



FRANKLIN TEMPLETON

ORDERLY WINDING-UP OF 6 FIXED INCOME SCHEMES

E-Voting & Unitholders E-Meet: FAQs

Consent of unitholders under sub-clause (c) of clause 15 of Regulation 18

1. What process has the Trustee followed to seek unitholders consent vote for winding up under regulation 18(15)(c)? What timelines are you looking at?

In order to seek unitholder consent for winding up of the six fixed income schemes under Regulation 18(15)(c) of SEBI (Mutual Funds) Regulations, 1996, the first step is to issue a notice to unitholders to seek their consent. Accordingly, the Trustee has issued a notice dated 6 December 2020 for seeking consent of unitholders. The e-voting for the same will be held from 26-28 December 2020 followed by a unitholder meet on 29 December 2020. The process of seeking unitholders' consent will be through an "Electronic Vote" while unitholders' meet will be held via video conference. The details and modalities of the same has been shared with unitholders in the notice. Also, as directed by the Hon'ble Supreme Court, a SEBI observer would oversee the voting exercise under regulation 18(15)(c). The results of this vote along with the report of the observer shall be submitted in a sealed cover to the Hon'ble Supreme Court.

The objective of the voting exercise is to seek, by "simple majority" of votes cast, a consent to implement the decision taken by the Trustee to wind up the six fixed income schemes and thereby enable an orderly liquidation of assets and distribution of investment proceeds. **Consent will be sought from the unitholders for each scheme separately.**

Unitholders have two choices:

Vote "Yes" in favour of the orderly winding up – This will mean opting for an orderly winding-up of the schemes with a potential to realize fair value from the assets. This will allow the Trustee to proceed with the next step which is to seek further approval from unitholders for appointment of a person under regulation 41(1) to carry out the winding up.

This will also mean that the schemes will not be required to make a distress sale of portfolio securities (as redemptions are not allowed). This option will enable recovery of maximum value of securities held by the Scheme.

Vote "No" against the orderly winding up – This will mean opting for the Schemes to be re-opened for purchases and redemptions. It is likely the schemes will receive a rush of redemptions requiring the schemes to undertake an emergency liquidation of portfolio securities.

A distress sale of securities held in the portfolios could result in a rapid and steep decline in the NAV leading to substantial losses for unitholders (irrespective of the market conditions). While the endeavor would be to minimize losses, however there is no assurance that the scheme will be successful in doing so.

2. What are the options available in a consent vote?

3. Can you explain the next steps for the funds which vote Yes or No in the consent vote under regulation 18(15(c))?

Combined response to 2 & 3

Unitholders would have two choices:

Vote “Yes” in favour of the orderly winding up – This means opting for an orderly winding-up of the schemes with a potential to realize fair value from the assets. The securities in the schemes can be liquidated in an orderly manner without the need to proceed with distress sale (as redemptions are not allowed). The proceeds realized by the Scheme will be distributed to the Unitholders in proportion to the units held by them, at regular intervals. This option will enable recovery of maximum value of securities held by the Scheme.

The Authorised Person would be in a position to take the most appropriate action with regard to liquidation of each security as there will be no undue haste or selling pressure. The NAV would not be negatively impacted as liquidation would be orderly and there would be no need for distress sales unlike in the case of a “No” vote.

Unitholders will not be required to apply for redemptions and will receive regular pro-rata distributions of investment proceeds as assets are systematically liquidated by the Scheme.

Vote “No” against the orderly winding up – This means opting for the schemes to be re-opened, potentially leading to distress sale of assets and loss of value. The schemes may need an emergency liquidation of securities if a high volume of redemption is received. The market is unlikely to have the liquidity to absorb such large quantities of securities over a short period of time and it may not be possible to get bids at reasonable prices for all securities in such circumstances.

A distress sale of securities held in the portfolio could result in a rapid and steep decline in the NAV leading to substantial losses for unitholders (irrespective of market conditions). While the endeavor would be to minimize losses, however there is no assurance that the Scheme will be successful in doing so.

Unitholders will need to apply for redemptions if they wish to receive monies. This may result in disproportionate distribution of any cash generated to unitholders depending on the time of redemption. An adjustment in valuation and consequential reduction in the NAV may be required on account of the above factors in accordance with the applicable regulations.

Since the redemption has to be processed at NAV, and the NAV is expected to fall due to the possibility of distress sale, irrespective of the time of submission of redemption application, the distribution will be suboptimal vis-a-vis the distribution possible through the winding-up process.

4. Can you undertake active monetization for the funds which give a 'Yes' consent vote to the winding up?

After obtaining the consent vote under regulation 18(15)(c) of SEBI (Mutual Funds) Regulations, 1996, subject to direction of Supreme Court, we will seek approval of the unitholders to authorize the Trustee, or any other person (in this case, Deloitte) to monetize the assets under regulation 41(1). Active monetization will be possible only after unitholders authorize the Trustee or any other person, by simple majority of votes cast, to monetize scheme assets in an orderly manner under regulation 41(1).

5. What are the various procedures to be completed prior to returning monies to investors?

Unitholders will first provide their consent for winding up the 6 funds under Regulation 18(15)(c) of SEBI (Mutual Funds) Regulations, 1996 by simple majority of votes cast. After a positive consent vote, and subject to directions from the Hon'ble Supreme Court, the Trustee would issue a notice under regulation 39(3). This would then be followed by a vote under regulation 41(1) to authorise the Trustee, or any other person (in this case, Deloitte), by simple majority of votes cast, to monetize scheme assets in an orderly manner.

Hence, we need to complete two voting exercises to effect the winding up process. It is only after both votes are successfully completed, that the schemes can start returning cash to unitholders.

6. How do each of these options work for unitholders?

'Yes' vote: We believe a 'Yes' vote will result in the best possible outcomes for unitholders under the current circumstances. A vote in favour of the orderly winding up will allow the schemes to maximize return of investment value. The opportunity to liquidate assets at fair value will increase with time under normal market conditions. Here is some data to support this.

- From April 24, 2020 to December 15, 2020, the six schemes under winding up have received Rs. 11,907 crore from maturities, pre-payments, and coupons. Four out of the six schemes are already cash positive and have close to Rs. 7,488 crore available to return to unitholders, subject to fund running expenses. Individually, Franklin India Low Duration Fund, Franklin India Ultra Short Bond Fund, Franklin India Dynamic Accrual Fund and Franklin India Credit Risk Fund have approx. 49%, 48%, 34% and 16% of their respective AUM in cash as on December 15, 2020. We also continue to make good progress in the other two funds also. The outstanding borrowing in Franklin India Short Term Income Plan stands at approx. Rs.43 crores (1% of AUM) and in Franklin India Income Opportunities Fund, at approx. Rs.280 crores (16% of AUM).
- All this money has been received without any secondary market sale or active monetization of the securities. This points to the fact that the securities held in the schemes continue to retain value and can be monetized at fair value if given appropriate time.

Voting **“Yes” for orderly winding up**, gives the Trustee or any other person (in this case, Deloitte) authorized under section 41(1), the time needed to monetize scheme assets without resorting to distress sales and thus allows the scheme to return maximum value to unitholders.

- There were also some unsubstantiated concerns raised on the quality of the portfolio and the scheme’s ability to monetize assets. It will be pertinent to note that of the Rs.11,907 crore received since April 24, till December 15, 2020, 51% has been received from securities rated “A” and 46% from securities rated “AA”. Many of these securities were unlisted, and in many instances, Franklin Templeton schemes were the majority investors. We always retained conviction that these are fundamentally sound businesses, however there was little to no secondary market liquidity for many of these issuers in March and April 2020, when the markets became significantly risk averse due to the uncertainty around the Covid-19 related impact on the economy.
- We have seen large prepayments from issuers lately, and with markets slowly returning to normalcy, secondary market interest for many of the securities held in the scheme portfolios is also increasing. Thus a “Yes” vote for an orderly winding up can help accelerate the process of monetizing scheme assets in a timebound manner.

‘No’ vote: Not receiving a consent vote will result in the schemes being required to open for subscription and redemptions. In this case, we anticipate that we may receive a high volume of redemption requests as investors seek to exit at the earliest opportunity. This will result in a few issues:

- While cash available in the schemes with positive cash balances can be used to meet some initial redemption requests, the schemes, anticipating continued redemptions, will be forced to resort to an emergency sale of portfolio assets from day 1, potentially at deep discounts, to generate liquidity. This will significantly impact the ability of the schemes to realize the “fair market value” of the underlying securities. This in turn will lead to value erosion for investors, precisely the situation the Trustee hoped to avoid by taking the extremely difficult decision to wind up the schemes.

7. How will the consent e-voting process work? Can unitholders vote differently for each of the products or will it be a common vote for all funds?

Consent will be sought from the unitholders for each scheme separately. The process of seeking unitholders’ consent under sub-clause (c) of clause 15 of Regulation 18 of the Mutual Funds Regulations will be through an “Electronic Vote”. Due to prevailing conditions and limitations on travel and gatherings on account of the COVID-19 pandemic, approval from the unitholders is being sought through electronic means.

The details and modalities of the same have been shared with unitholders via a notice which explains the details of the voting exercise to all unitholders who could be contacted by email or SMS. The links to each of the six notices is available on the FT India website under ‘Winding Up of Specific Schemes’ [\(link\)](#) in the notices section.

The objective of the voting exercise is to seek, by 'simple majority', consent of the unitholders for the decision made by the Trustee to orderly wind up the six fixed income schemes.

8. Why do you need to go through the voting exercise twice? Why can't you finish it together rather than prolonging it further?

As per the judgement of the Karnataka High Court, there are 2 separate resolutions required under regulations to wind up a scheme.

1. **Unitholder consent** under sub-clause (c) of clause 15 of Regulation 18 of the Mutual Funds Regulations.
2. **Appointment of an authorised person under Regulation 41(1)** for monetization of scheme assets

The Trustee has given due consideration to the judgment of the Hon'ble High Court and preferred an appeal to the Hon'ble Supreme Court of India on certain aspects of the judgement. However, with a view to proceed with orderly realization of value from Scheme assets and distribution to Unitholder at the earliest, the Trustee had sought permission of the Hon'ble Supreme Court to seek the approval of Unitholder for winding up the Schemes under regulation 18(15)(c), which permission was granted by the Hon'ble Supreme Court on December 3, 2020 without prejudice to the rights and contentions of all parties.

In the interim order passed on December 9, 2020, the Hon'ble Supreme Court also clarified that the permission granted to the Trustee to proceed with the vote under regulation 18(15)(c) was in the peculiar facts and circumstances of the case and the same should not be treated as a precedent. The court further directed SEBI to appoint an observer to oversee the voting exercise under regulation 18(15)(c) scheduled between 26-29 December. The results of this vote along with the report of the observer shall be submitted in a sealed cover to the Hon'ble Supreme Court. Lastly, any redemption in the six fixed income schemes will continue to be stayed till the next date of hearing in the third week of January 2021.

9. What is the sequence of events for the voting exercise under regulation 18(15)(c)? Please provide exact dates.

The sequence of events is as follows:

6 December 2020	Notice of 3 weeks for voting under sub-clause (c) of clause 15 of Regulation 18 of the Mutual Funds Regulations for unitholder consent issued to the Unitholders
26-28 December 2020	Unitholders will cast their vote for the two consent options Voting "Yes" to the Resolution means opting for an orderly Winding-up of the Scheme with a potential to realize fair value from the assets. Voting "No" to the Resolution means opting for the Scheme to be re-opened, potentially leading to distress sale of assets and loss of value
29 December 2020	Unitholder Meet (one per scheme as per the schedule in the notice for each scheme)
30 December 2020	Reserve Day for Unitholder meet

Please note that as per the interim order of the Hon'ble Supreme Court dated December 9, 2020, SEBI will appoint an observer to oversee the voting exercise under regulation 18(15)(c) scheduled between 26-29 December. The results of this vote along with the report of the observer shall be submitted in a sealed cover to the Hon'ble Supreme Court. Also, any redemption in the six fixed income schemes will continue to be stayed till the next date of hearing in the third week of January 2021.

10. What is the agenda for the unitholders' meet to be held on 29 December 2020? Will there be a unitholder meet in both the votes? If yes, how is the agenda different in both?

The voting process will be the same for both the voting exercises. The process of voting will be through an "Electronic Vote". Due to prevailing conditions and limitations on travel and gatherings on account of the COVID-19 pandemic, approval from the unitholders is being sought through electronic means. Both votes will be decided by 'simple majority'.

While the unitholder meeting on 29 December 2020 will focus on the 'consent' vote i.e. whether the decision of the Trustee to wind up the schemes should be consented to, the next unitholder meeting will be for investors to choose the authorized person (in this case, the Trustee, or Deloitte) who will take steps to monetize scheme assets, repay scheme liabilities and return monies to Unitholders. Please note that the second unitholder meet will be held only for those schemes which receive a positive consent for winding up.

11. Does FT need to get a simple majority to decide the YES / NO vote in each scheme for orderly winding-up. What do you mean by simple majority?

Unitholder approval will be sought for each scheme separately. As per the order of the Hon'ble Karnataka High Court, the outcome of the voting exercise would be decided by a "simple majority". Simple majority means more than half of the votes cast.

12. How do you propose to actively monetize the securities in the secondary market post the YES vote?

We wish to inform unitholders that the schemes have generated cash flows to the extent of Rs. 11,907 crore from 24 April to 15 December 2020. Much of this cash has been generated from securities rated below AAA, or which were unlisted, or where FT was a majority holder. However, there was no liquidity for almost any of these securities in April 2020. Further, these cash flows have been generated without the ability to efficiently monetize the portfolio.

We have been working with the Trustee appointed independent advisor, M/s Kotak Mahindra Bank, to prepare for an efficient monetization of scheme assets once we receive positive consent from our unitholders.

Fixed income markets are also gradually returning to normalcy and we are seeing increased interest for many of the securities in our portfolio which were previously illiquid. We have also seen large prepayments from issuers lately.

Please note that we have already received prepayments of Rs.5,912 crore in the 6 schemes from 24 April to December 15, 2020 which is 50% of the total monies received during this period. These prepayments were not envisaged in the maturity profile we had projected on 24 April. Thus, the securities held in the schemes continue to retain value and can be monetized at fair value, given the appropriate time.

13. Where can I find the latest portfolio statement and maturity profile for the 6 funds?

We have created a separate section on the FT India website titled 'Winding Up of Specific Schemes' ([link](#)). This section carries all the updates that we have released since April 23, 2020 including latest 'Security Level Portfolio' and maturity profile.

14. Where can I find more information on the Voting exercise to take an informed decision?

We have created a separate section on the FT India website titled 'Winding Up of Specific Schemes' ([link](#)). Please refer to the 'Notices' section for details on the voting exercise across the six schemes.

About the NOTICE

15. What is the notice meant for?

The Notice is to inform Unitholders about the date of Unitholders E-Voting and Unitholders Meet and the guidelines for the same. The notice contains details of the dates and number of days for which the e-voting shall be open including day, date and time of commencement and conclusion. It also includes the date and time for the Unitholders meet via video conferencing. The notice also provides an explanation of the resolution being put to vote, and the options available to Unitholders with their pros and cons.

16. What about investors who have opted for physical communication or have not got their email id registered?

Investors who do not have an email id or mobile number registered with us will not be able to vote. Registration of an email id/mobile number in our records, is mandatory for receiving user id and password to access the e-voting platform offered by 'KFintech'.

We had reached out to unitholders through multiple means like newspaper advertisements in key locations in May 2020 besides multiple rounds of SMS on their registered mobile numbers asking them to register their email IDs on a dedicated page on our website. We also reached out to unitholders through our distribution partners and for those without an email ID or mobile number, we sent out a physical letter requesting unitholders to record their email IDs. As of date, we have more than 98% of investors who have registered their email ID and / or mobile numbers with us.

Guidelines on E-Voting and Unitholders Meet

17. What are the important Guidelines for Unitholders E-Voting and Unitholders Meet?

- Unitholders E-Voting and Unitholders Meet via Video Conferencing are two separate activities
- Unitholders must have a registered email id / mobile number with us against the investments in these 6 schemes to be able to receive login credentials to participate in the above activities
- Login credentials will be sent to Unitholders on their registered email ID
- If the Unitholder has a registered mobile number but no registered email ID, login credentials will be sent to the registered mobile number via SMS
- Once login credentials are received, unitholders need to change the password before casting their vote.
- The email from K Fintech will carry details of a weblink that will be used for both e-voting and the Unitholders meet
- Unitholders will have a 3-day window to participate in the e-voting process.
- The e-voting period (remote e-voting) will be the last 3 days immediately preceding the Unitholder Meeting date.
- The meeting of Unitholders will be convened through video conference (VC). E voting facility will remain open during VC hours for investors present in the meeting if they have not recorded their vote already.
- Each Unitholder is entitled to vote only once per scheme that they have invested in, irrespective of the number of units.
- Unitholders who have invested in more than one scheme, will get a separate email / SMS for each scheme
- A Unitholder meet will be held separately for each scheme, only investors with a holding in that scheme will be able to attend
- If the Unitholder is a joint holder and both the holders have registered their email ids, the email will be sent to the primary holder only.
- If the Unitholder is a joint holder but only one of the holders has registered their email id, the email will be sent to that holder only
- If the Unitholder is registered as “anyone or survivor”, the email will be sent to the primary holder only
- Regardless of the number of folios a Unitholder holds under the same PAN / PAN combination, they will be entitled to vote only once.
- If the Unitholder has more than one folio under the same PAN but has different email ids registered in the folios, they will receive the email at the address registered in the last transacted folio.
- If the Unitholder is a “minor”, the email will be sent to the registered email id. Guardian may take appropriate decision.

- Once a unitholder has cast his/her vote, the same cannot be changed

18. Will the user ID and password be the same for consent vote under regulation 18(15)(c) and authorization vote under regulation 41(1)?

Investors will receive a user ID and password from M/s. KFin Technologies Private Limited (KFintech) for the consent vote under regulation 18(15)(c) shortly. For the authorization vote under regulation 41(1), unitholders will be informed about their user ID and password in due course.

19. Is an Institutional investor treated differently from a retail investor for the voting process?

No, all investors are treated the same. The voting rule is: One unitholder, one vote, irrespective of institutional or retail. Additionally, Corporate / Institutional Unitholders (that is, other than Individuals, HUF, NRI etc.) are required to upload scanned certified true copy (PDF Format) of the Board Resolution/ Power of Attorney / Authority Letter etc., together with attested specimen signature(s) of the duly authorized representative(s), in the e-voting module under their login.

20. Does having a higher number of units in the folio have a higher weightage?

No. Every investor is entitled to one vote.

21. Does having more folios in the same fund give an added advantage?

No. There is no advantage for having more folios. One unitholder will only be entitled to one vote.

22. If an investor has invested in more than one scheme can he/she cast his vote once as a consolidated vote?

No, separate votes are required to be cast for each scheme. For each scheme, investors will receive separate user ids and passwords on their registered email ids. They must use the secured information for the respective schemes and cast their vote for each of the schemes they hold.

23. If husband and wife both are primary investors in both these funds in their individual capacity and they have the same email id, will they get two separate mails since there are separate investors?

Yes, they will get two separate mails. PAN is the first unique identifier and then the registered email id/ mobile number.

24. Will electronic voting be extended to NRIs and how will the cut-off time work for casting votes?

E-voting option is granted to all unitholders of the 6 schemes under winding up. The timelines shall work as per Indian Standard Time.

25. What happens if investors miss voting during this period?

The results will be based on number of votes cast and no extension of the voting window is possible.

26. When will the voting results be declared? How will I get to know of the results?

As per the interim order passed by the Hon'ble Supreme Court on December 9, 2020, SEBI will appoint an observer to monitor the voting process under regulation 18(15) (c). The voting results, and the report of the observer will be submitted to the Hon'ble Supreme Court in a sealed cover.

27. What if an investor does not cast his/her vote?

Results are based on simple majority of votes cast.

28. If investors face a technical error in casting my vote, whom do I call / write to?

Investors may reach out to K Fintech on 18003454001. These details are also mentioned in the mail providing user ID and password sent to investors by K Fintech.

29. What steps does an investor need to take to participate in the Unitholders meeting via Video Conferencing (VC)?

The Trustee of Franklin Templeton have partnered with "K Fintech" for the unitholder VC

- The website link for e-voting and VC meeting has been communicated to unitholders.
- Use the login credentials communicated by 'K Fintech' to access the e-voting and VC
- Each user id and password entitle only one Unitholder to attend the VC
- Subject to the IT infrastructure, the Trustee hopes to provide access to at least 2000 unitholders. The first come first serve rule will be applied for the same
- The Notice sent to Unitholders has an e-mail id where Unitholders can pre-submit questions for the Trustee.
- Unitholders will have an option to participate in the discussion by registering their name during the meeting.
- E-voting will remain open for unitholders to cast their vote during the VC hours for the respective schemes
- If investors have already voted prior to the Unitholders meet, they will not be able to vote again during the meeting, or change their vote

30. Will there be a separate user id for the VC or the one given for voting can be used?

The user id and password will be the same.

31. How many Unitholders are we going to allow in the VC?

Subject to the IT infrastructure, The Trustee hopes to provide access to at least 2000 unitholders.

Timelines, Dates and Process for E-Voting and Unitholders Meet

32. When will the voting begin? What are the dates and the time slots?

- The e-voting portal will remain open for voting from Saturday, December 26, 2020 at 09:00 a.m. (IST) and will end on Monday, December 28, 2020 at 06:00 p.m. (IST).
- The Unitholders meet will be held on December 29, 2020. There are separate timeslots for the Unitholders meet for each scheme. The same are mentioned below:

Unitholder's Meet on 29 December - Time Schedule	
Scheme	Time Slot for Unitholders Meet and Re-Opening of Voting Window
Franklin India Ultra Short Bond Fund	9.00 am - 10.30 am
Franklin India Low Duration Fund	10:45 am - 11:45 am
Franklin India Dynamic Accrual Fund	12.00 pm - 1.00 pm
Franklin India Credit Risk Fund	2.00 pm - 3.00 pm
Franklin India Income Opportunities Fund	3.15 pm - 4.15 pm
Franklin India Short Term Income Plan	4.30 pm - 5.30 pm

In case of any technical issues which mean the unitholder meeting cannot be held on the above date, it will be held at the same time on the following day, i.e. 30 December 2020.

33. What steps does an investor need to take to complete the electronic voting process?

- The Trustee of Franklin Templeton have partnered with "K Fintech" for the electronic voting process
- Unitholders will receive an email / SMS from "K Fintech" on their registered email id / mobile number for each scheme that they have invested in
- The email / SMS has a link to the K Fintech website, a user ID and a password.
- If Unitholders have invested in more than one scheme, they will receive a separate email / SMS with a user id and password for each scheme.
- Unitholders need to click on the website link and enter their user id and password
- Each user id and password entitles a Unitholder to only "one vote" for that scheme
- The results will be based on simple majority of votes cast by the Unitholders
- Once the vote is cast and submitted it cannot be changed

34. What is the status for Hindu Undivided Family (HUF) unitholders under e-voting? Do they come under Non-individual or Individual?

HUF unitholders will be treated as individual unitholders. Karta of HUF can cast the vote. No additional authorization is required.

35. What is the status of Trust and AOP (Association of People)?

Trust and AOP will be treated as non-individual. They may upload an appropriate authorization in the e-voting portal of KFintech.

36. In what format does non-individual unitholders need to submit the voting authorization/power of attorney (POA)/ resolution?

In the case of a company, if the company has already prepared a resolution under section 113 of Companies Act, 2013 authorizing a person to attend general meeting of unitholders no fresh resolution is required. In all other cases, they must prepare an appropriate resolution to authorize a person to vote and attend the meeting of unitholders of the respective schemes wherein an investment is made. The resolution may be uploaded on the e-voting portal of K Fintech.

37. Should non-individual unitholders first vote and then upload the resolution/POA/ authorization or the same can be uploaded later (or is there any last date to upload the same)?

No. Resolution must be uploaded by non-individual investors before casting their vote, else the vote cast will be treated as invalid.

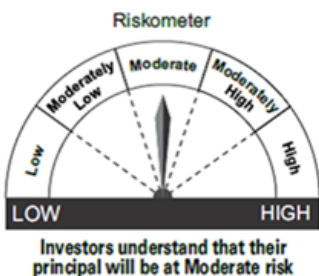
38. Will there be any confirmation given by K Fintech/ FT on successful uploading of resolution/POA/ authorization document?

No. Non-individual unitholders need not wait for a confirmation to cast their vote. They may cast their vote as soon as the documents are uploaded.

Disclaimer: The information contained in this communication is not a complete representation of every material fact and is for informational purposes only. Statements/ opinions/recommendations in this communication which contain words or phrases such as “will”, “expect”, “could”, “believe” and similar expressions or variations of such expressions are “forward – looking statements”. Actual results may differ materially from those suggested by the forward-looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risk, general economic and political conditions in India and other countries globally, which have an impact on the service and / or investments. Investors are requested to consult their advisers before taking voting decisions.

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

Product Labels:

Fund Name	This product is suitable for investors who are seeking*:	
Franklin India Ultra Short Bond Fund (Number of Segregated Portfolios - 1) FIUBF	- Regular income for short term - A fund that invests in short term debt and money market instruments	 Investors understand that their principal will be at Moderate risk
Franklin India Low Duration Fund (Number of Segregated Portfolios - 2) FILDF	- Regular income for short term - A fund that focuses on low duration securities.	
Franklin India Short Term Income Plan (Number of Segregated Portfolios - 3) FISTIP	- Regular income for medium term - A fund that invests in short term corporate bonds including PTCs.	
Franklin India Income Opportunities Fund (Number of Segregated Portfolios - 2) FIIOF	- Medium term capital appreciation with current income - A fund that focuses on high accrual securities	
Franklin India Credit Risk Fund (Number of Segregated Portfolios - 3) FICRF	- 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).	
Franklin India Dynamic Accrual Fund (Number of Segregated Portfolios - 3) FIDA	- Medium term capital appreciation with current income - A fund that focuses on fixed income securities with high accrual and potential for capital gains.	

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