

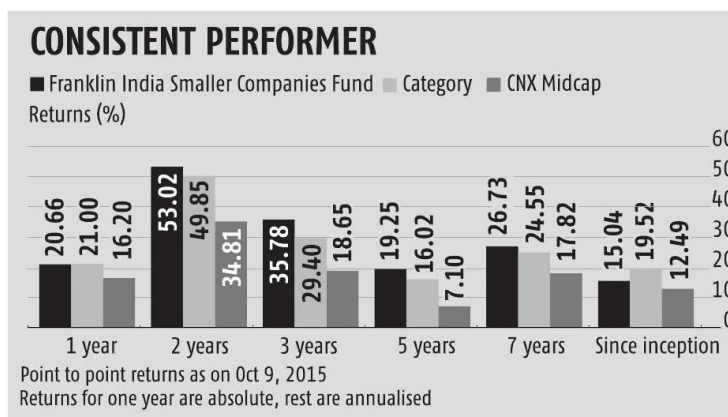
FUND PICK: FRANKLIN INDIA SMALLER COMPANIES FUND

Invest-and-hold strategy yields good dividend

Franklin India Smaller Companies Fund has been ranked in the top 30 percentile (CRISIL Fund Rank 1 or 2) since June 2013. The fund primarily aims to provide long-term capital appreciation by investing in mid- and small-cap companies, having a market capitalisation below that of the 100th stock in the CNX 500 Index.

The fund has outperformed its benchmark (CNX Midcap Index) and the category (schemes defined under the CRISIL Mutual Fund Ranking – Small and Mid-cap Equity Category as of June 2015) across various time-frames, except over last one year and if compared since inception where it under-performed the category. It also performed strongly during the European crisis (31-December 31, 2010-June 30, 2013) and post-European crisis (June 30, 2013-October 9, 2015).

Thus, ₹1,000 invested in the fund since inception (January 13, 2006) would have grown to around ₹3,916 (compounded annualised return of 15.04 per cent) as on October 9, 2015. A similar investment in the category and benchmark would have grown to around ₹4,495 (16.68



per cent) and ₹3,147 (12.49 per cent), respectively.

A monthly systematic investment plan (SIP) of ₹1,000 over seven years (on a principal of ₹84,000) would grow to around ₹2.28 lakh, delivering an annualised return of 28.63 per cent. Similar investment in the benchmark would have grown to about ₹1.49 lakh (16.36 per cent).

The fund has consistently held 23 stocks for the last three years ended September 2015, with Pidilite Industries, Amara Raja Batteries, Finolex Cables, YES Bank and IndusInd Bank among the top return generators.

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At a sectoral level, the fund has the highest exposure to banks, media and entertainment, pharmaceuticals and software, which have delivered superior

returns of 15.40 per cent (as represented by CNX Bank Index), 15.44 per cent (as represented by CNX Media Index), 32.72 per cent (as represented by the CNX Pharma Index), and 23.46 per cent (as represented by the CNX IT Sector Index), respectively, compared with the benchmark's 18.65 per cent.

CRISIL Research