Subject: Important Update on Franklin India Equity Savings Fund

Dear Investor,

We wish to inform you about some upcoming changes to the key features of **Franklin India Equity Savings Fund (FIESF)**. This fund is an open-ended scheme investing in equity, arbitrage and fixed income securities.

What's Changing?

It is proposed to enable the fund to invest in a) Covered call strategy and b) allow derivatives exposure for non-hedging purposes.

a) Covered Call is a hedging strategy allowing the fund manager to hedge risk thereby resulting in better risk adjusted returns of the scheme. The strategy can also be deployed when the fund manager has a short-term neutral view on the assets. With this strategy the fund manager can generate additional income from the option premium.
b) Presently, derivatives exposure in the scheme is allowed only for hedging purposes. We propose to enable derivatives exposure for non-hedging purposes of up to 20% of the AUM. The scheme may enter derivatives for non-hedging purposes for efficient portfolio management, portfolio rebalancing, or tactical positioning, all while maintaining a robust risk control framework. Such exposure would be subject to cumulative gross exposure limit of 100%.

Effective Date of Change - 2nd March 2026

Since this is a change in fundamental attributes of the scheme, in line with regulatory requirements, we are offering you a **30-day no load exit window** ("Exit Option") from **29th January 2026 to 27th February 2026** (both days inclusive) ("Exit Option Period").

What this means for you:

- **If you agree with the changes, no action is needed - your investment will continue as usual.**
- If you do not agree with the changes, you have the option to:
    - Switch your investment to another scheme within Franklin Templeton Mutual Fund (FTMF) as enlisted on our website www.franklintempletonindia.com without any exit load (subject to applicable cut-off timings). or
    - Redeem your investment without any exit load (subject to applicable cut-off timings).

Starting 2nd March 2026, any redemptions or switches will be processed as per the standard terms, including any applicable exit loads.

This exit option is purely voluntary, and there is no requirement to redeem or switch unless you choose to do so.

If you have any questions or need assistance, please feel free to call our dedicated helpline at 1-800-258-4255 or 1-800-425-4255 from 8 a.m. to 9 p.m., Monday to Saturday. Alternatively, you can also e-mail us at service@franlintempleton.com

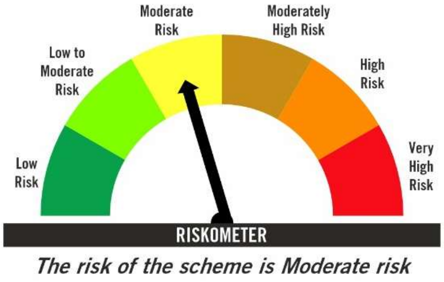
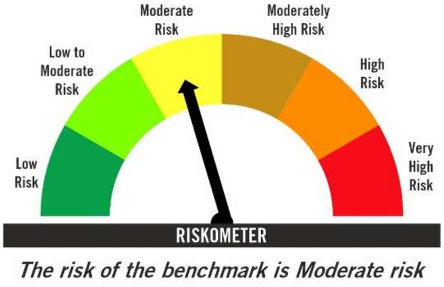
Enclosures: As mentioned above.

Warm Regards,

Franklin Templeton

Product Label and Riskometer:

Name of the Scheme: Franklin India Equity Savings Fund
Type of the Scheme: An open-ended scheme investing in equity, arbitrage and debt

This product is suitable for investors who are seeking*:	**Scheme Riskometer as on December 31, 2025**	**Benchmark Riskometer as on December 31, 2025. As per AMFI Tier I Benchmark i.e. Nifty Equity Savings Index**
• Income generation and capital appreciation over medium to long term. • Investment in equity and equity related securities including the use of equity derivatives strategies and arbitrage opportunities with balance exposure in debt and money market instruments		

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

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Letter to all the Unitholders of all the affected Mutual Fund Scheme/s

Date: January 21, 2026

Dear Unitholder,

<u>Sub: Change in fundamental attributes of Franklin India Equity Savings Fund of Franklin Templeton Mutual Fund</u>

Unit holders are requested to note that the following scheme will be undergoing certain changes in the key features as detailed in the table below. The changes, indicated as FAC (Fundamental Attribute Change) in the below table will be considered as change in the fundamental attributes in line with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations"). Accordingly, these proposed changes shall be carried out by implementing the process for change in the fundamental attributes of the Scheme.

1. **Name of the Scheme/s: Franklin India Equity Savings Fund**
2. **Rationale for the change/s:** Franklin India Equity Savings Fund is an open-ended scheme investing in equity, arbitrage and debt.

   It is proposed to enable investments in the fund through Covered call strategy and allow derivatives exposure for non-hedging purposes. The rationale for the same as follows:

   Covered call strategy: The covered call strategy is a hedge strategy, where scheme writes (sells) call options only on shares that it holds long (the underlying equity held in the portfolio). The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the Scheme. This strategy is also employed when the Fund Manager has a short-term neutral view on the asset and for this reason holds the asset long and simultaneously takes a short position via covered call option strategy to generate income from the option premium.

   Derivatives exposure for non-hedging purposes of up to 20%: Scheme may enter derivatives for non-hedging purposes for efficient portfolio management, portfolio rebalancing, or tactical positioning, all while maintaining a robust risk control framework. Such exposure would be subject to cumulative gross exposure limit of 100%. This allows fund managers flexibility to manage portfolios more efficiently and respond swiftly to market developments, thereby potentially enhancing investor returns while maintaining risk discipline.

3. **The comparison between the existing features and the proposed features are as follows:**

<table>
<tr><th>Particulars</th><th>Existing Scheme Features</th><th>Proposed Scheme Features (Changes highlighted in Bold)</th></tr>
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<td>1. Asset Allocation Pattern**</td>
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Under normal market circumstances, the investment range would be as follows:
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<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative Allocations (% of total assets)</th></tr>
<tr><th>Maximum</th><th>Minimum</th></tr>
<tr><td>Equity and Equity related securities</td><td>90</td><td>65</td></tr>
<tr><td>Of which Net Long Equity*</td><td>65</td><td>15</td></tr>
<tr><td>Of which Equity Derivatives**</td><td>75</td><td>0</td></tr>
<tr><td>Debt & Money Market Instruments including cash & cash equivalent</td><td>35</td><td>10</td></tr>
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<tr><td>Of which Equity Derivatives**</td><td>50</td><td>0</td></tr>
<tr><td>Debt & Money Market Instruments including cash & cash equivalent</td><td>85</td><td>35</td></tr>
<tr><td>Units issued by InvITs</td><td>10</td><td>0</td></tr>
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* Net long equity exposure is a directional equity exposure that will not be hedged. This equity exposure means exposure to equity shares alone without a corresponding equity derivative exposure.
** Equity derivative exposure would normally be taken against the underlying equity investments and such exposure will not be considered for calculating the gross exposure of the scheme.
The cumulative gross exposure through equity, debt and derivative positions (including commodity and fixed income derivatives), repo transactions and credit default swaps in corporate debt securities, Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), other permitted securities/assets and such other securities/assets
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Indicative Table (Actual instrument/ percentages may vary subject to applicable SEBI circulars):
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<tr><td>1</td><td>Securities Lending</td><td>A maximum of 20% of net assets may be deployed in securities lending and the maximum single party exposure may be restricted to 5%# of net assets outstanding at any point of time. # Presently, Securities lending and borrowing (SLB) is an Exchange traded product. Counterparty is not known for transactions carried out under SLB segment and they are guaranteed by Clearing Corporations and hence do not carry any counter party risk. Accordingly, single party exposure limit will not apply to trades on Stock Exchange platform. Single party exposure limits can only apply in case of OTC (over the counter) trades where counterparty can be identified.</td><td>Para 12.11 of SEBI Master Circular on Mutual Funds dated June 27, 2024</td></tr>
<tr><td>2</td><td>Securitized Debt</td><td>Upto 20% of the net assets. The Scheme shall not invest in foreign securitised debt.</td><td>Para 12.15 of SEBI Master Circular on Mutual Funds dated June 27, 2024</td></tr>
<tr><td>3</td><td>Derivatives for hedging</td><td>The Scheme may use derivatives for such</td><td>Para 12.25 of SEBI</td></tr>
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Particulars	Existing Scheme Features				Proposed Scheme Features (Changes highlighted in Bold)			
		and rebalancing purposes	purposes as may be permitted by the Regulations, including for the purpose of hedging and portfolio balancing, based on the opportunities available and subject to guidelines issued by SEBI from time to time. The margin money deployed on derivative positions would be included in Debt & Money Market Instruments. The cumulative gross exposure through equity, debt and derivative positions shall not exceed 100% of the net a sets of the scheme. The Scheme may also use fixed income derivative instruments (including imperfect hedging using Interest Rate Futures) subject to the guidelines as may be issued by SEBI and RBI and for such purposes as may be permitted from time to time.	Master Circular dated June 27, 2024.	3	Derivatives	The Scheme may use derivatives for such purposes as may be permitted by the Regulations, including for the purpose of hedging and portfolio balancing, based on the opportunities available and subject to guidelines issued by SEBI from time to time. The margin money deployed on derivative positions would be included in Debt & Money Market Instruments. The cumulative gross exposure through equity, debt and derivative positions shall not exceed 100% of the net assets of the scheme. The Scheme may also use fixed income derivative instruments (including imperfect hedging using Interest Rate Futures) subject to the guidelines as may be issued by SEBI and RBI and for such purposes as may be permitted from time to time. **The maximum allocation to derivatives, both hedged and**	Para 12.25 of SEBI Master Circular dated June 27, 2024.
	4	Credit default Swaps	As per applicable regulations	Para 12.28 of SEBI Master Circular on Mutual Funds dated June 27, 2024				
	5	Covered call options	The scheme will not invest in covered call options	Para 12.25.8 of SEBI Master Circular on Mutual				

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<tr><td></td><td></td><td></td><td>Funds dated June 27, 2024</td></tr>
<tr><td>6</td><td>Repos/reverse repo in corporate debt securities</td><td>Upto 10% of net assets</td><td>Para 12.18 of SEBI Master Circular on Mutual Funds dated June 27, 2024</td></tr>
<tr><td>7</td><td>Overseas Securities</td><td>Investments in foreign securities including ADRs / GDRs / Foreign equity and debt securities shall not exceed 50% of the net assets of the Scheme</td><td>Para 12.19 of SEBI Master Circular on Mutual Funds dated June 27, 2024</td></tr>
<tr><td>8</td><td>Units of REITs</td><td>The scheme may invest in units issued by REITs in line with SEBI regulations</td><td>Para 12.21 of SEBI Master Circular on Mutual Funds dated June 27, 2024
In accordance with the SEBI (Mutual Funds) (Second Amendment) Regulations, 2025, notified on October 31, 2025 and SEBI circular dated November 28, 2025.</td></tr>
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b) A Mutual Fund scheme shall not invest
a. more than 10% of its NAV of the debt portfolio of the scheme in such instruments; and b. more than 5% of its NAV of the debt portfolio of the scheme in such instruments issued by a single issuer</td><td>Referred in Para 12.2 of SEBI Master Circular on Mutual Funds dated June 27, 2024</td></tr>
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<tr><td>12</td><td>Debt instruments with Credit enhancement/ structured obligations</td><td>Investment of the scheme in the following instruments shall not exceed 10% of the debt portfolio of the scheme and the Group exposure in such instruments shall not exceed 5% of the debt portfolio of the scheme</td><td>Para 4.5.3 (for Overnight & Liquid fund)/ Para 12.3 of SEBI Master Circular on Mutual Funds dated June 27, 2024</td></tr>
<tr><td>13</td><td>Units of mutual Fund schemes</td><td>The Scheme may invest in any other scheme without charging any fees, provided that aggregate interscheme investment made by all schemes under the management of Franklin Templeton Asset Management (India) Private Limited or in schemes under the management of any other AMC shall not exceed 5% of the net asset value of the mutual fund.</td><td>Schedule 7 of SEBI (Mutual Funds) Regulations, 1996</td></tr>
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WHERE WILL THE SCHEME INVEST?</td><td>Subject to the SEBI Regulations and the asset allocation pattern mention above, the Scheme may invest in various types of instruments including, but not limited to, any of the following:
(a) Equity and Equity related instruments of companies / corporations
(b) Securities issued, guaranteed or supported by the Central Government or any state government (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
(c) Securities issued by any government agencies, quasi-government or statutory bodies, Public Sector Undertakings, which may or may not be guaranteed or supported by the Central Government or any state government
(d) Non-convertible securities as well as non-convertible portion of convertible securities, such as debentures, coupon bearing bonds, zero coupon bonds, deep discount bonds, Mibor-linked or other floating rate instruments, premium notes and other debt securities or obligations of public sector undertakings, banks, financial institutions, corporations, companies and other bodies corporate as may be permitted by SEBI / RBI from time to time
(e) Domestic securitised debt, pass through obligations, various types of securitisation issuances such as Asset Backed Securitisation, Mortgage Backed Securitisation and so on as may be permitted by SEBI from time to time.
(f) Commercial Paper (CP), Certificate of Deposits (CD), Bills Rediscounting, TREPS, Repo, Reverse Repo, Treasury Bills and other Money Market Instruments as may be permitted</td><td>Subject to the SEBI Regulations and the asset allocation pattern mention above, the Scheme may invest in various types of instruments including, but not limited to, any of the following:
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(d) Non-convertible securities as well as non-convertible portion of convertible securities, such as debentures, coupon bearing bonds, zero coupon bonds, deep discount bonds, Mibor-linked or other floating rate instruments, premium notes and other debt securities or obligations of public sector undertakings, banks, financial institutions, corporations, companies and other bodies corporate as may be permitted by SEBI / RBI from time to time
(e) Domestic securitised debt, pass through obligations, various types of securitisation issuances such as Asset Backed Securitisation, Mortgage Backed Securitisation and so on as may be permitted by SEBI from time to time.
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Particulars	Existing Scheme Features	Proposed Scheme Features (Changes highlighted in Bold)
	by SEBI / RBI from time to time. (g) Derivatives (h) Deposits with banks and other bodies corporate as may be permitted by SEBI from time to time (i) Units issued by REITs and InvITs (j) Repo transactions in Corporate Debt Securities (k) ADRs / GDRs issued by Indian / foreign companies and foreign Securities (l) Any other debt and money market instruments that may be available or evolve with the development of the securities markets and as may be permitted by SEBI / RBI from time to time.	by SEBI / RBI from time to time. **(g) Domestic derivatives include stock futures, index futures, stock options, index options, writing of call options under a covered call strategy, Interest Rate Futures, Interest rate swaps, forward rate agreement, imperfect hedging and other derivative instruments as permitted by SEBI from time to time.** (h) Deposits with banks and other bodies corporate as may be permitted by SEBI from time to time (i) Units issued by REITs and InvITs (j) Repo transactions in Corporate Debt Securities (k) ADRs / GDRs issued by Indian / foreign companies and foreign Securities (l) Any other debt and money market instruments that may be available or evolve with the development of the securities markets and as may be permitted by SEBI / RBI from time to time.
3. Risk factors	**Risks associated with writing Covered Call Options for Equity Shares:** Not Available	**Risks associated with writing Covered Call Options for Equity Shares:** A call option gives the holder (buyer) the right but not the obligation to buy an asset by a certain date for a certain price. Covered calls are an options strategy where a person holds a long position in an asset and writes (sells) call options on that same asset to generate an income stream. The Scheme may write call options under covered call strategy, as permitted by the regulations. Risks associated thereto are mentioned below: • Opportunity cost: A covered call strategy limits the upside potential of the underlying stock. If the stock rises sharply, the gains above the call option's strike price will be missed out. When the underlying asset's price rises above the strike price, the short call loses its value as much as the underlying stock gains and as a result the upside of the stock always gets capped. Downside risk is reduced by writing covered call options. • Exit issues / Illiquidity risk: If the strike price at which the call option contracts have been written become illiquid, the scheme may not be able to sell the underlying equity shares, which can lead to temporary illiquidity of the underlying equity shares and result in loss of opportunity. Also, if the covered call options are sold to the maximum extent allowed by regulatory authority, the scheme may not be able to sell the underlying equity shares immediately in case where the view changes to sell and exit the stock. • The total gross exposure related to option premium

Particulars	Existing Scheme Features	Proposed Scheme Features (Changes highlighted in Bold)
		paid and received must not exceed the regulatory limits of the net assets of the scheme. This may restrict the ability of scheme to utilize options strategies.
4. Section II Part II Where will the scheme invest?	Details pertaining to Covered Call Options not available	**Covered Call Options** The covered call strategy is a hedge strategy, where fund manager writes (sells) call options only on shares that it holds long (the underlying equity held in the portfolio). This approach provides two main benefits: • The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the Scheme. • This strategy is also employed when the Fund Manager has a short-term neutral view on the asset and for this reason holds the asset long and simultaneously takes a short position via covered call option strategy to generate income from the option premium. Thus, it helps hedge market risk and can enhance returns for investors when implemented effectively.
5. Investment Restrictions	Covered call option related investment restrictions not available	The fund can write Call options under a covered strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following: a) The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme. b) The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances. c) At all points of time the Mutual Fund scheme shall comply with the provisions at points (a) and (b) above. In case of any passive breach of the requirement at paragraph (a) above, the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme. d) In case a Mutual Fund scheme needs to sell securities on which a call option is written under a strategy, it must ensure compliance with paragraphs (a) and (b) above while selling the securities. e) In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other

Particulars	Existing Scheme Features	Proposed Scheme Features (Changes highlighted in Bold)
		derivative contracts. f) The premium received shall be within the requirements stated in paragraph 12.25 of the Master Circular dated June 27, 2024 i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme. g) The exposure on account of the call option written under the covered call strategy shall not be considered as exposure in terms of paragraph 12.24 of the Master Circular. h) The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the respective scheme(s) until the position is closed or expired.

* **Considered as Fundamental Attribute Change**

Note: All other features of the Scheme except those mentioned above will remain unchanged.

4. The Board of Directors of Franklin Templeton Asset Management (India) Pvt. Ltd. and the Board of Directors of Franklin Templeton Trustee Services Pvt. Ltd., have approved the above proposed changes. Further, SEBI, vide letter ref. no. I/2510/2026 dated January 14, 2026 has communicated its no-objection for the proposed changes.
5. In line with regulatory requirements, for scheme where a change in fundamental attributes is being proposed, we are offering an exit window ("Exit Option") to the Unit holders of 30 days *(minimum 30 days)* from January 29, 2026 to February 27, 2026 (both days inclusive) ("Exit Option Period"). These changes will be effective from March 2, 2026 ("Effective Date"). During the Exit Option Period, unit holders not consenting to the change may either switch to any other scheme of **Franklin Templeton Mutual Fund** or redeem their investments at applicable Net Asset Value without payment of exit load subject to provisions of applicable cut-off time as stated in the Scheme Information Document of the relevant scheme. All transaction requests received on or after Effective date will be subject to applicable exit load (if any), as may be applicable to the respective Scheme mentioned above.
6. Redemption / Switch requests, if any, may be lodged at any of the Official Points of Acceptance of **Franklin Templeton Mutual Fund**.
7. The above information is also available on the website of Franklin Templeton Mutual Fund viz., www.franklintempletonindia.com.
8. Unit holders who have pledged / encumbered their units will not have the option to exit unless they submit a letter of release of their pledges / encumbrances prior to submitting their redemption / switch requests. In case of ELSS and Solution Oriented Schemes, the exit option shall be subject to completion of applicable lock in period as specified in the SID.
9. Investors who have registered for Systematic Investment Plan (SIP) in the Scheme and who do not wish to continue their future investments must apply for cancellation of their SIP registrations.
10. The redemption warrant/cheque will be mailed or the amount of redemption will be credited to the unit holders bank account (as registered in the records of the Registrar) within 10 (ten) working days from the date of receipt of redemption request.
11. **It may be noted that the offer to exit is purely optional and not compulsory. If the Unit holder has no objection to the aforesaid change, no action is required to be taken and it would be deemed that such Unit holder has consented to the aforesaid change.**

12. Please note that unit holders who do not opt for redemption on or before February 27, 2026 (upto 3 p.m.) shall be deemed to have consented to the changes specified herein above and shall continue to hold units in the scheme of **Franklin Templeton Mutual Fund**. In case the unit holders disagree with the aforesaid changes, they may redeem all or part of the units in the respective scheme(s) of **Franklin Templeton Mutual Fund** by exercising the Exit Option, without exit load within the Exit Option Period by submitting a redemption request online or through a physical application form at any official point of acceptance/investor service center of the AMC or to the depository participant (DP) (in case of units held in Demat mode). Unit holders can also submit the normal redemption form for this purpose.

13. The option to redeem the Units without exit load during the Exit Option Period can be exercised in the following manner:

    (a) Unit holders can submit redemption requests online or via duly completed physical application form at any official points of acceptance/investor service center of the AMC or to the DP (in case of units held in Demat mode).

    (b) The redemption/ switch requests shall be processed at applicable NAV as per time stamping provisions contained in the SID of the Scheme.

    (c) Unit holders should ensure that any changes in address or pay-out bank details required by them, are updated in **Franklin Templeton Mutual Fund** records at least 10 (Ten) working days before exercising the Exit Option. Unit holders holding Units in dematerialized form may approach their DP for such changes.

14. The expenses related to the proposed changes and other consequential changes as outlined above will not be charged to the unit holders of the Scheme of **Franklin Templeton Mutual Fund.**

15. **Tax Consequences:**

    Redemption / switch-out of units from the Scheme may entail capital gain/loss in the hands of the unitholder. For unit holders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of **Franklin Templeton Mutual Fund** and Scheme Information Document of relevant scheme of **Franklin Templeton Mutual Fund** would be applicable. In case of NRI investors, TDS shall be deducted from the redemption proceeds in accordance with the prevailing income tax laws. In view of the individual nature of tax consequences, Unitholders are advised to consult their professional tax advisors for tax advice.

Unit holders who require any further information may contact:

Tel: 1-800-425 4255 or 1-800 -258- 4255 from 8:00 a.m. to 9:00 p.m., Monday to Saturday.

E-mail: service@franklintempleton.com

Yours faithfully

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

Sd/-

Authorised Signatory

FRANKLIN TEMPLETON

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