January 19, 2022

Dear Investor,

As we enter 2022, I want to take a moment to wish you, your families and loved ones, all the very best for the year ahead. 2021 tested our resilience, our spirit, and our determination, and for many of us, Covid impacted us personally as well. Thank you for your continued support during these challenging times.

2022 begins on a somber note, with Omicron cases spreading rapidly. Despite this, I look forward to 2022 with optimism and hope – hope, that the world will collectively conquer Covid, and optimism that we can build on the great momentum we saw in the latter part of 2021.

On the business front, you would be aware that a total INR **26,098.19** crores has been distributed 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.

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**

Equity Market Snapshot & Outlook

Increased resilience of the economy and of businesses and improving rates of vaccination should potentially lower the severity of any subsequent lockdowns on economic growth. Any potential pandemic-related curbs could affect sectors including travel, leisure and select discretionary spends as well as other contact intensive services sectors, however these should not cause broad economic disruption. Driven by rising wages in key global economies, inflation levels could remain elevated compared to previous decades, despite near term easing of inflation pressures, thereby accelerating rate hike actions by global central banks. India could be a beneficiary of global supply chain diversification with global companies keen on implementing a China plus one model.

While the above could result in market volatility in the short term, we believe the long-term fundamentals for growth remain intact. In such a scenario, investors would be well served by continuing to make systematic, long-term investments in line with their chosen risk appetite and asset allocation. With elevated index levels due to the recent rally, we recommend a staggered and systematic approach rather than lumpsum investments.

I am sure there are several questions on your mind pertaining to the way forward for the equity markets. This, and many other related questions have been answered by Anand Radhakrishnan, CIO of Franklin Templeton Emerging Markets, Equity. Click here to watch the video. I hope you find his views insightful.

Fixed Income Market Snapshot & Outlook

The RBI embarked on a gradual exit from the prevailing loose monetary policy, and we expect this will push up money market rates and may have a knock-on effect on the rest of the yield curve. Subsequently, we expect the RBI to narrow the policy rate corridor through a reverse repo hike depending on evolving conditions. From an investment perspective, investors may consider funds with lower volatility, besides floating rate funds which provide a hedge against rise in interest rates.

Looking Ahead

We continue to manage over INR 64,000 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.

We also continue to invest in our capabilities and resources, and I am pleased to announce two new hires within the Franklin Templeton Emerging Markets India Equity team - Ajay Argal and Venkatesh Sanjeevi, who have joined the firm as Portfolio Managers.

Ajay Argal will be the designated portfolio manager for Franklin India Focused Equity Fund and Franklin Build India Fund. He brings over 25 years of experience at well-regarded Indian and global asset management firms managing Indian equities across the market cap spectrum. Ajay is an engineering graduate from IIT Bombay and holds a management degree from IIM, Bangalore.

Venkatesh Sanjeevi will manage Franklin India Bluechip Fund and Franklin India Equity Advantage Fund. He brings over 17 years of experience in the Indian and global asset management industry. Venkatesh is a Chartered Accountant (C.A) and holds a management degree from IIM, Ahmedabad.

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.

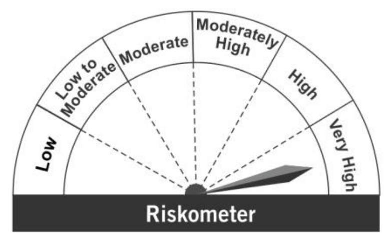
Please continue to stay safe and healthy.

Sincerely,

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

* Monthly Average AUM as of December 2021

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.

<table>
<tr><th>Product Label for</th><th>Type of scheme</th><th>This product is suitable for investors who are seeking*</th><th>Riskometer is as on December 31, 2021</th></tr>
<tr><td>Franklin India Focused Equity Fund</td><td>A diversified equity portfolio investing in companies / sectors with higher growth rates or above average potential.</td><td>• Long term capital appreciation
• A fund that invests in stock of companies/ sector with high growth rate or above average potential</td><td rowspan="4">

Investors understand that their principal will be at Very High risk</td></tr>
<tr><td>Franklin Build India Fund</td><td>An equity fund that invests in stocks of infrastructure and allied sectors.</td><td>• Long term capital appreciation
• A fund that invests in infrastructure and allied sectors</td></tr>
<tr><td>Franklin India Bluechip Fund</td><td>A diversified equity portfolio investing predominantly in large-cap stocks.</td><td>• Long term capital appreciation
• A fund that primarily invests in large-cap stocks</td></tr>
<tr><td>Franklin India Equity Advantage Fund</td><td>A diversified equity portfolio investing predominantly in large and mid-cap stocks.</td><td>• Long term capital appreciation
• A fund that primarily invests in large and mid-cap stocks</td></tr>
<tr><td colspan="4">*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</td></tr>
</table>

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