 20 crores (based on the 20% limit of imperfect hedging). Since one contract of IRF has a notional value of INR 2 lakhs, in this example the fund manager may sell (INR 70 crores/2 lakhs) 3500 contracts, to hedge his position.

Scenario 1: When the bonds close higher than at the time the hedge was entered into:

Security	Amount (crs)	Price before hedging (INR)	Price on maturity of hedge (INR)	Gain/Loss	Net Gain (INR lakhs)
IGB 6.79% 2027	50	94.6	94.7	0.1	5
IGB 6.68% 2031	25	91	91.15	0.15	3.75
IGB 7.17% 2028	15	98	98.05	0.05	0.75
Cash	10				
Without IRF					9.5
IRF based on IGB 6.79% 2027	70	94.5	94.65	-0.15	-10.5
Total with IRF	100				-1

Scenario 2: When the bonds close lower than at the time the hedge was entered into:

Security	Amount (crs)	Price before hedging (INR)	Price on maturity of hedge (INR)	Gain/Loss	Net Gain (INR lakhs)
IGB 6.79% 2027	50	94.6	94.5	-0.1	-5
IGB 6.68% 2031	25	92	91.85	-0.15	-3.75
IGB 7.17% 2028	15	100	99.95	-0.05	-0.75
Cash	10				-
Without IRF					-9.5
IRF based on IGB 6.79% 2027	70	98.5	98.45	0.05	3.5
Total with IRF	100				-6

As can be seen in the cases above, IRFs help in reducing the volatility of the loss/gain to the fund in case of yield movements.

Please note these examples are hypothetical in nature and are given for illustration purposes only. The actual returns may vary depending on the market conditions.

The AMC retains the right to enter into such derivative transactions as may be permitted by the applicable regulations from time to time.

2.2. Foreign Securities: The Scheme may invest in various types of instruments including, but not limited to, any of the following:

- Equity and Equity linked instruments of overseas companies listed on recognised stock exchanges overseas
- Initial and follow on public offerings for listing at recognised stock exchanges overseas
- ADRs / GDRs issued by Indian or foreign companies
- foreign debt securities (convertible or non-convertible) in the countries with fully convertible currencies
- overseas short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies
- Overseas Money market instruments rated not below investment grade
- Overseas repos in the form of investment, where the counterparty is rated not below investment grade (repos shall not however, involve any borrowing of funds by the Scheme)
- Foreign government securities where the countries are rated not below investment grade
- Overseas derivatives traded on recognized stock exchanges overseas (currently permitted only for hedging and portfolio balancing with underlying as securities)
- Short term deposits with banks overseas where the issuer is rated not below investment grade
- Overseas Exchange Traded Funds (ETFs)
- units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in permitted Foreign Securities, Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or unlisted overseas securities (not exceeding 10% of their net assets).
- Any other permitted overseas securities / instruments that may be available from time to time.

Investment in Foreign Securities shall be in accordance with the guidelines issued by SEBI from time to time.

Investment in Foreign Securities

The Scheme may invest in permitted Foreign Securities and any other overseas instruments as may be permitted by SEBI/RBI/other regulatory authorities from time to time.

SEBI vide its circular dated September 26, 2007 has issued guidelines pertaining to investments in overseas financial assets. Accordingly the investments in Foreign Securities shall be made in compliance with the said circular.

The Fund has appointed a dedicated fund manager for the purpose of investment in overseas financial assets (except for investment in units/securities of overseas mutual funds/unit trusts/ETFs and such other securities/instruments as may be permitted by SEBI from time to time) as prescribed in the aforesaid SEBI circular. Service of custodian and other intermediaries/advisors of international repute will be used for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would include, besides the investments management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs and overseas regulatory costs.

Offshore investment will be made subject to any/ all approvals/conditions thereof as may be stipulated by SEBI/ RBI/ other regulatory authorities. Boards of asset management companies (AMCs) and trustees shall exercise due diligence in making investment decisions as required under Regulation 25(2). They shall make a detailed analysis of risks and returns of investment in foreign securities and how these investments would be in the interest of investors. Investment must be made in liquid actively traded securities/instruments and such other types of securities/instruments as may be permitted by SEBI from time to time. Boards of AMCs and trustees may prescribe detailed parameters for making such investments, which may include identification of countries, country rating, country limits, etc. They shall satisfy themselves that the AMC has experienced key personnel, research facilities and infrastructure for making such investments. Other specialised agencies and service providers associated with such investments e.g. custodian, bank, advisors, etc should also have adequate expertise and infrastructure facilities. Their past track record of performance and regulatory compliance record, if they are registered with foreign regulators, may also be considered. Necessary agreements may be entered into with them as considered necessary. All investment decisions shall be recorded in accordance with SEBI circular dated July 27, 2000. Such investments shall be disclosed while disclosing half-yearly portfolios in the prescribed format by making a separate heading "Foreign Securities/overseas ETFs." Scheme-wise percentage of investments made in such securities shall be disclosed while publishing half-yearly results in the prescribed format, as a footnote.

It is the investment manager's belief that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks.

Investment in derivatives traded on recognised stock exchanges overseas shall be made only for hedging and portfolio balancing with underlying as securities.

2.3. Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs):

In accordance with SEBI circular no. SEBI/HO/IMD/ DF2/CIR/P/2017/17 dated February 28, 2017 and amendments thereto from time to time, the Scheme may invest in units of Infrastructure Investment Trusts (InvITs) and Real Estate Investment Trusts (REITs) within the stipulated investment limits.

2.4. Investments in repo of corporate debt securities:

➢ Guidelines for participation in repo of corporate debt securities

SEBI has vide circular no. CIR / IMD / DF / 19 / 2011 dated November 11, 2011 and circular no. CIR/IMD/DF/23/2012 dated November 15, 2012 enabled mutual funds to participate in repos in corporate debt securities as per the guidelines issued by Reserve Bank of India (RBI) from time to time and subject to few conditions listed in the said SEBI circular.

Applicable conditions are as follows:

- The gross exposure of any mutual fund scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the concerned scheme.
- The cumulative gross exposure through repo transactions in corporate debt securities along with equity, debt and derivatives shall not exceed 100% of the net assets of the concerned scheme.
- Mutual funds shall participate in repo transactions only in AA and above rated corporate debt securities.
- In terms of Regulation 44 (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.

Other guidelines are as follows:

- Category of counter party & Credit rating of counter party

  All entities eligible for transacting in corporate bond repos as defined by SEBI and RBI shall be considered for repo investments with the caveat that the credit rating of the counterparty should be equal to or higher than AA- (long term rating).
- Tenor of Repo

  Tenor of repo shall be capped to 3 months as against maximum permissible tenor of 6 months. Any repo for a tenor beyond 3 months shall require prior approval from investment committee of the fund. There shall be no restriction / limitation on the tenor of collateral.
- Applicable haircut

  As per the RBI circular RBI/2012-13/365 IDMD.PCD.09/14.03.02/2012-13, the minimum haircut applicable on the market value of the corporate debt securities prevailing on the date of trade of 1st leg, would be as under:

Rating	AAA	AA+	AA
Minimum Haircut	**7.5%**	**8.5%**	**10%**

As per the SEBI guidelines, Mutual Funds may undertake repo in only AA and above rated corporate bond securities. Also, the Fund Manager may ask for a higher haircut (while lending) or give a higher haircut (while borrowing) depending on the prevailing market situation.

The investment restrictions applicable to scheme's participation in corporate bond repos will also be as prescribed or varied by SEBI or by the Board of Trustee and AMC (subject to SEBI restrictions) from time to time.

2.5. Investment in Securitised Debt

1. How the risk profile of securitized debt fits into the risk appetite of the scheme

Securitization is the fact or process of securitizing assets i.e. the conversion of loans into securities, usually in order to sell them on to other investors. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income characteristics. The risk of investing in securitized debt is similar to investing in debt securities. However it differs mainly in two respects. One, the liquidity of securitized debt is less than similar debt securities. Two, for certain types of securitized debt (backed by mortgages, personal loans, credit card debt, etc.), there is an additional pre-payment risk. Pre-payment risk refers to the possibility that loans are repaid before they are due, which may reduce returns if the re-investment rates are lower than initially envisaged.

Because of these additional risks, securitized debt typically offers higher yields than debt securities of similar credit rating and maturity. After considering these additional risks, the investment is no different from investment in a normal debt security. Considering the investment objective of the scheme, these instruments with medium risk profile can be considered in the investment universe. Thus if the Fund Manager judges that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified in the asset allocation table.

2. Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc

Investments in securitized debt will be done based on the assessment of the originator and the securitized debt which is carried out by the Fixed Income team based on the in-house research capabilities as well as the inputs from the independent credit rating agencies and by following Franklin Templeton's internal credit process.

Specifically, in order to mitigate the risk at the issuer/originator level the Fixed Income team will consider various factors which will include -

➢ Track record of the originator in the specific business to which the underlying loans correspond to;

- ➢ size and reach of the issuer/originator;
- ➢ Collection infrastructure & collection policies;
- ➢ Post default recovery mechanism & infrastructure;
- ➢ Underwriting standards & policies followed by originator;
- ➢ Management information systems;
- ➢ Financials of the originators including an analysis of leverage, NPAs, earnings, etc.;
- ➢ Future strategy of the company for the specific business to which the underlying loans correspond to;
- ➢ Performance track record of Originator's portfolio & securitized pools, if any;
- ➢ Utilization of credit enhancement in the prior securitized pools;
- ➢ The quality of information disseminated by the issuer/ originator; and
- ➢ The credit enhancement for different types of issuer/originator.

Also, assessment of business risk would be carried out which includes -

- ➢ Outlook for the economy (both domestic and global); and
- ➢ Outlook for the industry

In addition, the fund analyses the specific pool and the broad evaluation parameters are as follows:

- ➢ Average seasoning of the loans in the pool
- ➢ Average Loan to value ratio of the loans in the pool
- ➢ Average ticket size of the loans
- ➢ Borrower profile (salaried / self employed, etc)
- ➢ Geographical profile of the pool
- ➢ Tenure profile of the pool
- ➢ Obligor concentration
- ➢ Credit enhancement cover available over and above the historic losses on Originator's portfolio
- ➢ Expected Prepayment rate in the specific asset class experienced by the originator in the past as well as the industry
- ➢ Limited Liquidity and Price Risk.

The scheme will invest in securitized debt which are rated investment grade and above by a credit rating agency recognized by SEBI. The investment team analyses the Rating Rationale in detail before investing in any PTCs, and also discusses with the concerned rating agency on a need basis. The rating agency would normally take in to consideration the following factors while rating a securitized debt:

- Credit risk at the asset/originator/portfolio/pool level
- ➢ The quality of the pool is a crucial element in assessing credit risk. In the Indian context, generally, pools are 'cherry-picked' using positive selection criteria. To protect the investor from adverse selection of pool contracts, the rating agencies normally take into consideration pool characteristics such as pool seasoning (seasoning represents the number of instalments paid by borrower till date: higher seasoning represents better quality), over dues at the time of selection and Loan to Value (LTV). To assess its risk profile vis-à-vis the overall portfolio, the pool is analysed with regard to geographical location, borrower profile, LTV, and tenure.
- Counterparty risk
- ➢ This includes Servicer Risk, co-mingling risk etc. The rating agencies generally mitigate such risks though the usage of stringent counterparty selection and replacement criteria to reduce the risk of failure.
- Bankruptcy risk
- ➢ Of the Originator –
- ➢ Normally, specific care is taken in structuring the securitization transaction so as to minimize the risk of the sale to the trust not being construed as a 'true sale'. It is also in the Interest of the originator to demonstrate the transaction as a true sell to get the necessary revenue recognition and tax benefits.
- ➢ Of the Investors' agent
- ➢ All possible care is normally taken in structuring the transaction and drafting the underlying documents so as to provide that the assets/receivables if and when held by Investor's Agent is held as agent and in Trust for the Investors and shall not form part of the personal assets of Investor's Agent.
- **Legal risks**
- ➢ The rating agency normally conducts a detailed study of the legal documents to ensure that the investors' interest is not compromised and relevant protection and safeguards are built into the transaction.
- Various market risks like interest rate risk, macro-economic risks
- Assessment of risks related to business for example outlook for the economy, outlook for the industry and factors specific to the issuer/originator.

3. Risk mitigation strategies for investments with each kind of originator

The examples of securitized assets which may be considered for investment by the Scheme and the various risk mitigation parameters (please read in continuation with point 2 above) which will be considered include;

A) Asset backed securities issued by banks or non-banking finance companies.

Underlying assets may include receivables from loans against cars, commercial vehicles, construction equipment or unsecured loans such as personal loans, consumer durable loans. The various factors which will be usually considered while making investments in such type of securities include profile of the issuer, analysis of underlying loan portfolio – nature of asset class, seasoning of loans, geographical distribution of loans and coverage provided by credit-cum-liquidity enhancements.

B) Mortgage backed securities issued by banks or housing finance companies, where underlying assets are comprised of mortgages/home loan.

The various factors which will be usually considered while making investments in such type of securities include issuer profile of the issuer, quality of underlying portfolio, seasoning of loans, coverage provided by credit-cum-liquidity enhancements and prepayment risks.

C) Single loan securitization, where the underlying asset comprises of loans issued by a bank/non-banking finance company.

The factors which will be usually considered while making investments in such type of securities include assessment of credit risk associated with the underlying borrower as well as the originator. The Fixed Income team will adhere to the Franklin Templeton's internal credit process and perform a detailed review of the underlying borrower prior to making investments. This analysis is no different from the analysis undertaken by Fund when it invests in Debentures or Commercial papers issued by the same borrower.

Critical Evaluation Criteria

Typically the Fund would avoid investing in securitization transaction (without specific risk mitigation strategies / additional cash/security collaterals/ guarantees) if there are concerns on the following issues regarding the originator / underlying issuer:

1. High default track record/ frequent alteration of redemption conditions/covenants
2. High leverage ratios – both on a standalone basis as well on a consolidated level/ group level
3. Higher proportion of re-schedulement of underlying assets of the pool or loan, as the case may be
4. Higher proportion of overdue assets of the pool or the underlying loan, as the case may be
5. Poor reputation in market
6. Insufficient track record of servicing of the pool or the loan, as the case may be.

Further, investments in securitized debt will be done in accordance with the investment restrictions specified under the SEBI Regulations/ this Scheme Information Document which would help in mitigating certain risks. Currently, as per the Regulations, the Scheme cannot invest more than 10% of its net assets in debt instruments (irrespective of residual maturity) issued by a single issuer which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the Act. Such investment limit may be extended to 12% of the net assets of the Scheme with the prior approval of the Board of Trustees and the Board of the AMC.

4. The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments

The framework which will generally be applied by the Fund Manager while evaluating the investment decision with respect to securitized debt will be as follows:

Characteristics/ Type of Pool	Mortgage Loan	Commercial Vehicle and Construction Equipment	CAR	2 wheelers	Micro Finance Pools	Personal Loans	Single Sell down $	Others
Approximate Average maturity (in Months)	Upto 10 years	Upto 5 years	Upto 5 years	Upto 48 months	Upto 80 weeks	Upto 3 years	Case by case basis	As and when new asset classes of securitized debt are introduced, the investments in such instruments will be evaluated on a case by case basis
Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)	In excess of 3%	In excess of 4%	In excess of 4%	In excess of 4%	In excess of 5%	In excess of 5%	Case by case basis	
Average Loan to Value Ratio	95% or lower	100% or lower **	95% or lower	95% or lower	Unsecured	Unsecured	Case by case basis	
Average seasoning of the Pool	Minimum 2 months	Minimum 2 months	Minimum 2 months	Minimum 2 months	Minimum 2 weeks	Minimum 2 months	Case by case basis	
Maximum single exposure range *	< 5%	< 5%	NA (retail pool)	NA (retail pool)	NA (Very Small retail pool)	NA (retail pool)	Not applicable	
Average single exposure range % *	< 5%	< 5%	< 2%	< 1%	< 1%	< 1%	Not applicable	

** denotes % of a single ticket/loan size to the overall assets in the securitized pool.*

*** LTV Based on chassis value*

$ Broad evaluation criteria as per point 3 above

Notes:

1. Retail pools are the loan pools relating to Car, 2 wheeler, micro finance and personal loans, wherein the average loan size is relatively small and spread over large number of borrowers.
2. The information illustrated in the table above is based on current scenario relating to securitized debt market and is subject to change depending upon the change in the related factors.

In addition to the framework stated in the table above, in order to mitigate the risks associated with the underlying assets where the diversification is less, at the time of investment the Fixed Income team could consider various factors including but not limited to -

- ➢ Size of the loan - the size of each loan is generally analysed on a sample basis and an analysis of the static pool of the originator is undertaken to ensure that the same matches with the static pool characteristics. It also indicates whether there is high reliance on very small ticket size borrower which could result in delayed and expensive recoveries.
- ➢ Average original maturity of the pool of underlying assets
- ➢ The analysis of average maturity of the pool is undertaken to evaluate whether the tenor of the loans are generally in line with the average loans in the respective industry and repayment capacity of the borrower.
- ➢ Loan to value ratio, average seasoning of the pool of underlying assets - these parameters would be evaluated based on the asset class as mentioned in the table above.
- ➢ Default rate distribution - the Fixed Income team generally ensures that all the contracts in the pool are current to ensure zero default rate distribution.
- ➢ Geographical distribution - the analysis of geographical distribution of the pool is undertaken to ensure prevention of concentration risk.
- ➢ Credit enhancement facility - credit enhancement facilities in the form of cash collateral, such as fixed deposits, bank guarantee etc could be obtained as a risk mitigation measure.
- ➢ Liquidity facility - these parameters will be evaluated based on the asset class as mentioned in the table above.
- ➢ Structure of the pool of underlying assets - The structure of the pool of underlying assets would be either single asset class or combination of various asset classes as mentioned in the table above. We could add new asset class depending upon the securitization structure and changes in market acceptability of asset classes.

5. Minimum retention period of the debt by originator prior to securitization

The minimum retention period of the debt by the originator prior to securitization and the minimum retention percentage by originator of debts will be as per the guidelines/regulations issued by the RBI/other regulatory agencies from time to time. Also, please refer the table in point 4. The Fund will adopt that policy, whichever is stricter.

6. Minimum retention percentage by originator of debts to be securitized

Same as point 5 above.

7. The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund

An investment by the scheme in any security is done after detailed analysis by the Fixed Income team and in accordance with the investment objectives and the asset allocation pattern of a scheme. All investments are made on an arm's length basis without consideration of any investments (existing/potential) in the schemes made by any party related/involved in the transaction. The robust credit process ensures that there is no conflict of interests when a scheme invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme.

8. The resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt

The resources for and mechanisms of individual risk assessment with the AMC for monitoring investment in securitized debt are as follows:

- ➢ Fixed Income Team – Currently, the AMC has a 8 member team, which is responsible for credit research and monitoring and fund management, for all exposures including securitized debt.

- Ratings are monitored for any movement – Based on the cash flow report and Fixed Income Team's view, periodic review of utilization of credit enhancement shall be conducted and ratings shall be monitored accordingly.
- For legal and technical assistance with regard to the documentation of securitized debt instruments, the team can make use of resources within the internal legal team and if required take help of our external legal counsel as well.

As per the prevailing SEBI guidelines, the investments in securitised debt instruments will be shown as a separate category under debt instruments in the half yearly disclosure of scheme portfolio.

3. INVESTMENT RESTRICTION

3.1. Foreign Securities

In terms of SEBI Circular dated September 26, 2007 each mutual fund is currently permitted to invest up to US$300 million in Foreign Securities irrespective of the size of the assets. The ceiling for investment in overseas ETFs that invest in securities is US$ 50 million per mutual fund.

Currently, the mutual funds can invest in ADRs/GDRs issued by Indian or foreign companies, equity of overseas companies listed on recognised stock exchanges overseas, Initial and follow on public offerings for listing at recognized stock exchanges overseas, foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies, Money market instruments rated not below investment grade, Repos in the form of investment, where the counterparty is rated not below investment grade (repos should not however, involve any borrowing of funds by mutual funds), Government securities where the countries are rated not below investment grade, Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities, Short term deposits with banks overseas where the issuer is rated not below investment grade and Overseas Exchange Traded Funds (ETFs) that invest in securities. The mutual funds can also invest in the units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or (c) unlisted overseas securities (not exceeding 10% of their net assets). The restriction on the investments in mutual fund units up to 5% of net assets and prohibition on charging of fees shall not be applicable to investments in mutual funds in foreign countries made in accordance with SEBI Guidelines. However, the management fees and other expenses charged by the mutual fund in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund scheme shall not exceed the total limits on expenses as prescribed under Regulations. Where the scheme is investing only a part of the net assets in the foreign mutual fund(s), the same principle shall be applicable for that part of investment.

3.2. Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)

The Scheme may invest in the units of REITs and InvITs subject to SEBI prescribed limits from time to time. Currently following limits are prescribed by SEBI:

(a) Franklin Templeton Mutual Fund under all its schemes shall own not more than 10% of units issued by a single issuer of InvITs and REITs; and

(b) The Scheme shall not invest:

i. more than 10% of its net assets in the units of REITs and InvITs; and

ii. more than 5% of its net assets in the units of REITs and InvITs issued by a single issuer.

3.3. Repo transactions in corporate debt securities

- The gross exposure of any mutual fund scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the concerned scheme.
- The cumulative gross exposure through repo transactions in corporate debt securities along with equity, debt and derivatives shall not exceed 100% of the net assets of the concerned scheme.

4. Concept of Macaulay's Duration

The Macaulay duration is defined as the weighted average time to full recovery of principal and interest payments of a bond i.e. the weighted average maturity of cash flows. The weight of each cash flow is determined by dividing the present value of the cash flow by the price of the bond. It is computed as follows:

$$\text{Macaulay Duration} = \sum_{t=1}^{n} \frac{(PV)\,(CFt) \times t}{\text{Market Price of Bond}}$$

(PV)(CFt) = present value of cash flows of a bond at period t
t = time to each cash flow (in years)
n = number of periods to maturity

- **Effective Dates and Exit Option for Merger of Plans under FIGSF and changes in fundamental attributes of the Schemes:**

In terms of prevailing regulatory requirements, investors in all Plans under FIGSF and the Schemes (mentioned under table no. 1-24 under the heading "Change in Scheme features") undergoing fundamental attribute changes are given an option to exit at the prevailing Net Asset Value (NAV) without any exit load, in case they do not wish to continue in the surviving plan post merger/the Schemes post the change in the fundamental attributes. The period of this no load exit offer is from **May 3, 2018 to June 1, 2018** (both days inclusive).

The redemption request for this purpose may be submitted at any of Official Points of Acceptance of Transactions (OPAT) of FTMF, and the NAV applicable will be based on the day and time the application is received at any of the designated OPAT. Unitholders who do not exercise the exit option on or before 3.00 pm on June 1, 2018 would be deemed to have consented to the proposed changes.

Unitholders who have pledged their units will need to procure a release of their pledge prior to submitting their redemption request.

Requisite Corporate and Regulatory Approvals:

The merger and changes in scheme features have been approved by the Board of Directors of the Franklin Templeton Asset Management (India) Pvt. Ltd. (investment manager for schemes of Franklin Templeton Mutual Fund) and Franklin Templeton Trustee Services Pvt. Ltd. (the Trustee to the schemes of Franklin Templeton Mutual Fund).

The Securities and Exchange Board of India ("SEBI") has also vide its letter no. IMDIDF3IOW/P1201 81761911 dated March 09, 2018 and letter no. OW/P/2018/11824/1 dated April 17, 2018 confirmed its no objection to the changes to the Schemes.

Relevant modifications in other Sections of Scheme Information Document/ Key Information Memorandum pertaining to the above-mentioned proposed change in features shall be made. All the other terms and conditions of the Scheme Information Document/ Key Information Memorandum of the Schemes, read with the addenda issued from time to time, will remain unchanged. Any corresponding changes in the Scheme Information Document/ Key Information Memorandum arising out of the aforesaid changes shall be carried in the respective scheme documents to ensure uniformity of provisions.

This addendum forms an integral part of the Scheme Information Document and Key Information Memorandum issued for the Schemes, read with the Addenda.

This addendum is dated April 19, 2018.

For Franklin Templeton Asset Management (India) Pvt. Ltd.

(Investment Manager of Franklin Templeton Mutual Fund)

Sd/-

Sanjay Sapre

President