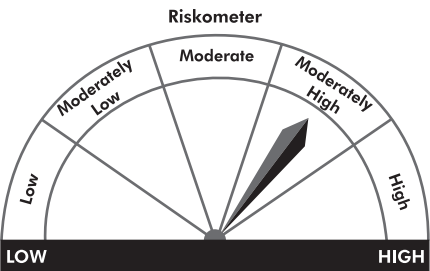
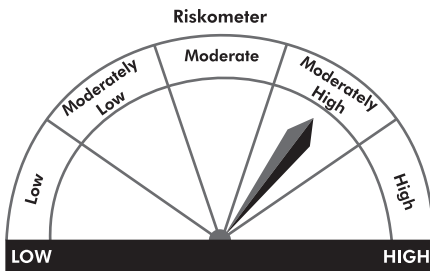


**Annexure 1**

<b>Particulars</b>	<b>Current features</b>	<b>Proposed features</b>
<b>Type of Scheme</b>	Open-end diversified equity fund	Small Cap Fund- An open ended equity scheme predominantly investing in small cap stocks
<b>Investment Objective</b>	The Fund seeks to provide long-term capital appreciation by investing in mid and small cap companies.	The Fund seeks to provide long-term capital appreciation by investing predominantly in small cap companies.
<b>Benchmark Index</b>	Nifty Free Float Midcap 100	Nifty Smallcap 250
<b>Definition of Large cap, mid cap and small cap companies</b>	-	<p>Definition as prescribed by SEBI of large cap, mid cap and small cap is as follows:</p> <ol style="list-style-type: none"> <li>Large Cap: 1st -100th company in terms of full market capitalization</li> <li>Mid Cap: 101st -250th company in terms of full market capitalization</li> <li>Small Cap: 251st company onwards in terms of full market capitalization</li> </ol> <p>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:</p> <ol style="list-style-type: none"> <li>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;</li> <li>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.</li> <li>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.</li> <li>While preparing the single consolidated list of stocks, average full market capitalization of the previous six months of the stocks shall be considered.</li> </ol> <p>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.</p>

Particulars	Current features	Proposed features																											
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><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>	Instruments	Risk Profile	Min%-Max%*	Equities and Equity Linked instruments out of which:	Medium to High	75% - 100%	Smaller Companies	High	75% - 100%	Other Companies	Medium	0% - 25%	Debt**/ Money Market Instruments/ Cash	Low to Medium	0% - 25%	<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>	Instruments	Risk Profile	% of Net Assets#	Equities and Equity Linked instruments of Smaller Companies	Medium to High	65 – 100%	Equities and Equity Linked instruments of other Companies	Medium to High	0 – 35%	Debt/Money Market Instruments/ Cash **	Low to Medium	0 – 35%
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Debt/Money Market Instruments/ Cash **	Low to Medium	0 – 35%																											
* 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 investments in Foreign Securities as may be permitted by SEBI/RBI upto 35% of net assets																											
**including securitised debt up to 25%.		**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 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.		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.		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.																											

Particulars	Current features	Proposed features
	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.	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.
<b>Investment Strategy</b>	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.	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.
<b>Product Label</b>	<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>• Long term capital appreciation</li> <li>• A fund that invests primarily in small and mid cap companies</li> </ul>  <p>Investors understand that their principal will be at moderately high risk</p>	<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>• Long term capital appreciation</li> <li>• A fund that invests primarily in small-cap stocks</li> </ul>  <p>Investors understand that their principal will be at moderately high risk</p>

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

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