FRANKLIN TEMPLETON

Letter from our President

October 24, 2020

Subject: Judgement on the 6 schemes under Winding Up

Dear Investor,

Today, the Hon'ble Karnataka High Court issued its judgement with reference to the Writ Petitions filed in the matter of winding up of the 6 schemes.

While we are still in the process of studying the order, basis our initial review, we believe it may be necessary to appeal aspects of the order in the Hon'ble Supreme Court. It will also be our endeavor to seek appropriate directions from the court regarding return of cash of over INR 5200 cr. currently accumulated in the four cash positive schemes, and with regard to any additional cash we may receive while the matter remains under the consideration of the Hon'ble Court.

In the interim, I thought it is important to share a quick summary of the order with you:

1. Regulation 39 to 42 of the SEBI (Mutual Funds) Regulations 1996 (which specifically deal with winding up of schemes) have been held to be constitutionally valid.

2. The Court has upheld the decision taken by the Trustee, to wind-up the schemes.

3. However, as per the judgement, consent of the unitholders will be required under regulation 18(15)(c) to operationalize the above decision.

4. The Hon'ble High Court stayed the operation of its judgement for 6 weeks, and the funds remain subject to winding up at this time.

I noted some erroneous reporting around the judgment of the Hon'ble Court today. We are studying the order and will come back to you with additional details around the same if need be. In the interim, I urge you not to be swayed by speculation or rumour.

We remain committed to communicating with you in a transparent manner and being responsive to your concerns and queries.

Please call our dedicated helpline at 1-800-258-4255 or 1-800-425-4255 from 8 a.m. to 9 p.m., Monday to Saturday or e-mail us at service@franklintempleton.com, if you need any further assistance.

Sincerely,

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