Maturity profile of schemes (cash flow projections) basis Portfolio holdings as on April 23, 2020

(a) The below table summarises the amounts receivable on maturity dates or if put option is available then the immediately forthcoming put option date
(b) The percentages have been computed considering the total of all amounts receivable less the outstanding borrowings, as the base
(c) Part payment amounts receivable on pre-agreed dates as per terms of issuance are reflected in the respective buckets per receipt dates
(d) Net Asset Value per unit will continue to be computed and declared as per the same accounting and valuation principles as done prior to April 23, 2020 without any change
(e) For perpetual bonds, the immediately forthcoming call date is considered as the maturity date
(f) For Securities which are fair valued by the AMC, the fair valuation as on April 23, 2020 is considered as the maturity value. Note that, at maturity, the issuer is obligated to pay the face value and accrued coupons/ other accruals, if any as per the terms of the issuance
(g) The data excludes any recovery from segregated portfolios. Receipt of interest and principal repayments from segregated portfolios will accordingly increase payout to investors of the segregated portfolio
(h) Interest income is not considered in the projections. Receipt of coupons will add to the cash flows and accordingly increase payout to investors
(i) On sale of securities in the secondary market, sale value will differ from the maturity value
(j) For securities with interest rate reset at periodical intervals which have a floor and cap rate as per the terms of the issuance, maturity date has been considered for the cash flow projections vis-à-vis the interest reset date which is normally considered in macaulay duration and valuation by the valuation agencies
(k) Securities sold in the secondary market prior to the maturity will accelerate the receipt thereby facilitating payout to investors before scheduled maturity
(l) Prepayments or accelerated payments made by the issuer will prepone the receipt thereby facilitating payout to investors before scheduled maturity

Scheme Codes and Scheme Names

FIUBF	Franklin India Ultra Short Bond Fund (No. of Segregated Portfolios – 1) - (under winding up)
FILDF	Franklin India Low Duration Fund (No. of Segregated Portfolios – 2)- (under winding up)
FISTIP	Franklin India Short Term Income Plan (No. of Segregated Portfolios – 3)- (under winding up)
FIIOF	Franklin India Income Opportunities Fund (No. of Segregated Portfolios - 2) - (under winding up)
FICRF	Franklin India Credit Risk Fund (No. of Segregated Portfolios – 3) - (under winding up)
FIDA	Franklin India Dynamic Accrual Fund (No. of Segregated Portfolios – 3) - (under winding up)

Maturity profile considering put and call option & put option dates - Cumulative

Within	FIUBF	FILDF	FISTIP	FIIOF	FICRF	FIDA
1 Month	-	-	-	-	-	-
3 Months	9%	1%	-	-	-	3%
6 Months	39%	19%	-	-	4%	14%
1 year**	50%	45%	1%	-	15%	21%
2 years	81%	74%	34%	5%	37%	45%
3 years	85%	91%	52%	30%	57%	70%
4 years	94%	94%	66%	38%	63%	73%
5 years	100%	100%	91%	57%	84%	89%
> 5 years	-	-	100%	100%	100%	100%
AUM as on Apr 23, 2020 (Amount in INR crores)	9,679.26	2,389.07	5,658.22	1,854.61	3,526.55	2,540.56

**Note

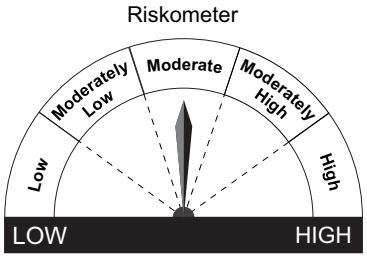
The approximate expected coupon receipts during the period 0 to 1 year is summarised in the below table
Interest income is not considered in the projections above. Receipt of coupons will add to the cash flows and accordingly increase payout to investors
The Annual % is an approximate % expected for the period 0 to 1 year and is subject to change for subsequent years

	FIUBF	FILDF	FISTIP	FIIOF	FICRF	FIDA
Amount in INR crores	800	250	650	230	350	220
Annual %	8%	10%	11%	12%	10%	9%

These are projection of cashflows based on current portfolio holdings. Any sale of securities, payments of coupons, prepayment will have a postive impact whereas any credit issue, default or delay in payment will negatively impact the projections

The information contained in this communication is not a complete representation of every material fact and is for informational purposes only. Statements/ opinions/recommendations in this communication which contain words or phrases such as "will", "expect", "could", "believe" and similar expressions or variations of such expressions are "forward – looking statements". While it will be the endeavour of the Trustees to achieve the best possible outcome for the investors. Actual results may differ materially from those suggested by the forward-looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risk, general economic and political conditions in India and other countries globally, which have an impact on the service and / or investments. There may have been changes in matters which affect the security subsequent to the date of this communication

Product Labels:

Fund Name		
Franklin India Ultra Short Bond Fund (Number of Segregated Portfolios - 1) FIUBF	• Regular income for short term • A fund that invests in short term debt and money market instruments	 **Investors understand that their principal will be at Moderate risk**
Franklin India Low Duration Fund (Number of Segregated Portfolios - 2) FILDF	• 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	• Regular income for medium term • A fund that invests in short term corporate bonds including PTCs.	
Franklin India Income Opportunities Fund (Number of Segregated Portfolios - 2) FIIOF	• Medium term capital appreciation with current income • A fund that focuses on high accrual securities	
Franklin India Credit Risk Fund (Number of Segregated Portfolios - 3) FICRF	• 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	• Medium term capital appreciation with current income • A fund that focuses on fixed income securities with high accrual and potential for capital gains.	

FRANKLIN TEMPLETON

All investments in debt funds are subject to various types of risks including credit risk, interest rate risk, liquidity risk etc. Some fixed income schemes may have a higher concentration to securities rated below AA and therefore may be exposed to relatively higher risk of downgrade or default and the associated volatility in prices which could impact NAV of the scheme. Credit rating issued by SEBI registered entities is an opinion of the rating agency and should not be considered as an assurance of repayment by issuer. There is no assurance or guarantee of principal or returns in any of the mutual fund scheme.

FAQs ON MATURITY PROFILE/ PAYMENTS

Q1: When can I expect to start receiving monies from the funds?

A1: Each fund has its own cash flows and borrowings and therefore will be able to return monies at different points of time. Based on our best estimate of cash flows at this time, the schemes are expected to return monies as follows:

Fund	AUM (INR Cr)	% of Cash flow within 3 months	% of Cash flow within 6 months	% of Cash flow within 1 year	% of Cash flow within 2 years
FIUBF	9,679.26	9%	39%	50%	81%
FILDF	2,389.07	1%	19%	45%	74%
FISTIP	5,658.22	-	-	1%	34%
FIIOF	1,854.61	-	-	-	5%
FICRF	3,526.55	-	4%	15%	37%
FIDA	2,540.56	3%	14%	21%	45%

Fund	% Coupon to be received in the first year
FIUBF	8%
FILDF	10%
FISTIP	11%
FIIOF	12%
FICRF	10%
FIDA	9%

All percentages have been computed considering the total of all amounts receivable less the outstanding borrowings, as the base. The above table factors in only the scheduled maturities (table 1) and approximate estimated coupon payments in the 1st year (table 2). It does not account for any receipts from pre-payments from issuers or cash flows from securities sold in the secondary market once liquidity returns to this section of the market. Factors that could negatively impact cash-flows include credit issues or payment delays faced by any of the investee companies. It will be the endeavor of the schemes to liquidate the portfolio at the earliest possible time, while preserving value for unitholders

Q2: Why will it take you so long to return the money?

A2: Before any monies can be returned to unitholders, the borrowing in the fund that was taken in order to fund the heightened levels of redemptions will need to be repaid. Further, due to sustained redemptions, many of the funds were forced to liquidate some of the shorter maturity or more liquid holdings in the portfolio. Both these factors are causing a further delay in how soon we estimate the schemes can return monies to unitholders. As can be seen from the data above, continuing to permit redemptions with high levels of borrowing or selling the shorter maturity or more liquid papers would not have been in the interest of our unitholders. These were also some of the important considerations in making the extremely difficult decision to wind up these funds in order to preserve value for existing unitholders.

While repaying the borrowing does not impact the value of money returned to unitholders, it does delay when we can start to pay out to unitholders.

Q3: If the Macaulay Duration of Ultra Short Bond Fund is only 4.53 months, why will it take you nearly 2 years to return a substantial percentage of the money in this fund?

A3: The Macaulay Duration reflects the average duration of the bonds held in the portfolio basis the expected cash flows of the bond. A portfolio will typically have an average maturity that is slightly longer than the Macaulay Duration. Hence, for example, in Ultra Short Bond Fund, a Macaulay Duration of 4.53 months means the portfolio has an average maturity of 5.27 months. This indicates, in very broad terms, that this is the mid-point of the maturity dates for the bonds held in the portfolio, not the date for the last maturity in the portfolio.

Accordingly, you will see that with a Macaulay Duration of 4.53 months, the fund should be able to return around 50% in year 1 and substantial money in 2 years. Also, for securities with interest rate reset at periodical intervals which have a floor and cap rate as per the terms of the issuance, the maturity date has been considered for the cash flow projections vis-à-vis the interest reset date which is normally considered in Macaulay duration and valuation by the valuation agencies. Further, this cash flow is after taking into account the fact that initial cash flows

received will go towards paying the borrowing in the fund, which delays how soon the schemes can start to return monies to unitholders. It may also be noted that these calculations are on a conservative basis and do not consider any sale or prepayments or coupon payment. It will be the endeavor of the schemes to accelerate these payments through actively seeking pre-payments and opportunities to sell in the market while preserving value for unitholders.

Q4: Why is FISTIP only able to return such a small percentage of the money in 1 year? How long will I have to wait to get all my money?

A4: The reasons for this as are follows:

- Significant redemption pressure faced in the past few months and particularly in the months of March and April led to a significant borrowing in this fund, as can be seen in the latest factsheet published on our website. (https://www.franklintempletonindia.com/downloadsServlet/pdf/factsheet-as-on-april-23-2020-for-6-schemes-being-wound-up-k9fmifgs)
- During the period of sustained redemptions, the fund had to liquidate a number of its more liquid and shorter maturity papers due to the illiquid and risk averse market environment.
- The fund has a Macaulay Duration of 2.43 years and an average maturity of 3.14 years.

These were also some of the considerations and reasons that led us to make the extremely difficult decision to wind up the funds. Continuing to fund redemptions in this manner was not only eroding value for unitholders, but as can be seen from the expected payment schedule, has impacted the time it will take to start returning money to unitholders.

It is the endeavor of the schemes to accelerate these payments through actively seeking pre-payments and opportunities to sell in the market while preserving value for unitholders. We will update data on cashflows beyond 2 years periodically for the information of unitholders

Q5: Why is FIIOF only able to return such a small percentage of the money in 1 year? How long will I have to wait to get all my money?

A5: The reasons for this as are follows:

- The fund has a Macaulay Duration of 3.92 years and an average maturity of 5.32 years. This is because it is classified as a medium duration fund which is required to maintain a Macaulay Duration of between 3-4 years at all points of time. It is the longest duration fund from among the six funds that have been wound up.
- Significant redemption pressure faced in the past few months and particularly in the months of March and April led to a borrowing in this fund, as can be seen in the latest factsheet published on our website (https://www.franklintempletonindia.com/downloadsServlet/pdf/factsheet-as-on-april-23-2020-for-6-schemes-being-wound-up-k9fmifgs).This borrowing must be repaid before monies can be paid to unitholders.
- During the period of sustained redemptions, the fund also had to liquidate a number of its more liquid and shorter maturity papers due to the illiquid and risk averse market environment

These were also some of the considerations and reasons that led us to make the extremely difficult decision to wind up the funds. Continuing to fund redemptions in this manner was not only eroding value for unitholders, but as can be seen from the payment schedule, has impacted the time it will take to start returning money to unitholders.

It will be the endeavor of the schemes to accelerate these payments through actively seeking pre-payments and opportunities to sell in the market while preserving value for unitholders. We will update data on cashflows beyond 2 years periodically for the information of unitholders

Q6: What are the next steps for me to get my money? What action do I need to take?

A6: Unitholders will receive a request to vote electronically on the process of winding up the funds under regulation 41 of SEBI (Mutual Fund) Regulation 1996 to authorize the Trustees, to take steps for winding up of the schemes. Once this vote is complete and results notified, the schemes will be able to start monetizing its assets and distributing the investment proceeds in compliance with SEBI regulations.

Q7: Why do I see papers with such long maturities across all the funds, including in Ultra Short, Low Duration, etc.?

A7: The maturity dates listed are the final maturity dates of the papers held in the portfolio, though many of these papers have regular interim cash flows and features such as interest rate resets or call/ put options which significantly reduce the effective maturity and are factored into the calculation of the Macaulay Duration. Many of these papers are also liquid and can be sold in the secondary market during normal market conditions.

It will be our endeavor to liquidate the portfolio at the earliest possible time having regard to market conditions, and without causing value erosion for investors.

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