



FRANKLIN TEMPLETON

April 4, 2022

Dear Investor,

I hope you are doing well and staying safe.

We have all witnessed the market volatility that has been present throughout most of 2022 on concerns about inflation, and the prospect of higher interest rates. The situation in Ukraine has added another level of concern and complexity that further affects the broader markets and is no doubt unsettling for investors around the world. It is important to remind ourselves that volatile markets are an inherent part of investing and underscore the importance of asset allocation, diversification and seeking appropriate guidance or advice in making investment decisions. It is more critical than ever, to maintain a long-term perspective in volatile times. Please visit our website regularly to review commentaries from our investment professionals.

Equity Market Snapshot & Outlook

The RBI's GDP growth projection at 7.8% for FY23 pencils in the risks from global supply chain disruption and growth is expected to moderate further accounting for the Ukraine-Russia geo-political conflict. Geopolitical concerns are expected to impact the domestic economy on multiple fronts including inflation, balance of payments, and currency, among others. On the positive side, government initiatives with a thrust on infrastructure development, could potentially support growth over the medium term. As we continue to remain optimistic about economic recovery, we are focused on three key themes in our portfolios (i) domestic cyclical sectors which are early beneficiaries of an uptick in the economic cycles (ii) Consolidation in various industries led by a shift from the unorganized to the organized sector (iii) identifying beneficiaries of the tech-led disruption. From an investment perspective, any further corrections could offer investment opportunities which could be tapped by the way of staggered & systematic investing.

I am also happy to share the latest video from Janakiraman R, SVP and Portfolio Manager, Emerging Markets Equity-India. In this, Janaki, besides recapping Budget 2022 and its implications, also talks about the current macro-economic scenario, our sectoral views, corporate spending on capex, financial markets and equity market valuations. [Click here to watch his video](#)

Fixed Income Market Snapshot & Outlook

Bond yields in India may continue to remain volatile in the backdrop of increasing crude oil prices, higher inflation, geopolitical tensions, and higher supply of government bonds. In its recent meeting, the RBI maintained a growth centric approach to ensure that the nascent recovery remains unhindered. Due to the current geopolitical situation and sticky inflation, we remain cautious. We continue to expect the RBI to narrow the policy rate corridor through a reverse repo hike depending on evolving global and domestic

conditions. We believe that yields in the short to mid part of the curve are reasonably priced. Investors may consider investing in funds that offer such exposure along with lower volatility.

Update on Ukraine-Russia Crisis

As the invasion of Ukraine unfolds, Franklin Templeton investment leaders across the globe have been at the forefront to share their thoughts on different aspects of the war and its impact on the financial markets and the world economy at large. Here are links to a few articles which you may find informative.

[Russia/Ukraine Conflict: Market Outlook](#)

[Russia-Ukraine War Heightens Supply Chain and Inflation Woes](#)

[Europe: On the Brink of a Global Re-Positioning](#)

Update on Winding up of the Six Fixed Income Schemes

You would be aware that a total INR 26,098.19 crores has been distributed to investors across the six schemes under winding up, amounting to 103.50% of the AUM as on April 23, 2020. In 5 out of 6 funds, the schemes have returned over 100% of the AUM at the time of winding up on April 23, 2020.

With the number of residual securities steadily decreasing, we may not have frequent updates to share. However, please rest assured that efforts to monetize the remaining securities continue unabated and the AMC continues to support the ongoing liquidation process by the Court appointed liquidator. We also continue to make all efforts for recovery of proceeds from issuers who have defaulted or from securities which are held in segregated portfolios in the best interest of investors. The schemes have over INR 231.13 crores of cash available as of March 31, 2022. We will inform you as soon as we receive further updates on this.

Our website has been updated with the latest Portfolio and Maturity Profile of the six schemes under winding up, please click the links below to see the latest information in this regard.

- [Security Level Portfolio](#)
- [Maturity Profile](#)

Looking Ahead

We continue to manage over INR 62,000 crores* of assets including a suite of equity funds investing across the market cap spectrum and across geographies besides high credit fixed income funds for various investment horizons/ goals and our commitment to India remains steadfast.

I would like to once again express my sincere gratitude for your continued support. My team and I remain available to answer any questions you may have, and we look forward to the opportunity of continuing to meet your investment needs in future.

Please continue to stay safe and healthy.

Sincerely,

Sanjay Sapre

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

* Monthly Average AUM as of February 2022

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. The AMC, Trustee, their associates, officers, or employees or holding companies do not assure or guarantee any return of principle or assurance of income on investments in these schemes. Please read the Scheme Information Document carefully in its entirety prior to making an investment decision and visit our website <http://www.franklintempletonindia.com> for further details including details of AUM by geography.

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