FRANKLIN TEMPLETON

March 20, 2021

Dear Investor,

The orderly winding up of the schemes and return of money has remained our only priority for the last 11 months. I have been regularly sharing updates on monetization of assets with you during this period. To recap:

- From April 24, 2020 to March 15, 2021, the six schemes under winding up have received INR 15,272 crores from maturities, pre-payments, and coupons.
- SBI Funds Management (SBI), as directed by the Hon'ble Supreme Court, has already distributed INR 9,122 crores to investors.
- In addition to the distribution already made, five schemes which are cash positive have generated INR 1,370 crores (as on March 15, 2021). We expect that this amount will increase rapidly once active monetization of assets through sales begins.
- The inflows received across six schemes are nearly 33% higher than anticipated in the maturity profile published for April 23, 2020.
- The borrowing level in Franklin India Income Opportunities Fund has steadily come down from 37.55% on April 24, 2020 to less than 1% of AUM (~ INR 10 crores) as on March 15, 2021.
- The NAV of all the six schemes, as on March 15, 2021 is higher than the NAV on April 23, 2020.
- Of the INR 15,272 crores received since April 24, 2020, slightly more than half of this amount has been received from securities rated "A", followed by securities rated "AA".
- Much of this cash has been generated from securities which were unlisted, or where Franklin Templeton was a majority holder – nearly 29% of the cash is from unlisted securities and nearly 73% of the cash is from securities where the schemes are the sole or majority holders.
- Most importantly, this amount has been received without any secondary market sale (active monetization) of securities in the six schemes.

During the hearing held on March 18, 2021, the Hon'ble Supreme Court took note of the Standard Operating Procedure (SOP) prepared by SBI in consultation with Franklin Templeton and SEBI, to monetize assets of the schemes under winding up and distribute the proceeds. Our focus remains on liquidating the portfolio and returning monies at the earliest, while preserving value. We look forward to supporting SBI in the monetization of the portfolio and anticipate that active monetization will commence shortly.

Please note that the investment proceeds realized by the schemes shall be first utilised towards discharge of liabilities as are due and payable under the scheme and after making appropriate provision for meeting the expenses connected with winding up. SBI will take appropriate decision on the expenses and the Total Expense Ratio (TER) will be modified suitably from time to time as per their instruction. The TER applicable on the 'Direct' and 'Regular' plans for the schemes will be accordingly reset and disclosed.

I wish to re-iterate that at Franklin Templeton, we understand the importance of investor trust and acting in a manner consistent with the trust our business partners and investors have placed in us.

Franklin Templeton's commitment to India remains steadfast, and we continue to manage over INR 60,000 crores of AUM (monthly average AUM as of February 2021) in our other schemes for close to 2 million investors. We continue to manage those schemes in line with their investment objectives with an endeavour to deliver meaningful investment outcomes for our investors.

My team and I remain available to answer any questions you may have. 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.

Thank you once again for your continued patience and support during these challenging times.

Please stay safe and healthy.

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

Disclaimer

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