FRANKLIN TEMPLETON INVESTMENTS

Distributor Remuneration Structure
Period of Applicability: July 1st, 2015 to July 31st, 2015

Scheme	Exit Load	Upfront	Trail p .a. from day 1	Promotional Trail P.A.	Promotional Trail Period (Years)	Total Earnings for 3 years for T-15 Cities	Additional Upfront for B-15 Cities	Total Earnings for 3 years for B-15 Cities	Trail from 4th year* onwards for T-15 & B-15 Cities
A- Equity Funds									
1) Franklin India Bluechip Fund (FIBCF)	1.00% for 1 year	Nil	1.00%	0.10%	3	3.30%	1.75%	5.05%	1.00%
2) Franklin India Prima Plus (FIPP)		Nil	1.00%	0.10%	3	3.30%	1.75%	5.05%	1.00%
3) Franklin India Prima Fund (FIPF)		Nil	1.00%	0.10%	3	3.30%	1.75%	5.05%	1.00%
4) Franklin India Smaller Companies Fund (FISCF)		Nil	1.00%	0.10%	3	3.30%	1.75%	5.05%	1.00%
5) Franklin India Flexi Cap Fund (FIFCF)		Nil	1.00%	0.10%	3	3.30%	1.75%	5.05%	1.00%
6) Templeton India Equity Income Fund (TIEIF)		Nil	1.00%	0.10%	3	3.30%	1.75%	5.05%	1.00%
7) Templeton India Growth Fund (TIGF)		Nil	1.00%	0.10%	3	3.30%	1.75%	5.05%	1.00%
8) Franklin India Index Fund (FIIF) – NSE Nifty Plan		Nil	0.50%	Nil	3	1.50%	Nil	1.50%	0.50%
9)Franklin India Opportunities Fund (FIOF)		Nil	1.10%	0.10%	3	3.60%	1.75%	5.35%	1.10%
10) Franklin Infotech Fund (FIF)	1.00% for 2 years	Nil	1.10%	0.10%	3	3.60%	1.75%	5.35%	1.10%
11) Franklin Build India Fund (FBIF)	1.00% for 2 years	Nil	1.10%	0.10%	3	3.60%	1.75%	5.35%	1.10%
12) Franklin India High Growth Companies Fund (FIHGCF)	1.00% for 2 years	Nil	1.00%	0.10%	3	3.30%	1.75%	5.05%	1.00%
B-Section 80C Funds									
1) Franklin India Taxshield (FIT)	Nil	Nil	1.00%	0.10%	3	3.30%	1.75%	5.05%	1.00%
2) Franklin India Pension Plan (FIPEP)	3.00% if redeemed before age of 58 years,(subject to lock in period & target amount) Nil after age of 58 years	Nil	1.00%	0.25%	3	3.75%	Nil	3.75%	1.00%
C-Hybrid Funds									
1) Franklin India Balanced Fund (FIBF)	1.00% for 1 year.	Nil	1.10%	0.10%	3	3.60%	1.75%	5.35%	1.10%
2) Franklin India Monthly Income Plan (FIMIP) – Plan A & B	1.00% for 1 year .	Nil	1.00%	0.40%	1	3.40%	Nil	3.40%	1.00% **(2nd year onwards)**
D-Income Funds - Long Term									
1) Franklin India Short Term Income Plan (FISTIP) – Retail Plan	0.50% for 1 year	Nil	0.70%	0.30%	1	2.40%	Nil	2.40%	0.70% **(2nd year onwards)**
2) Franklin India Income Opportunities Fund (FIIOF)	3% within 12 months, 2.00% for > 12 months & within 18 months, 1.00% > 18 months but within 24 months.	Nil	0.75%	0.25%	2	2.75%	Nil	2.75%	0.75% **(3rd year onwards)**
3) Franklin India Corporate Bond Opportunities Fund (FICBOF)	3% within 12 months, 2.00% for > 12 months & within 24 months, 1.00% > 24 months & within 36 months.	Nil	0.75%	0.20%	3	2.85%	Nil	2.85%	0.75%
4) Franklin India Dynamic Accrual Fund (FIDA)	3% within 12 months, 2.00% for > 12 months & within 24 months, 1.00% > 24 months & within 36 months ,0.50% for >36 months & within 48 months	Nil	0.75%	0.20%	4	**3.80% (For 4 years)**	Nil	**3.80% (For 4 years)**	0.75% **(5th year onwards)**
5) Franklin India Income Builder Account (FIIBA) – Plan A	0.50% for 1 year.	Nil	0.75%	0.50%	1	2.75.%	Nil	2.75.%	0.75% **(2nd year onwards)**
6) Franklin India Government Securities Fund (FIGSF) – Composite/ PF/LT Plans	0.50% for 3 months for Composite / PF Plans, Nil for LT Plan.	Nil	0.75%	0.25%	1	2.50%	Nil	2.50%	0.75% **(2nd Year onwards)**
E- Income Funds - Short Term									
1) Franklin India Savings Plus Fund (FISPF)	0.50% for 90 days.	Nil	0.60%	Nil		1.80%	Nil	1.80%	0.60%
2) Franklin India Low Duration Fund (FILDF)	0.50% for 3 months.	Nil	0.35%	Nil		1.05%	Nil	1.05%	0.35%
3) Franklin India Banking & PSU Debt Fund (FIBPDF)	0.50% for 6 months.	Nil	0.65%	Nil		1.95%	Nil	1.95%	0.65%
F-Liquid / Liquid + Funds									
1) Franklin India Treasury Management Account (FITMA) – Super Institutional Plan	NIL	Nil	0.05%	Nil		0.15%	Nil	0.15%	0.05%
2) Franklin India Ultra-short Bond Fund (FIUBF) – Super Institutional Plan		Nil	0.05%	Nil		0.15%	Nil	0.15%	0.05%
G-Fund of Funds									
1) (a) Franklin India Life Stage Fund of Funds (FILSF) – 20s Plan	1.00% for 1 year	Nil	1.00%	1.00%	1	4.00%	Nil	4.00%	1.00%
1) (b) Franklin India Life Stage Fund of Funds (FILSF) – 30s Plan	0.75% for 1 year	Nil	1.00%	1.00%	1	4.00%	Nil	4.00%	1.00%
1) (c) Franklin India Life Stage Fund of Funds (FILSF) – 40s Plan	0.75% for 1 year	Nil	1.00%	1.00%	1	4.00%	Nil	4.00%	1.00%
1) (d) Franklin India Life Stage Fund of Funds (FILSF) – 50s Plan	1.00% for 1 year	Nil	1.00%	1.00%	1	4.00%	Nil	4.00%	1.00%
1) (e) Franklin India Life Stage Fund of Funds (FILSF) – 50s Plus Floating Rate Plan	1.00% for 1 year	Nil	0.35%	Nil		1.05%	Nil	1.05%	0.35%
2) Franklin India Dynamic PE Ratio Fund of Funds (FIDPEF)	1.00% for 1 year	Nil	1.25%	1.00%	1	4.75%	1.25%	6.00%	1.25%
3) Franklin India Multi Asset Solution Fund (FIMAS)	1.00% for 3 years	Nil	1.25%	0.35%	3	4.80%	1.25%	6.05%	1.25%
H. International Funds									
1) Franklin US Opportunities Fund (FUSOF)	1% for 3 years	Nil	1.00%	0.20%	3	3.60%	1.75%	5.35%	1.00%
2) Franklin European Growth Fund (FEGF)		Nil	1.00%	0.20%	3	3.60%	1.75%	5.35%	1.00%
3) Franklin Asian Equity Fund (FAEF)		Nil	1.10%	0.10%	3	3.60%	1.75%	5.35%	1.10%

*** - Or as applicable**

Notes:

- The Brokerage outlined in the table above is applicable for the above mentioned period and only till the time the Distributor is empanelled with Franklin Templeton Asset Management (I) Pvt. Ltd.
- **The Additional Upfront Brokerage payable for mobilizations from B-15 Cities will be payable on a Quarterly Basis, 25% each in the 1st, 4th, 7h and 10th month from the date of investment. However entire upfront payout will be made in case of investment is done in Franklin India Taxshield (FIT)**
- The MIS computation by Franklin Templeton's Transfer Agency will be considered to be final for the purpose of the brokerage computation.
- Please refer to the Fund's Scheme Information Document (SID) / Prospectus / Fund Factsheet for the minimum amounts for investments, exit loads and other statutory and fund related information.
- Franklin Templeton Asset Management (I) Pvt. Ltd. reserves the right to change the brokerage rates applicable in the intermittent period in case of Regulatory Changes / Change in Industry practices in respect to payment of brokerage on funds

A. Applicability of T-15 and B-15 Cities for payment of Brokerages:

- The List of Top 15 cities is released by AMFI as per the criteria outlined in the SEBI circular no. CIR/IMD/DF/21/2012 dated September 13, 2012. In terms of the captioned circular, top 15 cities are based on Association of Mutual Funds in India (AMFI) data on AUM by "Geography – Consolidated Data for Mutual Fund Industry'".
- The Top 15 (T-15) cities as of June 2014 are Ahmedabad, Bangalore, Baroda, Chandigarh, Chennai, Hyderabad, Jaipur, Kanpur, Kolkata, Lucknow, Mumbai (including Thane & Navi Mumbai), New Delhi (including NCR), Panjim, Pune and Surat.
- Cities beyond T-15 are classified as "Beyond Top 15 (B-15) cities". NRI & other eligible Foreign Investor Investments business shall also be considered as T-15 business. Additional upfront / trail brokerage offered on investments from B15 cities will not be applicable to investments from T15 cities, NRIs and Foreign Institutional Investors.

B. Recovery of Upfront Brokerage Paid:

1. The Upfront Brokerage paid to a Distributor will be recovered from the Distributor, if the investment for which such upfront brokerage was paid is redeemed /switched out to any other scheme or the Direct Plan before the completion of the Exit Load period.
In the case of Franklin India Government Securities Fund – Composite / PF / LT Plans the recovery period will be one year.
The basis for the same is outlined below –

- The Recovery will be made on a **pro-rata basis**, depending upon the number of days for which the investment has stayed invested in the fund before being redeemed / switched out.
- In case exit load is mentioned in months – 1 month will be considered as 30 days, 3 months as 90 days, 6 months as 180 days, 9 months as 270 days and 1 year as 365 days respectively
- Recovery of the brokerage will be equal to **Upfront Brokerage paid x (No. of days for the Exit Load period – No. of days the monies have stayed in the funds) / (No. of days for the Exit Load period)**. For example :

  An upfront brokerage of 0.75% is paid on an Equity Fund, where the Exit Load period is 1 year. For an investment of Rs. 100,000/-, a distributor would be paid a sum of Rs. 750/- as the upfront brokerage. If the investor redeems this money exactly after completion of 180 days the recovery will be Rs. 380.14, computed as ((750 * (365 – 180))/365 as per the above formula.

2. For Additional Brokerage Structure applicable for investments **Beyond Top 15 Cities, full recovery** of the additional brokerage paid will be done in case the Investor redeems / switches out to any other Scheme or the Direct Plan before the completion of **ONE YEAR** from the date of investment, irrespective of the Exit Load period applicable to the Fund.

3. The Recovery will be made from the Brokerage payable to the Distributor for the month in which redemption has been made. In case the Brokerage payable to the Distributor is insufficient to cover the Recovery amount, we will continue to recover from the brokerage payable in subsequent months. In case the recovery is not completed in 3 months, a demand notice will be sent to the Distributor asking him to refund the money to the AMC. In case the Distributor does not pay the money within 1 month from the date of the receipt of the notice, the AMC will approach AMFI and / or may initiate legal action for resolution of the same.

C. Brokerage payable on Switches

- Upfront brokerage will be paid on switches done from one Equity Fund to another Equity Fund only on completion of three years from the date of initial investment.
- In case an investor switches out money from a fund before the exit load Period, it will be considered as redemption and the upfront brokerage so paid will be recovered in lines of Para B above.
- The switch-in will be considered as a fresh purchase, and the upfront brokerage payable on the switch-in fund will be paid in entirety to the distributor.

D. Statutory / AMFI Driven Regulations

1) The commission structure communicated by the AMC from time to time is all inclusive i.e. inclusive of any cess, charges, taxes, etc. that may be applicable to the Distributor and eligible for all the statutory deductions, including Income Tax, Service Tax, etc.
The Distribution Remuneration Structure (Distribution commission) mentioned in this document comprises of 1) commission payable to the distributor and (2) service tax payable thereon by the AMC/Fund under reverse charge mechanism. The distributor commission would be computed as under
:

Indicative base commission as per (rate chart/ annexure)	X (Computed at the rates in the chart)
Less: amount computed on the above which is equal to [X * service tax rate/ (100 + service tax rate)]	Y
Commission payable as per agreed contractual terms	Z= X-Y

The AMC/Trustee/Fund reserves the right to deduct appropriate statutory deductions."

2) Investments in Franklin India Taxshield and Templeton India Pension Plan are currently eligible for deduction under Section 80C of the Income Tax Act, 1961. Investors should be requested to consult their tax advisor in this matter.
3) The rules and regulations of SEBI/AMFI pertaining to brokerage payment to distributors will also be applicable for payment of the above mentioned brokerage structure.
4) The above brokerage structure is based on the present expense ratio allowed by SEBI. Any change by SEBI in the expense ratio will entail a change in the above brokerage structure.
5) In case any Assets under your ARN Code are transferred to another Distributor at the request of the Investor, you shall not be entitled to receive any trail commission on such assets. Further, the payments of Trail Commission on Assets that are transferred from another Distributor to your ARN Code shall be subject to us receiving a "Clearance Certificate" from the previous Distributor. Please contact your Franklin Templeton Relationship Manager for further details.
6) The distributors shall adhere to all applicable SEBI Regulations and more particularly SEBI circulars dated June 26, 2002 and August 27, 2009 on the Code of Conduct and other guidelines issued by AMFI from time to time for mutual fund distributors and ensure that (i) no rebate is given to investors in any form and (ii) splitting of applications for any benefit.
7) As per the guidelines issued by SEBI (SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009) the upfront commission will be paid by the investor directly to his Distributor / Advisor based on his assessment of various factors including the service rendered by the Distributor / Advisor. Further, the Distributor / Advisor is required to disclose to customers all the commissions (in the form of trail commission or any other mode) received by him for different competing schemes of various mutual funds from amongst which the Scheme of Franklin Templeton Mutual Fund (FTMF) is being recommended to them.
8) In terms of SEBI / AMFI circulars / guidelines, the Channel Partners shall submit to FTMF all account opening and transaction documentation including Know Your Client, Power of Attorney (PoA), Account Opening Form, etc. in respect of investors / transactions through Channel Partners. Further, the payment of commission shall be made depending on the documentation completion status.
9) SEBI has communicated to all mutual funds / AMCs that any sales, marketing, promotional or other literature / material about the fund house products prepared by its distributors need to adhere and comply with the guidelines issued by SEBI with respect to the advertisement by Mutual Funds. It has further advised the AMCs to take suitable steps for put in place a mechanism for proactive oversight in this regard. As a distributor of the schemes of FTMF you may be issuing sales, marketing, promotional or any other literatures / material (such as leaflets, posters, banners, e-mailers etc.) to your clients, as a means of communicating the features or performance of our offerings / AMC. In view of the aforesaid communication from SEBI, you are advised to ensure that any such literature / material prepared or issued by you complies with the said SEBI guidelines. In this regard, as required by SEBI, Franklin Templeton may specify certain guidelines / process as means of proactive oversight on the literature / material issued by the distributors which may include pre-clearance of such literature / material or periodical / random review of all or any specific literature / material issued or proposed to be issued by you. In the interim, you are further advised to obtain a prior clearance from Franklin Templeton on any such sales, marketing, promotional or other literature / material proposed to be issued by you.
10) In terms of a SEBI directive, the Distributor / Advisor shall not take any Irrevocable Power of Attorney from its clients in connection with investments in the schemes of FTMF and that the liability of Distributor / Advisor shall not be limited and depend upon his failure to discharge his obligations.
11) AMFI has *vide* circular dated August 27, 2010 introduced Know Your Distributor (KYD) norms for Mutual Fund Distributors with effect from September 1, 2010, which is similar to Know Your Client (KYC) norms for investors, requiring the distributors to submit identity proof, address, PAN and bank account details with proof. KYD norms are applicable for fresh ARN registrations and ARN renewals effective September 1, 2010. The existing ARN holders are required to comply with these norms by March 31, 2011, failing which AMCs have been mandated to suspend payment of commission till the distributors comply with the requirements. All the Distributors / Advisors are encouraged to complete the KYD requirements at the earliest. The KYD Forms and Process Note are available on AMFI website www.amfiindia.com and our website www.franklintempletonindia.com.