

**Segregated Portfolio for
8.25% Vodafone Idea Ltd. (10-July-2020)**

Step-by-Step Illustration of Payment to Investors

01 FT invested in a security issued by Vodafone Idea Ltd.(VIL) with an annual interest of 8.25%. The maturity date of the security was July 10, 2020

02 The principal amount due to be repaid was INR 1245 cr. across six schemes. The break-up of the same is as follows
Amount in Crores

FIUBF	FILDF	FISTIP	FICRF	FIDA	FIOF	Total
799	197	85	22	95	47	1245

FIUBF – Franklin India Ultra Short Bond Fund

FILDF – Franklin India Low Duration Fund

FISTIP – Franklin India Short Term Income Fund

FICRF – Franklin India Credit Risk Fund

FIDA – Franklin India Dynamic Accrual Fund

FIOF – Franklin India Income Opportunities Fund

03 On June 12, 2020 we received INR 102.71 cr. as annual interest (for the period June 12, 2019 to June 11, 2020) and this amount was distributed to the unit holders

04 On July 10, 2020 we have received

- INR 7.88 cr. as interest for the period June 12, 2020 to July 9, 2020
- INR 1245 cr. as repayment of the principal amount

05 INR 102.71 cr. that we received on June 12, 2020 was 7.58% of INR 1355.59 cr. ($1245 + 102.71 + 7.88 = 1355.59$)

06 INR 1252.88 cr. that we received on July 10, 2020 was the balance amount out of INR 1355.59 cr. ($1355.59 - 102.71 = 1252.88$)

How did we distribute INR 1252.88 Cr. ?

- 07 **INR 1252.88 cr.** was received by each scheme as was due. The table below indicates the distribution of this amount across each scheme

Amount in Crores

FIUBF	FILDF	FISTIP	FICRF	FIDA	FIIOF	Total
804.06	198.25	85.54	22.14	95.60	47.30	1252.88

- 08 On June 12, 2020 we had received 7.58% of INR 1355.59 and thus we extinguished 7.58% of the units leaving the balance units intact

- 09 On July 10, 2020 we received the balance amount of Rs.1252.88 cr (Refer to Point 6). Thus the balance units in this segregated portfolio that were earlier left intact on June 12,2020 have now being extinguished.

- 10 **Why are we using the term “Extinguished” and not “Redeemed”?**

- In this situation, the investor is not initiating any redemption
- FT is distributing the money it has received from VIL to the unitholders in the segregated portfolio
- Will ensure correct capital gains computation considering appropriate date of acquisition of units extinguished.
- Will enable correct classification of long term/ short term capital asset

How to calculate the amount due to you?

To understand how we arrived at the amount due to you, we will use one fund as an example. Let's take the example of Franklin India Ultra Short Bond Fund (FIUBF)

This is only for illustration and not actual numbers

- 11 FIUBF received INR 1000 cr. as an allocation on July 10, 2020
- 12 FIUBF has 11 different plans within the scheme (Each scheme has different plans like “Growth Plan” , “Dividend Plan” etc.)
- 13 The next step was to distribute INR 1000 cr. across each plan in FIUBF. In this example we are assuming the operating expenses as NIL for simplification.
- 14 This distribution was done basis the AUM of each plan on the date of segregation which was January 24, 2020.
 - For e.g. if the Retail Plan Growth Option had 10% of total AUM in the scheme on January 24, 2020, it would receive 10% of INR 1000 cr. i.e. INR 100 cr. less proportionate operating expenses if any (Assumed as NIL in this illustration)
- 15 The next step was to arrive at the NAV or “payment price per unit” (PPU) under each plan in FIUBF (Refer to **Page 5** for scheme wise & plan wise NAV/ PPU)
- 16 As mentioned in point 10, all of the outstanding units in each plan are being extinguished
 - For e.g if the Retail Plan Growth Option originally had 10 cr units, 75.8 lac units were extinguished on June 12, 2020
 - On July 10, 2020 the balance 924.2 lac units (10 cr. less 75.80 lac units) are being extinguished

How to calculate the amount due to you?

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- 17 To arrive at the NAV or PPU value to be received by an investor, the amount of money allocated to each plan was divided by the number of extinguished units in the plan
- For e.g in the Retail Plan Growth Option INR 100 cr. was divided by 924.2 lac units = INR 10.8202 per unit value (NAV)
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18 **Now how do you calculate how much money should you get?**

- Review your account statement to understand, how many units you have under different plans in the different schemes
- For e.g. if you originally had 100 units in FIUBF, Segregated portfolio 1- Retail Plan Growth Option
- 7.58% of 100 = 7.58 units were extinguished on June 12, 2020
- You are left with 92.42 units
- NAV or PPU for FIUBF, Segregated portfolio 1- Retail Plan Growth Option is INR 10.8202
- Total amount to be received by you is $92.42 \times 10.8202 = \text{INR } 1000$

NAV or PPU (Payment Price per unit) as of 10 July 2020



Plans of Franklin India Credit Risk Fund	NAV or Payment Price per Unit (PPU)
Growth Plan	0.0818
Dividend Plan	0.0439
Direct Growth Plan	0.0866
Direct Dividend Plan	0.0474

Plans of Franklin India Ultra Short Fund	NAV or Payment Price per Unit (PPU)
Retail Plan Growth Option	1.3463
Retail Plan Daily Dividend Option	0.5076
Retail Plan Weekly Dividend Option	0.5118
Institutional Plan Growth Option	1.3792
Institutional Plan Daily Dividend Option	0.5051
Super Institutional Plan Growth Option	1.4246
Super Institutional Plan Daily Dividend Option	0.5092
Super Institutional Plan Weekly Dividend Option	0.5104
Direct Super Institutional Plan Growth Option	1.4320
Direct Super Institutional Plan Daily Dividend Option	0.5083
Direct Super Institutional Plan Weekly Dividend Option	0.5101

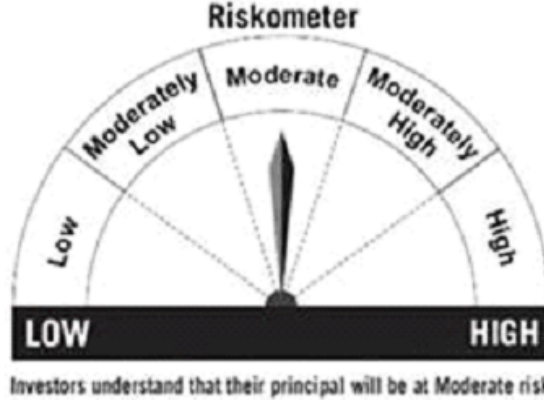
Plans of Franklin India Income Opportunities Fund	NAV or Payment Price per Unit (PPU)
Growth Plan	0.3819
Dividend Plan	0.1771
Direct Growth Plan	0.4038
Direct Dividend Plan	0.1896

Plans of Franklin India Short Term Income Plan	NAV or Payment Price per Unit (PPU)
Retail Plan Growth Option	34.9077
Retail Plan Weekly Dividend Option	8.9620
Retail Plan Monthly Dividend Option	9.9946
Retail Plan Quarterly Dividend Option	10.3384
Institutional Plan Growth Option	28.8917
Direct Retail Plan Growth Option	36.8671
Direct Retail Plan Weekly Dividend Option	8.9938
Direct Retail Plan Monthly Dividend Option	10.7094
Direct Retail Plan Quarterly Dividend Option	11.1052

Plans of Franklin India Low Duration Fund	NAV or Payment Price per Unit (PPU)
Growth Plan	1.0831
Monthly Dividend Plan	0.4993
Quarterly Dividend Plan	0.4904
Direct Growth Plan	1.1077
Direct Monthly Dividend Plan	0.5148
Direct Quarterly Dividend Plan	0.5059

Plans of Franklin India Dynamic Accrual Fund	NAV or Payment Price per Unit (PPU)
Growth Plan	1.8665
Dividend Plan	0.3148
Direct Growth Plan	1.9771
Direct Dividend Plan	0.3395

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. 	
Franklin India Income Opportunities Fund (Number of Segregated Portfolios - 2) FIIOF	<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 	

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