FRANKLIN TEMPLETON

March 25, 2023

Dear Investor,

I hope this email finds you doing well. Though I am out in the field, meeting with partners, clients, and employees, I wanted to send you a quick note on a few important things.

As the financial year comes to a close, I imagine you are focusing on tax planning. If you haven't yet, the time is now. You can claim a deduction of up to INR 1,50,000 by investing in ELSS, PPF, NPS, EPF, tax savings fixed deposits, and other instruments under Section 80C. Additionally, a deduction against medical insurance premium for yourself, your family including senior citizens can also be claimed. If you have purchased or are considering purchasing an electric vehicle, you can also claim an additional deduction for the interest paid on the loan. Moreover, tax benefits on home loans that cover both principal repayment and interest payments can be availed to reduce your tax liability. You might discuss these and other strategies with your tax advisors. This is also a good opportunity to start planning investments for the next financial year.*

Now for the markets.

The last month of the financial year saw heightened volatility in global markets as the news of U.S. based Silicon Valley Bank's (SVB) surprise collapse rocked the markets, keeping the sentiment negative and fearful. The U.S. government agencies took prompt action to prevent a contagion by protecting depositors' interests, while in the UK, HSBC purchased Silicon Valley Bank's local business. SVB's collapse was followed by the takeover of the beleaguered Swiss banking giant Credit Suisse by UBS for USD 3.23 billion. While federal and regulatory actions have ensured the impact is minimal from both these events, we could continue to see increased market volatility in the coming weeks.

Post these events, all eyes were on the US Federal Reserve's (Fed) March policy meeting in which the Fed raised interest rates by another 25 basis points to a target range of 4.75% - 5% citing high inflation and a tight labor market.

As I have said on many occasions, during volatile markets – when you are understandably anxious – the importance of current and relevant information becomes paramount. Across the globe, we remain focused on providing best-in-class financial market insights to all our clients. Leveraging our global strength, we have gathered our banking analysts, strategists, and fixed income professionals to discuss recent events and the implications for markets globally. This collaboration has helped us provide investment insights and perspectives from across Franklin Templeton on the issues that are moving markets. I am happy to share a few of them below.

On My Mind: Don't bank on it (Views on the latest US Fed interest rate hike)
Quick thoughts - Silicon Valley Bank failure ripples through the market
European banking sector - taking stock after Silicon Valley Bank and Credit Suisse

We will continue to monitor the overall situation closely and provide you with any significant updates as we have them.

Sentiment will be guarded, and investors could likely seek to invest in businesses with strong balance sheets and sound business models, at least until a genuine global economic recovery takes shape. Cheaper valuations could bode well for long term investments in equities. It is recommended to consider staggered investments in diversified fund categories. We recently had Anand Radhakrishnan, CIO, Emerging Markets Equity, Franklin Templeton India share his analysis of the macro indicators and valuation trends amidst global macroeconomic uncertainties with our partners and investors. You can watch the replay here.

Hope you find the above insights useful.

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.

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*In view of the individual nature of the implications, you are advised to consult your tax advisors. Deductions are applicable in case opted for the old regime under the Income Tax Act. This is only for reference and should not be considered as tax advice.

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