June 9, 2021

Dear Investor,

I sincerely hope that you are doing well and keeping safe in these difficult times.

I am writing to update you that SEBI has issued its order related to the forensic audit / inspection of six debt schemes under winding up. I would like to clarify upfront, that the SEBI order has no impact on other schemes managed by Franklin Templeton. We continue to manage over INR 61,000 crore of AUM (monthly average AUM as of March 2021) for over 2 million investors in India such as yourself.

The SEBI order also does not impact the current monetization process of the six debt schemes under winding up being undertaken by the liquidator. The six debt schemes under winding up have distributed INR 14,572 crores to unitholders as of April 30, 2021 and an amount of INR 3,205 crores is available for distribution as of June 4, 2021. After the distribution this week, the total amount disbursed will be INR 17,777.59 crores and will range from 40% to 92% of AUM as of April 23, 2020 across the six schemes. Including this distribution, 71% of the AUM as of April 23, 2020 will have been returned to unitholders in total across all the schemes. The current net asset value of each of the six schemes is higher than it was on April 23, 2020. We believe this supports the decision made by the Trustee in consultation with the AMC and its investment management team to wind up the six schemes.

As we had previously communicated, these schemes followed a consistent strategy of investing in credits across the rating spectrum and delivered meaningful outcomes to investors over long periods of time. These schemes provided an important source of funding to growing companies in India that to date have proven to be sound investments. Many of these holdings are now being liquidated by the schemes at fair value under normal market conditions. The decision by the Trustee in April 2020 to wind up the schemes was due to the severe market dislocation and illiquidity caused by the COVID-19 pandemic and was taken with the sole objective of preserving value for unitholders.

Franklin Templeton's immediate priority and focus remains on supporting the court appointed liquidator in liquidating the portfolio of the schemes under winding up and distributing monies to our unitholders at the earliest, while preserving value.

While we are still in the process of studying the order, basis our initial review, we disagree with the findings in the SEBI order and intend to file an appeal with the Hon'ble Securities Appellate Tribunal.

We place great emphasis on compliance and believe that we have always acted in the best interest of unitholders and in accordance with regulations. Our commitment to India remains steadfast.

I would like to express my sincere gratitude to you for your continued support during these challenging times. My team and I remain available to answer any questions you may have.

In case of any further queries, please write to us at service@franklintempleton.com or call our toll-free investor helplines 1-800-258-4255 or 1-800-425-4255 from 8 a.m. to 9 p.m. Monday to Saturday.

Please continue to stay safe and healthy.

Sincerely,

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

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.