FRANKLIN TEMPLETON

August 11, 2021

Dear Investor,

I hope you are staying safe and healthy.

Today, I would like to begin with a macro-overview. You would have observed, that as the COVID-19 cases declined from their peak, India has begun to unlock gradually. Our Finance Minister recently unveiled a set of relief measures amounting to ~1% of GDP to help alleviate the economic stress caused by the second COVID-19 wave. On the other hand, the RBI has mentioned that the current high rate of inflation is expected to be transitory in nature. Basis this guidance, we believe the RBI may embark on a gradual exit from the prevailing loose monetary policy stance once the current pandemic wave subsides and the vaccination drive reaches critical mass.

The Indian equity markets (Nifty 50 index) have gained 13%* so far in 2021. With the market indices at record high levels, I am happy to share the views of Roshi Jain, VP & Portfolio Manager, Emerging Markets Equity - India on the current market valuations and what lies ahead, in this exclusive interview with Bloomberg TV – Asia. She has also addressed the medium to long term outlook for Indian equities and earnings. **Click here** to hear from Roshi.

Update on CAMS Migration:

As advised via our recent letter, we decided to outsource our Transfer Agency Services to Computer Age Management Services (CAMS). I am happy to share that the transition process has been completed on July 19, 2021 and CAMS is now managing our back-office operations, record-keeping, and service support.

As is the case with any transition of this scale, we are facing a few issues that may cause some of you a measure of inconvenience. I do understand and acknowledge the concerns but please be assured that we are working with the CAMS team to ensure that these matters are resolved at the earliest, and that all your service needs can be met as quickly and efficiently as possible. Going forward, I am sure that the significant advances in technology and service levels made by CAMS will result in an enhanced customer experience for you.

Update on schemes under winding up:

The liquidation of the six schemes under winding up continued to proceed steadily in the right direction. Some key highlights are:

- The six schemes have disbursed a total of INR 21,080 crores to investors till date. This equals 84% of the AUM as on April 23, 2020, and ranges from 62% to 99% across the six schemes.
- The cash available for distribution stands at INR 1,111 crores as on July 31, 2021.
- The average NAV at which the 5 tranches have been disbursed for each of the six schemes is higher than the NAV as 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 in order to preserve value for our unitholders.

- With respect to the appeals filed before the SAT, the SAT has issued orders staying enforcement of SEBI's orders conditioned on deposit of a portion of the monetary penalties.
- SEBI filed an appeal before the Hon'ble Supreme Court (SC) against the interim order issued by SAT in the matter of AMC. On July 26, 2021, the SC disposed of the appeal after recording our statement that we will not launch any new debt scheme till the disposal of appeal by the SAT.

Latest Portfolio Update:

Please find below the links to the latest portfolio update of these schemes as of July 30, 2021.

- **Security Level Portfolio**
- **Maturity Profile**

I would like to express my sincere gratitude to you for your continued support. My team and I remain available to answer any questions you may have, and we will do our best to resolve any outstanding issues at the earliest.

Please continue to stay safe and healthy.

Sincerely,

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

* As of July 30, 2021