



Franklin Templeton India Makes Decision to Close Yield-Oriented Managed Credit Suite to Protect Investor Assets Amid COVID-19 Related Market Dislocation Impacting Credit Sector in India

Mumbai, April 23, 2020 – The Trustees of Franklin Templeton Mutual Fund in India announced that they have, after careful analysis and review of the recommendations submitted by Franklin Templeton AMC, and in close consultation with the investment team, voluntarily decided to wind up their suite of six yield-oriented, managed credit funds, effective April 23, 2020.

In light of the severe market dislocation and illiquidity caused by the COVID-19 pandemic, this decision has been taken in order to protect value for investors via a managed sale of the portfolio.

This action is limited to the below-mentioned funds, which have material direct exposure to the higher yielding, lower rated credit securities in India that have been most impacted by the ongoing liquidity crisis in the market. All other funds managed by Franklin Templeton Mutual Fund in India – equity, debt and hybrid – are unaffected by this decision. These other funds are managed by independent teams of investment managers and continue to perform as per their respective investment mandates.

- **Franklin India Low Duration Fund**
- **Franklin India Dynamic Accrual Fund**
- **Franklin India Credit Risk Fund**
- **Franklin India Short Term Income Plan**
- **Franklin India Ultra Short Bond Fund**
- **Franklin India Income Opportunities Fund**

Sanjay Sapre, President, Franklin Templeton – India, said, “The decision to wind up these funds was an extremely difficult one, but we believe, it is necessary to protect value for our investors and presented the only viable means to secure an orderly realization of portfolio assets. Significantly reduced liquidity in the Indian bond markets for most debt securities and unprecedented levels of redemptions following the COVID-19 outbreak and lockdown has compelled us to take this decision. We remain fully committed and aligned with the interests of our investors and aim to assist the Trustees to fully exit the managed credit strategy funds at the best possible value.”

Santosh Kamath, CIO, Franklin Templeton Fixed Income India, said, “We have been managing many of these funds for over a decade, and some, for over fifteen years. While these funds are getting wound up, accruals into these funds should continue in the same way as now, as the underlying securities held by these funds remain sound. While for many years, these managed credit funds have carefully invested in and supported growing businesses in India, unfortunately the extreme drop in liquidity in the bond markets, coinciding with very large redemptions following the COVID-19 outbreak has compelled us to make difficult decisions in order to protect the interests of the funds’ unitholders.”

Jenny Johnson, President and CEO of Franklin Templeton, said, “Franklin Templeton has a long history of over 25 years in India, with 33% of our global workforce based there. Our commitment to the market and our investors in India remains steadfast. We believe that taking this extraordinarily difficult decision during this unprecedented time was necessary and the right thing to do. Quick and decisive action was imperative to protect the existing investors in these funds, and I continue to be proud of our team in India for focusing on our clients first.”

Details of the winding up process will be communicated to existing unitholders of the funds impacted by this decision at the earliest. The funds will continue to publish their net asset values daily, and investors will not be charged any investment management fee on these funds, going forward. Units of the funds will no longer be available for purchases and redemptions, post cut-off time on April 23, 2020. This includes purchases or redemptions through Systematic Investment Plans / Systematic Transfer Plans / Systematic Withdrawal Plans.

Subject to compliance with applicable regulations, the Trustees, with the assistance of the investment manager, will proceed with orderly realisation and liquidation of the underlying assets, with the objective of preserving value and distributing proceeds to unitholders after discharging any liabilities of the funds. Impacted investors are encouraged to contact their advisor to discuss financial and tax implications.

About Franklin Templeton

Franklin Templeton (India) is one of the largest foreign fund houses** in the country. It manages one of the most comprehensive ranges of mutual funds catering to varied investor requirements and offering different investment styles to choose from. It has offices in 39 cities and Collection Centres in over 100 locations across the country.

Franklin Templeton Asset Management (India) Pvt. Ltd. is ultimately held by Franklin Resources, Inc. Franklin Resources, Inc. [NYSE:BEN] is a global investment management organization operating, together with its subsidiaries, as Franklin Templeton. Franklin Templeton provides global and domestic investment management to retail, institutional and sovereign wealth clients in over 170 countries. Through specialized teams, the company has expertise across all asset classes, including equity, fixed income, alternatives and custom multi-asset solutions. The company's more than 600 investment professionals are supported by its integrated, worldwide team of risk management professionals and global trading desk network. With employees in over 30 countries, the California-based company has more than 70 years of investment experience and over \$580 billion in assets under management as of March 31, 2020.

** Source: AMFI Website (based on AAUM as on March 31, 2020)

For further information:

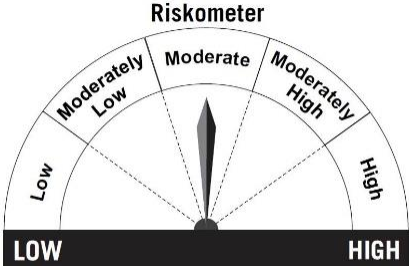
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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Product Labels:

Fund Name		
Franklin India Low Duration Fund (Number of Segregated Portfolios - 2) FILDF	<ul style="list-style-type: none"> Regular income for short term A fund that focuses on low duration securities. 	
Franklin India Short Term Income Plan (Number of Segregated Portfolios - 3) FISTIP	<ul style="list-style-type: none"> Regular income for medium term A fund that invests in short term corporate bonds including PTCs. 	
Franklin India Credit Risk Fund (Number of Segregated Portfolios - 3) FICRF	<ul style="list-style-type: none"> 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). 	
Franklin India Dynamic Accrual Fund (Number of Segregated Portfolios - 3) FIDA	<ul style="list-style-type: none"> Medium term capital appreciation with current income A fund that focuses on fixed income securities with high accrual and potential for capital gains. 	 <p>Investors understand that their principal will be at Moderate risk</p>
Franklin India Income Opportunities Fund (Number of Segregated Portfolios - 2) FIOF	<ul style="list-style-type: none"> Medium term capital appreciation with current income A fund that focuses on high accrual securities 	
Franklin India Ultra Short Bond Fund (Number of Segregated Portfolios - 1)	<ul style="list-style-type: none"> Regular income for short term A fund that invests in short term debt and money market instruments 	