



KEY INFORMATION MEMORANDUM

Franklin India Credit Risk Fund

[Number of Segregated Portfolios-3 viz. Segregated Portfolio 1 (8.25% Vodafone Idea Ltd 10JUL20), Segregated Portfolio 2 (10.90% Vodafone Idea Ltd 02SEP2023 (P/C 03SEP2021)) and Segregated Portfolio 3 (9.50% Yes Bank Ltd CO (23DEC21))]

An Open ended debt scheme primarily investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds)

Product Labeling

This product is suitable for investors who are seeking*

Nature of scheme & indicative time horizon	Brief about the investment objective & kind of product	Riskometer
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)	LOW HIGH Investors understand that their principal will be at moderate risk

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

Offer for units on an ongoing basis at a Net Asset Value (NAV) based price

The Key Information Memorandum is dated December 26, 2019. This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. **For further details of the Scheme/Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, penalties & pending litigations etc. investors should, before investment, refer to the Scheme Information Document and Statement of Additional Information available free of cost at any of the Investor Service Centres or distributors or from the website www.franklintempletonindia.com.** This KIM shall remain effective until a 'material change' (other than a change in fundamental attributes and within the purview of the KIM) occurs and thereafter Material changes will be filed with SEBI.

The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

INVESTMENT OBJECTIVE	An open ended debt scheme primarily investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds)		
ASSET ALLOCATION PATTERN OF THE SCHEME			
	Instruments	Risk Profile	As % of Net Assets# (Min. - Max.)
	Debt securities issued by private sector, corporate and Public Sector Undertakings including banks, financial institutions, Non-Banking Financial	Low to Medium	65% - 100%

	Companies*		
	Government Securities, Debt, Money market securities, Real Estate Investment Trusts (REIT)/ Infrastructure Investment Trust (InvIT), CBLO and T-Bills	Low	0% - 35%
	* 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. For prudential limits on portfolio concentration, please refer to Scheme Information Document.		
INVESTMENT STRATEGY	The general maturity/ duration range for the portfolio in relation to the market based on its interest rate outlook will be arrived at after a rigorous and close monitoring of various macro variables. The shifts within this range are then determined by short term cyclical trends in the economy.		
RISK PROFILE OF THE SCHEME	Mutual Fund Units involve investment risks including the possible loss of principal. Please read the SID carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below: • Different types of securities 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 investment pattern. - Investments in debt instruments are subject to various risks such as credit/default risk, interest rate risk, reinvestment risk, liquidity risk etc. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated. Credit Risk: This refers to the risk that an issuer of a fixed income security may default (i.e. will be unable to make timely principal and interest payments on the security). The scheme may predominantly invest in AA/ A rated securities which carry a higher credit risk compared to AAA rated securities. These securities carry relatively higher possibility of a default. Interest Rate Risk: This risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of debt instruments. Consequently, the NAV of the scheme may be subject to fluctuation. Prices of long term securities generally fluctuate more in response to interest rate changes than do short-term Securities. This may expose the schemes to possible capital erosion. Liquidity Risk: This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). Liquidity risk is today characteristic of the Indian fixed income market. Market Risk: This risk arises due to price volatility due to such factors as interest sensitivity, market perception or the credit worthiness of the issuer and general market liquidity, change in interest rate expectations and liquidity flows. Market risk is a risk which is inherent to investments in securities. This may expose the schemes to possible capital erosion. Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received for the securities in the Scheme is reinvested. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed. Different types of Securitised Debts in which the scheme would invest carry different levels and types of risks. Presently, secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the scheme. - In case of investments in foreign securities, there may be risks associated with currency movements, restrictions on repatriation and transaction procedures in overseas market as well as country related risks. - Engaging in securities lending is subject to risks related to fluctuations in collateral value and settlement/liquidity and counter party risks. - Short selling of securities (i.e. sale of securities without owning them) entails the risk of the security price going up there by decreasing the profitability of the short position. - 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. - Risks associated with Imperfect Hedging using Interest Rate Futures includes basis risks, yield curve slope risks, spread risks, liquidity risks, rollover risks and unwinding risks among other risks. - Investments in REITs & InvITs may carry market risks, reinvestment risks, liquidity risks and regulatory risks among other risks. - Risks associated with participation in repo transactions in Corporate Debt Securities involves counter-party risks and collateral risks among other risks. - There is no assurance or guarantee that the objectives of the scheme will be achieved. The past performance of the mutual funds managed by the Franklin
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	Templeton Group and its affiliates is not necessarily indicative of future performance of the scheme.
RISK MITIGATION FACTORS	Interest Rate Risks: The Fund seeks to mitigate this risk by maintaining a low to medium portfolio maturity. Credit Risk or Default Risk: The Fund will endeavour to minimise Credit/Default risk by primarily investing in medium-high investment grade fixed income securities rated by SEBI registered credit rating agencies. The historical default rates for investment grade securities (BBB and above) have been low. Reinvestment Risk: Reinvestment risks will be limited to the extent of coupons received on debt instruments, which will be a very small portion of the portfolio value. The scheme may take positions in interest rate derivatives to hedge market/interest rate risks. Liquidity and Marketability Risk: The fund will endeavour to minimise liquidity risk by investing in securities having a liquid market. In case of the Scheme, the Fund is looking to mitigate this risk by restricting single investments to Rs.20 crores per day per application and through a higher exit load, which discourages short term flows.
PLANS AND OPTIONS	• Growth Plan • Dividend Plan (with Reinvestment and Payout Options) • Direct - Growth Plan • Direct - Dividend Plan (with Reinvestment and Payout Options). All Plans have a common portfolio Default Plan - Direct Plan (for investments not routed through a AMFI registered mutual fund distributor) Default Plan/ Option - Growth in case Growth or Dividend is not indicated and Dividend Reinvestment in case Dividend Payout or Dividend Reinvestment is not indicated. Compulsory reinvestment of Dividend Where the Unitholder has opted for Dividend Payout option and in case the amount of dividend payable to the Unitholder is Rs.20/- or less, the same will be compulsorily reinvested in the scheme.
APPLICABLE NAV (after the scheme opens for repurchase and sale)	a. Purchases including switch-in For amount less than Rs.2 lacs 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. However, in respect of valid applications with outstation cheques/demand drafts not payable at par at the place where the application is received*, closing NAV of the day on which cheque/demand draft is credited to the account of Franklin Templeton Mutual Fund shall be applicable. For amount Rs.2 lacs or more: In respect of valid applications received* up to 3:00 p.m. by the Mutual Fund and the funds are available for utilisation on the same day before the cut-off time (3.00 p.m.) - the closing NAV of the day on which the funds are available for utilisation shall be applicable. In respect of valid applications received* after 3:00 p.m. by the Mutual Fund and the funds are available for utilisation on the same day - the closing NAV of the Business Day following the day on which the funds are available for utilisation shall be applicable. However, irrespective of the time of receipt of application, where the funds are not

	available for utilisation on the day of the application, the closing NAV of the Business Day on which the funds are available for utilisation before the cut-off time (3:00 p.m.) shall be applicable provided the application is received* prior to availability of the funds. For determining the availability of funds for utilisation, the funds for the entire amount of subscription/purchase (including switch-in) as per the application should be credited to the bank account of the scheme before the cut-off time and the funds are available for utilisation before the cutoff time without availing any credit facility whether intra-day or otherwise, by the respective scheme. Note - The applicability of Net Asset Value (NAV) for on-going subscriptions will be as follows: In case where more than one application is received for purchase/subscription (fresh or additional) into a scheme of the Mutual Fund for an aggregate investment amount equal to or more than Rs.2 lacs on any Business Day across all plans/options of the relevant scheme, then such applications shall be aggregated at the investor level (same holders/joint holders identified by their Permanent Account Numbers (PAN) in the same sequence). Such aggregation shall be done irrespective of the number of folios under which the investor is investing and irrespective of source of funds, mode, location and time of application and payment. Accordingly, the applicable NAV for such applications shall be the closing NAV of the Business Day on which the funds are available for utilisation before the cut off time (currently 3:00p.m.) in case of each application. In case funds are received on separate days and are available for utilisation on different Business Days before the cut off time, the applicable NAV shall be of the closing NAV of the Business day(s) on which the cleared funds are available for utilization for the respective application. It is clarified that switches and transactions under SIP, STP, DTP and stock exchange infrastructure will not be considered for aggregation of applications. It is further clarified that in respect of schemes having more than one portfolio, the aggregation of application will be done at portfolio level. b. Redemptions including switch-out: In respect of valid applications received* up to 3:00 p.m. by the Mutual Fund, the closing NAV of the day of receipt of application shall be applicable. In respect of valid applications received* after 3:00 p.m. by the Mutual Fund, the closing NAV of the next business day shall be applicable.	
MINIMUM APPLICATION AMOUNT/ NUMBER OF UNITS	Purchase: Rs.5,000/- and multiples of Re.1 Additional Purchase: Rs.1,000/- and multiples of Re.1 Further, fresh/additional purchase (including switch-in) by an investor on a single day in in each Plan will be allowed/ accepted only up to Rs.20 crores per application. Repurchase: Minimum of Rs.1,000/- or 'All Units' if the account balance is less than Rs. 1000/-	
DESPATCH OF REPURCHASE(REDEMPTION) REQUEST	The redemption proceeds will be despatched to the unitholders within the regulatory time limit of 10 business days of the receipt of the valid redemption request at the Official Points of Acceptance of Transactions (OPAT) of the Mutual Fund.	
BENCHMARK INDEX	NIFTY Credit Risk Bond Index	
DIVIDEND POLICY	Dividends are distributed based on the availability of adequate distributable surplus in the scheme. The Trustee may, at its sole discretion declare dividends in the fund at any time. Although there is every intention to declare dividend in Dividend Plan/Option, there is no assurance or guarantee as to the frequency or quantum of dividends nor that would the dividends be regularly paid.	
NAME & TENURE OF THE FUND MANAGER(S)	Name of the Fund Manager(s)	Tenure of managing the scheme (in years) (upto December 26, 2019)

	Santosh Kamath	5.70			
	Kunal Agrawal	1.17			
NAME OF THE TRUSTEE COMPANY	Franklin Templeton Trustee Services Pvt. Ltd., a company set up under the Companies Act 1956, and approved by SEBI to act as the Trustee to the schemes of Franklin Templeton Mutual Fund.				
PERFORMANCE OF THE SCHEME	FICRF				
	Compounded and annualised returns	1 Year	3 Years	5 Years	Since Inception
	FICRF	5.78%	6.96%	7.87%	9.03%
	NIFTY Credit Risk Bond Index ^	10.54%	7.35%	8.29%	8.65%
	Returns based on Growth Plan NAV of November 29, 2019. Inception date: December 07, 2011. ^ Index is adjusted for the period December 7, 2011 to November 15, 2019 with the performance of CRISIL Short Term Bond Fund Index.				
	FICRF - Direct				
	Compounded and annualised returns	1 Year	3 Years	5 Years	Since Inception
	FICRF - Direct	6.54%	7.76%	8.72%	9.41%
	NIFTY Credit Risk Bond Index ^	10.54%	7.35%	8.29%	8.58%
	Returns based on Growth Plan NAV of November 29, 2019. Inception date: January 01, 2013. ^ Index is adjusted for the period December 7, 2011 to November 15, 2019 with the performance of CRISIL Short Term Bond Fund Index.				
8.25% Vodafone Idea Ltd 10JUL20 and 10.90% Vodafone Idea Ltd 02SEP2023 (P/C 03SEP2021) has been segregated from the main portfolio effective January 24, 2020. Creation of the segregated portfolio has no further impact on the NAV of the fund beyond the fair valuation of these securities done on January 16, 2020. Kindly note that this fair valuation only reflects the realizable price of the relevant securities on the date of valuation and does not indicate any reduction or write-off of the amount repayable by Vodafone Idea Limited.					
9.50% Yes Bank Ltd CO (23DEC21) has been segregated from the main portfolio effective March 6, 2020. Due to segregation of portfolio, the scheme performance has been impacted as given below:					
FICRF					
Compounded and annualised returns	1 Year	3 Years	5 Years	Since Inception	
FICRF	-2.41%	4.42%	6.18%	8.03%	
NIFTY Credit Risk Bond Index ^	10.31%	7.89%	8.23%	8.65%	
Returns based on Growth Plan NAV of March 6, 2020. Inception date: December 07, 2011. ^ Index is adjusted for the period December 7, 2011 to November 15, 2019 with the performance of CRISIL Short Term Bond Fund Index. There is no assurance or guarantee of principal or returns in any of the mutual fund scheme.					

FICRF - Direct

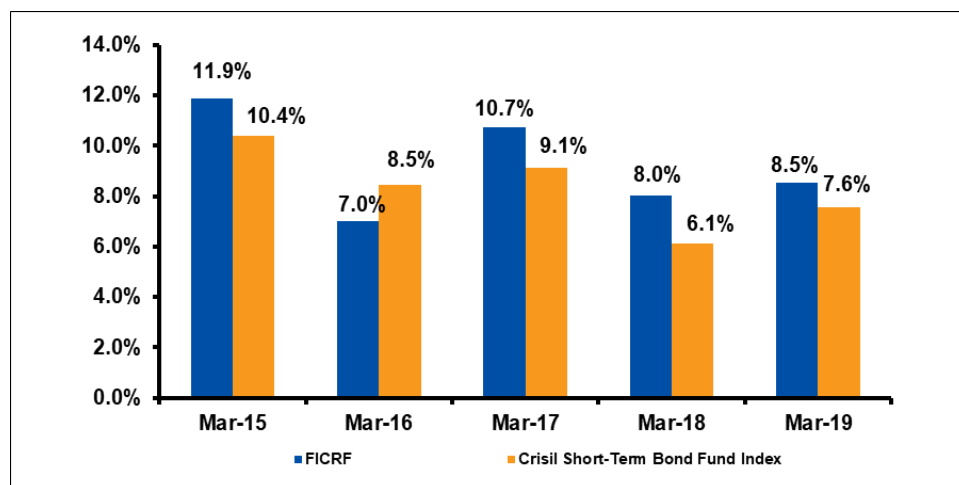
Compounded and annualised returns	1 Year	3 Years	5 Years	Since Inception
FICRF - Direct	-1.73%	5.19%	7.01%	8.27%
NIFTY Credit Risk Bond Index ^	10.31%	7.89%	8.23%	8.58%

Returns based on Growth Plan NAV of March 6, 2020. Inception date: January 01, 2013.

^ Index is adjusted for the period December 7, 2011 to November 15, 2019 with the performance of CRISIL Short Term Bond Fund Index.

NAV per unit (Regular Plan - Growth Option)		
Date	Main portfolio	Segregated Portfolio
5/03/2020	19.2102	NA
6/03/2020	18.9168	0
Reduction in NAV (%)	-1.53%	

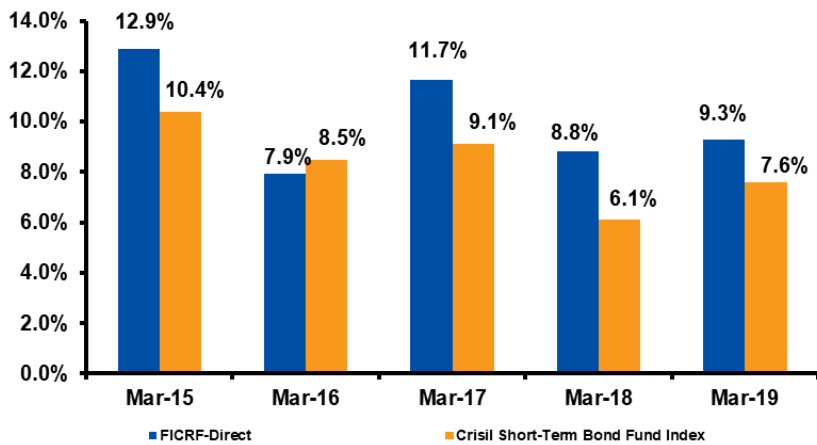
NAV per unit (Direct Plan - Growth Option)		
Date	Main portfolio	Segregated Portfolio
5/03/2020	20.3387	NA
6/03/2020	20.0284	0
Reduction in NAV (%)	-1.53%	

Year-wise returns for the last 5 financial years**FICRF**

Past performance may or may not be sustained in future.

Based on Growth Plan NAVs.

FICRF - Direct

	<table><thead><tr><th>Period</th><th>FICRF-Direct</th><th>Crisil Short-Term Bond Fund Index</th></tr></thead><tbody><tr><td>Mar-15</td><td>12.9%</td><td>10.4%</td></tr><tr><td>Mar-16</td><td>7.9%</td><td>8.5%</td></tr><tr><td>Mar-17</td><td>11.7%</td><td>9.1%</td></tr><tr><td>Mar-18</td><td>8.8%</td><td>6.1%</td></tr><tr><td>Mar-19</td><td>9.3%</td><td>7.6%</td></tr></tbody></table> Past performance may or may not be sustained in future. Based on Growth Plan NAVs.	Period	FICRF-Direct	Crisil Short-Term Bond Fund Index	Mar-15	12.9%	10.4%	Mar-16	7.9%	8.5%	Mar-17	11.7%	9.1%	Mar-18	8.8%	6.1%	Mar-19	9.3%	7.6%									
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EXPENSES OF THE SCHEME	i) Load Structure Entry Load: NIL Exit Load: In respect of each purchase of Units – • Upto 10% of the Units may be redeemed without any exit load in each year from the date of allotment.* • Any redemption in excess of the above limit shall be subject to the following exit load: • 3% - if redeemed on or before 12 months from the date of allotment • 2% - if redeemed after 12 months but within 24 months from the date of allotment • 1% - if redeemed after 24 months but within 36 months from the date of allotment • Nil - if redeemed after 36 months from the date of allotment *This no load redemption limit is applicable on a yearly basis (from the date of allotment of such units) and the limit not availed during a year shall not be clubbed or carried forward to the next year. ii) Recurring expenses (Actual Expenses for the financial year ending March 2019) 1.74% 0.98% (Direct)																											
PORTFOLIO HOLDINGS AS ON NOVEMBER 29, 2019	<table><thead><tr><th>Top 10 Holding- Issuer Wise*</th><th>% to NAV</th></tr></thead><tbody><tr><td>Shriram Transport Finance Company Ltd</td><td>7.30</td></tr><tr><td>Adani Rail Infra Pvt Ltd</td><td>5.49</td></tr><tr><td>Uttar Pradesh Power Corp Ltd</td><td>5.49</td></tr><tr><td>Piramal Enterprises Ltd</td><td>5.48</td></tr><tr><td>Andhra Pradesh Capital Region Development Authority</td><td>4.86</td></tr><tr><td>Vodafone Idea Ltd</td><td>4.34</td></tr><tr><td>Five Star Business Finance Ltd</td><td>3.73</td></tr><tr><td>Rishanth Wholesale Trading Pvt Ltd</td><td>3.70</td></tr><tr><td>Hinduja Leyland Finance Ltd</td><td>3.22</td></tr><tr><td>The Tata Power Company Ltd</td><td>2.90</td></tr></tbody></table> *Excludes Call, Cash and Other Current Assets. <table><thead><tr><th>Sector Allocation</th><th>% to NAV</th></tr></thead><tbody><tr><td>Financial services</td><td>31.33</td></tr></tbody></table>	Top 10 Holding- Issuer Wise*	% to NAV	Shriram Transport Finance Company Ltd	7.30	Adani Rail Infra Pvt Ltd	5.49	Uttar Pradesh Power Corp Ltd	5.49	Piramal Enterprises Ltd	5.48	Andhra Pradesh Capital Region Development Authority	4.86	Vodafone Idea Ltd	4.34	Five Star Business Finance Ltd	3.73	Rishanth Wholesale Trading Pvt Ltd	3.70	Hinduja Leyland Finance Ltd	3.22	The Tata Power Company Ltd	2.90	Sector Allocation	% to NAV	Financial services	31.33	
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	Energy	20.11
	Services	17.48
	Construction	8.17
	Pharma	5.48
	Telecom	4.65
	Consumer goods	3.70
	Automobile	2.45
	Metals	2.40
	IT	1.89
	Media & Entertainment	0.29
	Call, cash and other current asset	2.04
	Note: All securities belonging to a given sector are considered for this disclosure. It may be noted that Sector exposure limits are monitored as per applicable SEBI Regulations/ circulars. This disclosure does not represent the exposure as per aforesaid Regulatory limits. Scheme's latest monthly portfolio holding can be viewed on https://www.franklintempletonindia.com/investor/reports under Monthly Portfolio Disclosure.	
PORTFOLIO TURNOVER RATIO- LAST ONE YEAR ENDED NOVEMBER 29, 2019	Not Applicable	
TAX TREATMENT FOR THE INVESTORS (Unitholders)	Investors are advised to refer to the details given in the Statement of Additional Information (SAI) under the section "Taxation". However, the information provided therein is for general information purpose only and is based on the prevailing tax laws. In view of the individual nature of the implications, each investor is advised to consult with his or her own tax advisors with respect to the specific tax and other implications arising out of his or her participation in the schemes.	
DAILY NET ASSET VALUE (NAV) PUBLICATION	The NAV will be calculated for every Business Day and can also be viewed on www.franklintempletonindia.com and www.amfiindia.com. You can also telephone us at 1-800-425-4255 or 1800-258-4255 (if calling from a mobile phone, please prefix the city STD code; local call rates apply for both numbers) from 8 a.m to 9 p.m, Monday to Saturday.	
FOR INVESTOR GRIEVANCES PLEASE CONTACT	Investor Services, Franklin Templeton Asset Management (India) Pvt. Ltd., Unit 301, III Floor, Campus 4B, RMZ Millenia Business Park, 143 Dr. MGR Road, Kandanchavadi, Chennai 600096. Tel: 1800 425 4255 or 1800 258 4255 (please prefix the city STD code if calling from a mobile phone, Local call rates apply to both the numbers) from 8:00 a.m. to 9:00 p.m., Monday to Saturday. Email: service@franklintempleton.com. Name of Investor Relations Officer: Ms. Rini Krishnan Name and Address of Registrar: Franklin Templeton Asset Management (India) Pvt. Ltd., Unit 301, III Floor, Campus 4B, RMZ Millenia Business Park, 143 Dr. MGR Road, Kandanchavadi, Chennai 600096.	
UNITHOLDERS' INFORMATION	No Load on Bonus / Dividend Reinvestment: No entry and exit load shall be charged on bonus units or units allotted on reinvestment of dividend. Commission to distributor: The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder (AMFI registered distributor) directly by the investor, based on the investor's assessment of various factors including service rendered by the ARN Holder. Credit of exit load to scheme: Effective October 01, 2012, Exit load/ CDSC (if any) charged to the unit holders by the Mutual Fund on redemption (including switch-out) of units shall be credited to the respective scheme net of Goods and Service tax. Goods	

and Service tax on exit load, if any, shall be paid out of the exit load proceeds.

Option to receive allotment and hold units in demat form:

Investors have an option to receive allotment and hold units of the schemes of Franklin Templeton Mutual Fund in demat form. For this purpose, the investors need to furnish the details of their depository account in the Application Form along with a copy of the Client Master Report / List (CMR/CML) or the Transaction Statement (the page reflecting name and holding pattern) for verification of the demat account. The date of demat account statement should be within 90 days of the application. The Units allotted in electronic form will be credited to the investor's Beneficiary Account with a Depository Participant (DP) of CDSL or NSDL as per the details furnished by the investor in the Application Form. In case the Unitholder does not wish to get his/her Units converted / allotted in electronic form or the AMC is not able to credit the Units to the beneficiary account(s) of the investor for any reason whatsoever, the AMC shall issue Account statement(s) specifying the Units allotted to the investor. Please note that where the investor has furnished the details of their depository accounts in the Application Form, it will be assumed that the investor has opted for allotment in demat form and the allotment will be made only in demat form as default.

In case of SIP, the units will be allotted based on the applicable NAV as per the terms of the Scheme Information Document of the respective scheme and will be credited to the investor's demat account on weekly basis on realisation of funds. For example, for the subscription amount of the relevant SIP instalment credited to the bank account of Franklin Templeton Mutual Fund during a week (Friday to Thursday), the units allotted will be credited to the investor's demat account on following Monday or the subsequent working day if Monday is a holiday/non-working day for the AMC or the depositories.

However, this facility is not available for investment under Daily Dividend and Weekly Dividend options of the schemes, Switch facility, Systematic Transfer Plan (STP) and Dividend Transfer Plan (DTP).

The existing Unitholders can dematerialise the units held in physical form (represented by Account Statement) at any time by making an application to the Depository Participant by filling up the Conversion Request Form (CRF) and surrendering the Account Statement(s).

Transaction Charges:

The AMC/Mutual Fund shall deduct Transaction Charges on purchase/subscription applications received from investors that are routed through a distributor/agent/broker as follows, provided the distributor/agent/broker has opted to receive the transaction charges:

(i) First time investor in mutual funds:

Transaction Charge of Rs. 150/- on purchase/subscription application of Rs.10,000 and above shall be deducted from the subscription amount and paid to the distributor/agent/broker of the investor. Units will be allotted for the balance subscription amount (net of the transaction charge deducted).

(ii) Investors other than first time investor in mutual funds:

Transaction Charge of Rs. 100/- per purchase/subscription application of Rs.10,000 and above shall be deducted from the subscription amount and paid to the distributor/agent/broker of the investor. Units will be allotted for the balance subscription amount (net of the transaction charge deducted).

(iii) In case of investments through Systematic Investment Plan (SIP), the Transaction Charge shall be deducted only if the total commitment through SIP (i.e. amount per SIP instalment x No. of SIP instalments) amounts to Rs.10,000/- and above. The Transaction Charge shall be deducted in 3 or 4 instalments, as may be decided by the AMC from time to time.

(iv) The Transaction Charges shall not be deducted for:

(a) purchase/subscription applications for an amount less than Rs.10,000/-;

	(b) transactions other than purchases/subscriptions relating to new inflows such as switches, redemption, Systematic Transaction Plan, Dividend Transfer Plan etc.; (c) direct applications received by the AMC i.e. applications received at any Official Point of Acceptance of Transaction of Franklin Templeton Mutual Fund that are not routed through any distributor/agent/broker; and (d) transactions routed through stock exchange platform (not applicable for ARN holders who have 'opted-in' for levy of transaction charges in respect of mutual fund transactions of their clients routed through stock exchange platforms). The statement of account shall disclose the net investment as gross subscription less transaction charges and the units allotted against the net investment. The upfront commission to distributors shall continue to be paid by the investor directly to the distributor by a separate cheque based on his assessment of various factors including the service rendered by the distributor. Employee Unique Identification Number (EUIIN): As per SEBI Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012; the employee/ relationship manager/ sales person of the distributor interacting with the investor for the sale of mutual fund products is required to obtain a EUIIN from AMFI. EUIIN needs to be mentioned on the application alongwith the ARN number. This will assist in tackling the problem of mis-selling even if the employee/ relationship manager/sales person leave the employment of the ARN holder / Sub broker. In case the transaction is executed without any interaction or advice by the employee/relationship manager/ sales person of the distributor/sub broker, the investor needs to sign the declaration stating the same. Account Statement: On acceptance of the application for subscription, a confirmation specifying the number of units allotted by way of email and/or SMS will be sent to the Unitholders within 5 Business Days from the date of receipt of application at their e-mail address and/or mobile number registered with the Mutual Fund/AMC. A) Consolidated Account Statement In order to enable a single consolidated view of all the investments of an investor in Mutual Funds and securities held in demat form with the Depositories, Mutual Fund-Registrar & Transfer Agents or Depositories shall generate and dispatch of single Consolidated Account Statement (CAS) to the investors. Consolidation of account statement shall be done on the basis of PAN. In case of multiple holding, it shall be PAN of the first holder and pattern of holding. Unitholders who have registered their Permanent Account Number (PAN) with the Mutual Fund will receive a Consolidated Account Statement as follows: 1. Unitholders who hold Demat Account The Account Statement containing details relating to all financial transactions (purchase, redemption, switch, systematic investment plan, systematic transfer plan, systematic withdrawal plan, dividend transfer plan, dividend payout, dividend reinvestment and bonus transactions) made by the unitholder across all mutual funds and transaction in dematerialised securities across demat accounts of the Unitholder will be sent by the Depositories, for each calendar month within 10th day of the succeeding month to the unitholders in whose folios transactions have taken place during that month. CAS shall be sent every half yearly (September/ March), on or before 10th day of succeeding month, detailing holding at the end of the six month, to all such Unitholders in whose folios and demat accounts there have been no transactions
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	during that period. In case of demat accounts with nil balance and no transactions in securities and in mutual fund folios, the Depository shall send account statement in terms of regulations applicable to the depositories. 2. Unitholders who do not hold Demat Account The Account Statement containing details relating to all financial transactions (purchase, redemption, switch, systematic investment plan, systematic transfer plan, systematic withdrawal plan, dividend transfer plan, dividend payout, dividend reinvestment and bonus transactions) made by the unitholder across all mutual funds where PAN of the investor is registered and holding at the end of the month including transaction charges, if any, paid to the distributor, will be sent for each calendar month within 10th day of the succeeding month to the unitholders in whose folios transactions have taken place during that month. The financial transactions processed from the 1st day of the month till 30/31 will be included in CAS, irrespective of trade date of the transaction. The CAS detailing holding across all schemes of all mutual funds where PAN of the investor is registered, shall be sent at the end of every six months (i.e. September/ March), on or before 10th day of succeeding month to all mutual fund investors, excluding those investors who do not have any holdings in mutual fund schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.. Such CAS shall reflect the closing balance and value of the Units as at the end of the month the amount of actual commission paid by AMC to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme and scheme's average Total Expense Ratio (in percentage terms) for the half-year period, of both direct plan and regular plan. For the purpose of sending CAS, common investors across mutual funds shall be identified by their PAN. PAN identified as having a demat account by Depositories for generating CAS will not be considered while generating a Mutual Fund level CAS. In case of a specific request received from the Unitholders, the AMC/Mutual Fund will provide the account statement to the Unitholder within 5 Business Days from the receipt of such request. B) Unitholders who have not registered their PAN with the Mutual Fund will receive the following: For normal transactions during ongoing sales and repurchase: • The AMC shall issue to the investor whose application (other than SIP/STP) has been accepted, an account statement specifying the number of units allotted within 5 working days of allotment. For SIP / STP/ Dividend Reinvestment transactions: • Account Statement for SIP and STP will be despatched once every month along with Dividend reinvestment (daily, weekly, monthly) account statement. All other dividends statements will be dispatched as and when the dividend transaction is processed • A soft copy of the Account Statement will be emailed to investors with the valid email id provided the investor has opted for e-delivery after the transaction is processed • However, the first Account Statement under SIP/STP shall be issued within 10 working days of the initial investment/transfer.
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	• In case of specific request received from investors, Mutual Funds shall provide the account statement (SIP/STP) to the investors within 5 working days from the receipt of such request without any charges. Half-yearly Statement: • The AMC shall provide the Account Statement to the Unitholders who are not having Valid PAN excluding those investors who do not have any holdings in mutual fund schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period. The Account Statement shall reflect the latest closing balance and value of the Units across all schemes in the respective folio, prior to the date of generation of the account statement the amount of actual commission paid by AMC to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme and scheme's average Total Expense Ratio (in percentage terms) for the half-year period, of both direct plan and regular plan. For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail. The unitholder may request for a physical account statement by writing / calling us at any of the ISC. The Account Statement issued by the AMC is a record of holdings in the scheme of Franklin Templeton Mutual Fund. Investors are requested to review the account statement carefully and contact their nearest Investor Service Centre in case of any discrepancy. The contents of the statement will be considered to be correct if no error is reported within 30 days from the date of receipt of the Account Statement. Annual Financial Reports As required by the SEBI Regulations, the Fund will mail the schemewise annual report or an abridged summary thereof to all the unitholders as soon as practical after 31st March each year but not later than four months thereafter, as the Trustee may decide. In case of unitholders whose e-mail addresses are available with the Mutual Fund, the annual report or the abridged summary, as the case may be, would only be sent by email and no physical copies would be mailed to such unitholders. However, those unitholders who still wish to receive physical copies of the annual report/abridged summary notwithstanding their registration of e-mail addresses with the Fund, may indicate their option to the AMC in writing and AMC shall provide the same without charging any cost. For the rest of the investors, i.e. whose email addresses are not available with the mutual fund, the AMC shall send physical copies of scheme annual reports or abridged summary to those unitholders who have 'opted-in' to receive physical copies. The AMC shall display the link of the scheme annual reports or abridged summary prominently on the Fund's website and AMFI website and make the physical copies available to the investors at its registered office at all times. Financial Results and Portfolio Disclosures The Mutual Fund shall within one month of the close of each half year i.e., 31st March and 30th September, upload the soft copy of its unaudited financial results containing the details specified in Regulation 59 on its website and shall publish an advertisement disclosing uploading of such financial results on its website, in one English newspaper having nationwide circulation and in one regional newspaper circulating in the region where the head office of the Mutual Fund is situated. The Mutual Fund shall disclose portfolio as on the last day of the month / half-year for all their schemes on its website and on the website of AMFI within 10 days from the close of each month/ half-year respectively. In case of unitholders whose e-mail addresses are registered, the Mutual Fund/ AMC shall send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of
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	each month/ half-year respectively. Mutual Fund shall publish an advertisement every half-year disclosing the hosting of the half-yearly statement of its schemes portfolio on its website and on the website of AMFI. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi. Mutual Fund shall provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder. Prevention of Money Laundering In terms of the Prevention of Money Laundering Act, 2002, the Rules / guidelines/circulars issued there under (AML Laws), Mutual Funds are required to formulate and implement a client identification programme, to collect, verify and maintain the record of identity and address(es) of investors. It is mandatory for all investors (including joint holders, NRIs, POA holders and guardians in the case of minors) to furnish such documents and information as may be required to comply with the Know Your Customers (KYC) policies under the AML Laws. Applications without such documents and information may be rejected. Submission of PAN: In terms of SEBI circulars dated April 27, 2007, April 03, 2008 and June 30, 2008 read with SEBI letter dated June 25, 2007, Permanent Account Number (PAN) would be the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction, except (a) investors residing in the state of Sikkim; (b) Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) and (c) investors participating only in micro-pension. SEBI, in its letter dated July 24, 2012 has conveyed that investments in mutual fund schemes [including investments through Systematic Investment Plan (SIP)] of up to Rs.50,000/- per year per investor shall be exempted from the requirement of PAN. Accordingly, where the aggregate of lump sum investment (fresh purchase and additional purchase) and SIPs where the aggregate of instalments in a financial year i.e. April to March does not exceed Rs.50,000/- (referred to as "Micro investment"), it shall be exempt from the requirement of PAN. However, a duly verified/attested copy of such document(s) as may be prescribed by the AMC/Trustee from time to time, needs to be submitted as the proof of identification in lieu of PAN Card copy. This exemption will be available only to Micro investment made by individuals being Indian citizens (including NRIs, joint holders, minors acting through guardian and sole proprietary firms). PIOs, HUFs, QFIs and other categories of investors will not be eligible for this exemption. For the purpose of identifying Micro investment, applications shall be aggregated at the investor level (same sole holder/joint holders in the same sequence) and such aggregation shall be done irrespective of the number of folios / accounts under which the investor is investing and irrespective of source of funds, mode, location and time of application and payment. Thus, submission of PAN is mandatory for all existing as well as prospective investors (including all joint applicants/holders, guardians in case of minors, POA holders and NRIs but except for the categories mentioned above) for transacting with mutual funds. Investors are required to register their PAN with the Mutual Fund by providing the PAN card copy. E-PAN issued by CBDT can also be provided by FPI. All investments
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	without PAN (for all holders, including Guardians and POA holders) are liable to be rejected. All transactions in Franklin Templeton Mutual Fund need to comply with the PAN and KYC requirements as stated above, failing which the applications are liable to be rejected. It is clarified that all categories of investors seeking exemption from PAN still need to complete the KYC requirements stipulated by the AMC/Trustee from time to time, irrespective the amount of investment. All transactions in Franklin Templeton Mutual Fund need to comply with the PAN and KYC requirements as noted above. Non acceptance of Third Party payment The AMC shall not accept subscriptions with Third Party payment instruments in the Scheme, except in cases of (a) In case of investment in the name of a minor, payment by Parents / Grand- Parents / related persons (other than the person registered as Guardian in the minor's Folio) on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs.50,000/- (each regular purchase or per SIP instalment); (b) In case of investment in the name of a minor, payment by the person registered as Guardian in the minor's Folio irrespective the amount of investment; (c) Payment by Employer on behalf of employee for lump sum/one-time subscription or under SIP through Payroll deductions or deductions out of expense reimbursement; (d) Custodian on behalf of an FII or a client. (e) Payment by Asset Management Company to a Distributor empanelled with it on account of commission/incentive etc. in the form of the Mutual Fund Units of the Funds managed by such AMC through Systematic Investment Plans or lump sum / one-time subscription, subject to compliance with SEBI Regulations and Guidelines issued by AMFI, from time to time; (f) Payment by Corporate to its Agent/ Distributor/ Dealer (similar arrangement with Principal-agent relationship), on account of commission/incentive payable for sale of its goods/services in form of mutual fund units through SIP or lump sum/ one-time subscription. For this purpose Third Party payment shall mean payment made through instruments issued from an account other than that of the beneficiary investor. It is clarified that in case of payments from a joint bank account, the first holder of the mutual fund folio has to be one of the joint holders of the bank account from which payment is made. The investors making an application under the exception cases mentioned above need to submit such declarations and other documents / information as may be prescribed by the AMC from time to time.
Who can Buy	Units of the scheme can be purchased by: 1. Adult individuals, either singly or jointly (not exceeding three), resident in India. 2. Parents/Guardian on behalf of minors. 3. Companies/ Domestic Corporate Bodies/ Public Sector Undertakings registered in India. 4. Charitable, Religious or other Trusts authorised to invest in units of mutual funds. 5. Banks, Financial Institutions and Investment Institutions. 6. Non-Resident Indians (NRIs) and Overseas Citizens of India (OCI) (including erstwhile Person of Indian Origin card holders) on full repatriation basis and on non-repatriation basis but not (a) United States Persons within the meaning of Regulation S under the United States Securities Act of 1933 or as defined by the U.S. Commodity Futures Trading Commission, as amended from time to time or (b) residents of Canada. 7. Foreign Institutional Investors and their sub accounts on full repatriation basis/ Foreign Portfolio Investors (subject to RBI approval) and such other entities as may be permitted under SEBI (Foreign Portfolio Investors) Regulations, 2014, as amended from time to time.

	8. Hindu Undivided Family (HUF). 9. Wakf Boards or Endowments / Societies (including co-operative societies) / Association of Persons or Body of individuals (whether incorporated or not), Trusts and clubs authorised to invest in units of mutual funds. 10. Sole Proprietorship, Partnership Firms and Limited Liability Partnerships. 11. Army/ Air Force/Navy/Para-military funds and other eligible institutions. 12. Scientific and/or industrial research organizations. 13. Other Associations, Institutions, Bodies etc. authorized to invest in the units of mutual funds. 14. Such other individuals/institutions/body corporate etc., as may be decided by the AMC from time to time, so long as wherever applicable they are in conformity with SEBI Regulations. 15. The Mutual Fund Schemes/ Alternative Investment Funds can also invest in Franklin Templeton Schemes, subject to SEBI regulations applicable from time to time. Units of the schemes of Franklin Templeton Mutual Fund is an eligible investment for charitable and religious trusts under the provisions of Section 11(5)(xii) of the Income Tax Act, 1961, read with Rule 17C of the Income Tax Rules, 1962. Mutual Fund / AMC /Trustee reserves the right to redeem investors' investments in the event of failure on the part of the investor(s) to redeem his/her/their holdings, subsequent to his/her/their becoming (a) United States Persons with the meaning of Regulation (S) under the United States Securities Act of 1933 or as defined by the U.S. Commodity Futures Trading Commission, as amended from time to time or (b) residents of Canada. In view of the individual nature of implications, the investors are advised to consult their own advisors to ascertain if they are eligible to invest in the scheme as per the laws applicable to them and whether the scheme is suitable for their risk profile.
SCHEME COMPARISON	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).
NO. OF FOLIOS AS ON NOVEMBER 30, 2019	44,349
ASSETS UNDER MANAGEMENT (AUM) AS ON NOVEMBER 30, 2019	Rs. 6279.24 crores
SEGREGATED PORTFOLIO	A security issued by Vodafone Idea Limited (Issuer) viz. 8.25% Vodafone Idea Ltd 10-Jul-20 was downgraded to "CRISIL BB (Rating Watch with Negative Implications)", i.e. below investment grade, by CRISIL. On account of the same, Segregated Portfolio 1 (8.25% Vodafone Idea Ltd 10JUL20) and Segregated Portfolio 2 (10.90% Vodafone Idea Ltd 02SEP2023 (P/C 03SEP2021)) has been created with effect from January 24, 2020. Further, a security issued by Yes Bank Ltd viz. 10.25% Yes Bank Ltd (CO 05-Mar-2020) was downgraded to ICRA D and 9.50% Yes Bank Ltd (CO 23-Dec-2021) to "ICRA D (hyb), i.e. 'below investment grade' by ICRA. On account of the same, Segregated Portfolio 3 (9.50% Yes Bank Ltd CO (23DEC21)) has been created with effect from March 6, 2020. No redemption and subscription shall be allowed in the segregated portfolios. Please refer to Scheme Information Document for details on Segregation of Portfolio.