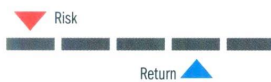


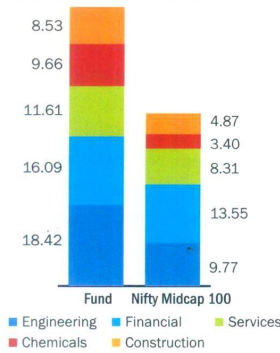


Launch
December 2005

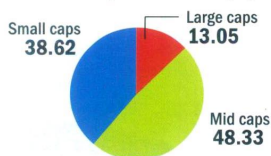
Fund manager
R Janakiraman,
Roshi Jain



Top five sectors (%)

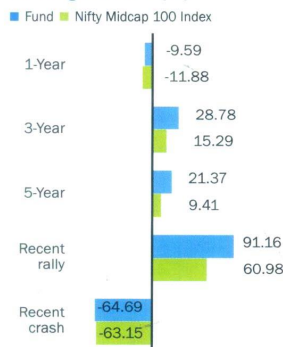


Market capitalisation (%)



Assets ₹2,571 Cr as on Jan 31, 2016

Trailing returns (%)



Recent rally: Aug 27, 2013 – Mar 03, 2015
Recent crash: Jan 08, 2008 – Mar 09, 2009
Data as on Feb 29, '16. Portfolio-related data as on Jan 31, '16.

FRANKLIN INDIA SMALLER COMPANIES FUND ★★★★★

Focused on quality

An ability to navigate volatile markets well and keep up a quality stock bias has helped this fund ascend from a four-star to a five-star rating in the last couple of years. This fund invests in stocks with a market cap below that of the 100th stock in the CNX 500 index. Like all Franklin equity schemes, the style is bottom-up and hunts for growth at a reasonable price. The manager looks for 'quality compounders' – companies which can compound their earnings at a high rate, with good return on capital, low capital intensity and capable management. Businesses that do not have the ability to generate free cash flows over a business cycle are avoided. So are those with poor return on capital and limited entry barriers.

The fund's one-year returns haven't been top of the charts, but the three- and five-year records more than make up for this. The fund outpaced the category by over 9 percentage points over 3 years and 6 percentage points

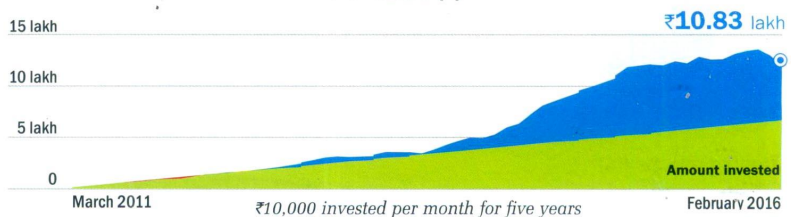
“We look at the company level and not at the industry level to select stocks. Even in challenging industries, there have been companies that have managed to generate shareholder value, though the number of such outliers has been quite limited.”

R JANAKIRAMAN

over five years. Launched in the frothy markets of 2006, the fund delivered erratic returns until 2008, but has pulled up its socks thereafter. The fund took a bad knock in the 2008 meltdown but has weathered the last two bear phases (2011 and 2013) extremely well, doing far better than the benchmark and the peers.

Its conservative tendencies, both on business risks and valuations, may lead to missing out on short-term market moves. It's a good choice for investors looking for a less bumpy ride with small caps. ■

SIP value (₹)



Fund history

Year	2010	2011	2012	2013	2014	2015	2016																																																																
Rating	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★																																																																
Quartile ranking*	3	2	1	1	2	3	1																																																																
Fund return (%)	18.59	-25.91	51.70	13.22	89.92	9.56	-14.18																																																																
Category return (%)	20.78	-27.10	43.08	2.93	81.41	10.70	-18.12																																																																
Nifty Midcap 100	19.16	-31.00	39.16	-5.10	55.91	6.46	-13.72																																																																
Expense ratio (%)	2.19	2.10	2.32	2.69	2.56	2.40	2.42																																																																
Fund style	<table border="0"> <tr> <td>Investment style</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td>Growth</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td>Blend</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td>Value</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td>Capitalisation</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td>Large</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td>Midcap</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> <tr> <td>Small</td> <td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td><td>■</td> </tr> </table>							Investment style	■	■	■	■	■	■	■	Growth	■	■	■	■	■	■	■	Blend	■	■	■	■	■	■	■	Value	■	■	■	■	■	■	■	Capitalisation	■	■	■	■	■	■	■	Large	■	■	■	■	■	■	■	Midcap	■	■	■	■	■	■	■	Small	■	■	■	■	■	■	■
Investment style	■	■	■	■	■	■	■																																																																
Growth	■	■	■	■	■	■	■																																																																
Blend	■	■	■	■	■	■	■																																																																
Value	■	■	■	■	■	■	■																																																																
Capitalisation	■	■	■	■	■	■	■																																																																
Large	■	■	■	■	■	■	■																																																																
Midcap	■	■	■	■	■	■	■																																																																
Small	■	■	■	■	■	■	■																																																																

*Quartile ranking means the quartile in which the fund appears when all the funds in the category are arranged in a descending order of returns.