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“He that can have patience can have what he will.” - Benjamin Franklin

August 30, 2023

Dear Investor,

At the outset, I am happy to let you know that the orderly liquidation of the six schemes under winding up has resulted in all unitholders receiving over 100% of the AUM at the time of announcement of winding up.

- All six schemes have liquidated all performing assets.
- As on August 25, 2023, the total amount distributed in the 6 schemes stands at INR 27,508.14 crores amounting to 109.09% of the AUM as on April 23, 2020.
- The total amount disbursed so far ranges between 107.15% and 113.40% of the respective AUM of the six schemes as of April 23, 2020.
- At the time of each distribution, the NAV of each scheme was higher than on April 23, 2020.

Scheme	Total Disbursement till date (INR Cr)	Total Distribution till date as a % to April 23, 2020 AUM
Franklin India Ultra Short Bond Fund (Number of Segregated Portfolio - 1)	10,448.42	108.50%
Franklin India Low Duration Fund (Number of Segregated Portfolios - 2)	2,649.78	112.46%
Franklin India Dynamic Accrual Fund (Number of Segregated Portfolios - 3)	2,694.05	107.15%
Franklin India Income Opportunities Fund (Number of Segregated Portfolios - 2)	1,886.49	108.18%
Franklin India Credit Risk Fund (Number of Segregated Portfolios - 3)	3,875.36	113.40%
Franklin India Short Term Income Plan (Number of Segregated Portfolios - 3)	5,954.04	107.21%
Total	27,508.14	109.09%



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Rain is seasonal but investments are perpetual, and India continues to make investments in her growth. Besides the notable infrastructure buildout, I am filled with pride to note the new Dwarka Expressway, the successful soft landing of Chandrayaan 3, the booming airline business and aviation market, the financial sector growth and so many more small and big steps of progress. This month, in honor of India's Independence Day, we have colored our Monthly Factsheet in the colours of freedom. Hope you have received your copy.

Now for an outlook on the global markets – in the first half of 2023, investors faced aggressive US Federal Reserve (Fed) monetary policy tightening, consecutive quarters of falling corporate profits, two of the largest bank failures in US history, a near-default by the US federal government, and universal predictions of US and global recessions. With these issues in mind, Stephen Dover, our Chief Market Strategist moderated a panel amongst leading economists at Franklin Templeton and these were our take-aways:

- **In the US, the inflation will continue to be an issue for the next 6–12 months.**
- While inflation is coming down in many countries, the global economic recovery is uneven.
 - o China is struggling to find sources of economic growth.
 - o Supply-chain rebuilding and friend-shoring should contribute to growth opportunities in some countries.
 - o Japan benefited from recent increases in inflation after struggling with low economic growth for decades.
- The upcoming economic data will likely provide further evidence of slowing growth and ongoing disinflation in the US. However, while markets have been anticipating a recession for some time, the strength of the US consumer will likely prevent a massive recession.
- **Fixed income investments are resuming status as good portfolio diversifiers.** Unlike 2022, where both fixed income and equities had negative returns together, there is now a low correlation between fixed income investments, equities, and other risk assets.
- **Selectively increasing duration offers an attractive total return.** We see neutral to shorter duration providing better risk/return profiles for the rest of 2023. The current yield levels and the expected peak in interest rates combine for a positive expected total return.
- **Emerging markets can provide diversification.** Many emerging markets have demonstrated strength, partially by controlling debt issuance to a greater extent than their developed market counterparts. They also reacted quickly to bring inflation under control, raising rates ahead of the European Central Bank (ECB) and the Fed. With many emerging market bonds enjoying attractive yields, this asset class provides another source of return that is not necessarily synchronized with the rest of the world.
- While investors experienced extreme volatility for the last six months in terms of interest rates and changing opportunities, we believe the Fed will continue to bring inflation under control and might hold rates higher for longer than some expect.



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For an update on the Economy and Equity Market Outlook in India, I am sharing an interesting conversation with Kiran Sebastian, Portfolio Manager, Emerging Markets Equity, where he shares his analysis of how economic growth is becoming more broad-based. While the investment component of growth has been strong for a while, the consumption driver is now at the cusp of a broad-based recovery. [Please click here to listen to the conversation.](#)

Hope you find it insightful.

As always, you can directly write to me at avisatwalekar@franklintempleton.com with any feedback and questions. I value your questions, and feedback and look forward to the opportunity of continuing to meet your investment needs.

Sincerely,

Avinash Satwalekar

President, Franklin Templeton Asset Management (India) Pvt. Ltd.

All units of the schemes stand extinguished. 100% of the AUM of these schemes stand distributed to investors (except cases with incomplete KYC documentation or requiring remediation). There is no portfolio left to evaluate riskometers for these funds except the securities which are currently valued at zero or have matured but defaulted on their repayment obligation. On account of this, the riskometers for the schemes have not been disclosed.

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