

If you want to become wealthy, you must have your money work for you - John Templeton.

June 30, 2023

Dear Investor,

As I write this letter every month, I wonder if it is adding value to your decisions on investments. My constant endeavor through this letter is not to just share the India market outlook but also share the latest research reports, views and opinions from experts across the Franklin Templeton world, which can help you take well-informed decisions. Investments play an important role in building our future but may not always be simple to decode. Franklin Templeton understands the complexity attached to investments and I would like to share with you that we don't just get you local perspectives but also use our global resources library to share the latest with you on Long-Term Trends, Capital Market Outlook, Disruptive Technology, Sustainability, and other themes to give you a perspective. The global resources library, Franklin Templeton Institute is led by [Stephen Dover](#), who is also the Chief Market Strategist at Franklin Templeton.

The next generation of information technology is at our doorstep. Bill Gates made headlines recently when he stated that artificial intelligence, and generative artificial intelligence, would be "as fundamental as the creation of the microprocessor, the personal computer, the Internet, and the mobile phone" ^[1]. At Franklin Templeton, we agree that the potential of AI to transform the way we do work and offer insights could be enormous. It is with that belief that Franklin Templeton has embarked on a new Generative AI program where we seek to use the power of large language models to enhance our product offerings and to provide tangible value to:

- Distribution: where AI can bring transformative impacts to sales and marketing by providing contextualized intelligence and supporting content generation.
- Investment Management: where AI can help generate alpha and enable Portfolio Managers and analysts to scan through varied/multiple documents than they do today with greater focus.
- Technology: where analytical and conversational tools can help focus on value driven tasks and less administrative work.

Sounds interesting to you? Stay tuned for more updates as we look forward to making Generative AI technologies a reality for our distributor partners and clients alike.

In his recent address in the United States of America, our Prime Minister, Narendra Modi, touched upon the changing trends in India, noting that while we are known for our traditions, the youth is also transforming the country into a technology hub. He also addressed a variety of themes that re-iterated our belief in the India growth story ^[2]:

1. 46 out of every 100 digital payments last year happened in India and the value of all these transfers crossed \$1.5 trillion.
2. Over the last decade, more than a billion Indians have got Aadhar linked to their bank accounts.
3. India has one of the most affordable 4G network in the world and over 850 million smartphones, giving India the access to internet.
4. Foreign Investments have nearly doubled to \$84 bn despite Covid. Many big corporations have decided to place a bet on India and move their supply chains here.
5. Over 850 million Indians have received benefits and assistance directly to their bank accounts, without having to move a muscle. 100 million of these are farmers.

While I couldn't agree more with the above highlights, this also leads up to a strong belief in one of our existing product offerings – Franklin India Opportunities Fund. The fund has identified 3 themes to focus on under the special situation strategy – Make in India, Digitalization and Energy Transition. We believe the long-term nature and multi-decadal relevance of these themes combined with the dynamic nature of theme selection in the

portfolio are aimed at generating favorable outcomes for investors. Stay tuned for more information on this from us.

A quick update on the six schemes under winding up:

I am pleased to inform you that SBI Funds Management Pvt. Ltd. (SBI MF) has distributed the next tranche of INR 178.06 crores to unitholders in Franklin India Short Term Income Plan (FISTIP) and Franklin India Credit Risk Fund (FICRF). With this tranche:

- **All six schemes have returned over 100% of the reported AUM value** at the time of the winding up decision on April 23, 2020.
- Five out of six schemes have liquidated all performing assets and extinguished all units.
- These schemes have now distributed INR 27,109.34 crores to unitholders, amounting to 107.51% of the aggregate reported AUM value across the six schemes as of April 23, 2020.
- The total amount disbursed so far ranges between 100.03% and 113.40% of the respective reported AUM values of the six schemes as of April 23, 2020.
- At the time of each distribution, the Net Asset Value of each of the schemes was higher than it was on April 23, 2020.

Scheme	Total Disbursement post this payout (INR Cr)	Total Distribution post this payout (as a % to April 23, 2020 AUM)
Franklin India Ultra Short Bond Fund*	10,448.42	108.50%
Franklin India Low Duration Fund*	2,649.78	112.46%
Franklin India Dynamic Accrual Fund*	2,694.05	107.15%
Franklin India Income Opportunities Fund*	1,886.49	108.18%
Franklin India Credit Risk Fund*	3,875.36	113.40%
Franklin India Short Term Income Plan	5,555.24	100.03%
Total	27,109.34	107.51%

* These schemes have liquidated all performing assets and extinguished all units

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 in future.

Sincerely,

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

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

Sources:

(1) <https://www.gatesnotes.com/The-Age-of-AI-Has-Begun>

- (2) [India-USA partnership augurs well for the democracy: PM Modi in his address to the US Congress \(narendramodi.in\)](#)

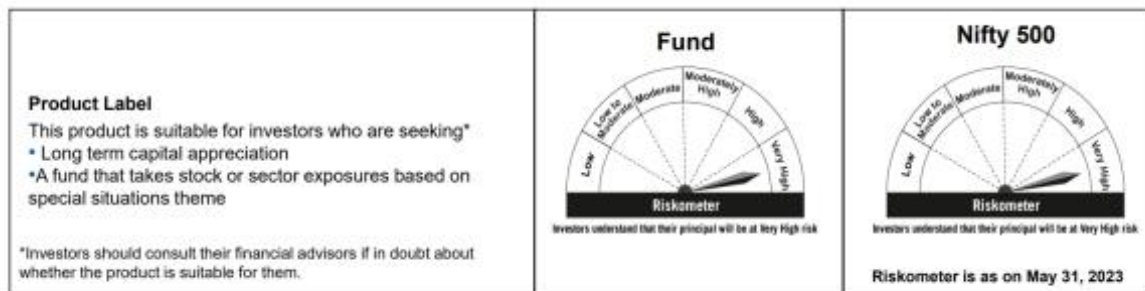
[Digital Payments in India: Cresting new waves consistently, BFSI News, ET BFSI \(indiatimes.com\)](#)

[As 'Make In India' Drive Completes Eight Years, FDI Doubles To USD 83 Billion: Commerce Ministry \(abplive.com\)](#)

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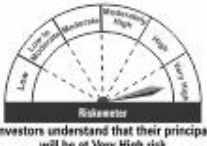
The information contained in this communication is not a complete representation of every material fact and is for informational purposes only. Statements/ opinions/recommendations in this communication which contain words or phrases such as “will”, “expect”, “could”, “believe” and similar expressions 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.

Product Label for Franklin India Opportunities Fund (FIOF)



Type of Scheme: Franklin India Opportunities Fund (FIOF) is an open-ended equity scheme following special situations theme.

Product Labelling and Riskometers as on May 31, 2023

Scheme Name	Scheme Riskometer	Primary Benchmark Name	Primary Benchmark Riskometer
Franklin India Short Term Income Plan (Number of Segregated Portfolios - 3) This product is suitable for investors who are seeking*: • Regular income for medium term • A fund that invests in short term corporate bonds including PTCs.	 Investors understand that their principal will be at Very High risk	CRISIL Short Term Bond Index (The Benchmark name is renamed from "CRISIL Short Term Bond Fund Index" to "CRISIL Short Term Bond Index" w.e.f 03rd April, 2023.)	 Investors understand that their principal will be at Moderate risk
Franklin India Credit Risk Fund (Number of Segregated Portfolios - 3) This product is suitable for investors who are seeking*: • Medium to long term capital appreciation with current income • A bond fund focusing on AA and below rated corporate bonds (excluding AA+ rated corporate bonds).	 Investors understand that their principal will be at Moderate risk	NIFTY Credit Risk Bond Index	 Investors understand that their principal will be at High risk
Franklin India Dynamic Accrual Fund (Number of Segregated Portfolios - 3) This product is suitable for investors who are seeking*: • Medium term capital appreciation with current income • A fund that focuses on fixed income securities with high accrual and potential for capital gains.	As of August 7, 2022, all units of Franklin India Low Duration Fund (FILDF) and Franklin India Dynamic Accrual Fund (FIDA) stand extinguished and 100% of the AUM of the schemes stand distributed (except cases requiring remediation or with incomplete documentation). Investors may note that in addition to the payments till date, any amount received by the schemes including recoveries/ receipts from securities which are currently valued at zero or have matured but defaulted on their repayment obligation, shall be paid out to investors as and when such amounts are recovered/received. There is no portfolio left to evaluate riskometer for the funds except the securities which are currently valued at zero or have matured but defaulted on their repayment obligation. On account of this, the riskometer for FILDF & FIDA has not been disclosed.		
Franklin India Low Duration Fund (Number of Segregated Portfolio - 2) This product is suitable for investors who are seeking*: • Regular income for short term • A fund that focuses on low duration securities.			
Franklin India Income Opportunities Fund (Number of Segregated Portfolio - 2) This product is suitable for investors who are seeking*: • Medium term capital appreciation with current income • A fund that focuses on high accrual securities	As on December 12, 2021, all units of Franklin India Income Opportunities Fund (FIOF) stand extinguished and 100% of the AUM of the schemes stand distributed (except cases requiring remediation or with incomplete documentation). Investors may note that in addition to the payments till date, any amount received by the schemes including recoveries/ receipts from securities which are currently valued at zero or have matured but defaulted on their repayment obligation, shall be paid out to investors as and when such amounts are recovered/received. There is no portfolio left to evaluate riskometer for the fund except the securities which are currently valued at zero or have matured but defaulted on their repayment obligation. On account of this, the riskometer for FIOF has not been disclosed.		
Franklin India Ultra Short Bond Fund (Number of Segregated Portfolio - 1) This product is suitable for investors who are seeking*: • Regular income for short term • A fund that invests in short term debt and money market instruments	As of August 7, 2022, all units of Franklin India Ultra Short Term Bond Fund (FIUBF) stand extinguished and 100% of the AUM of the schemes stand distributed (except cases requiring remediation or with incomplete documentation). There is no portfolio left to evaluate riskometer for the fund. On account of this, the riskometer for FIUBF has not been disclosed.		

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.