

Distributor Remuneration Structure – IFA – Diamond 2 Category

Period of Applicability: **January 1 to March 31, 2014**

This Distributor Remuneration Structure has **4 parts** – **Structure A – the Rack Rate** (applicable for investments from **all locations**), **Structure B – the Additional Rewards Structure** (applicable for select funds, applicable for investments from **all locations**), **Structure C – the Additional Brokerage Structure** (applicable for select funds, applicable for investments **beyond the Top 15 Cities**) and **Structure D – Family Solutions Brokerage Structure** (applicable for Family Solutions proposition).

Fund Type, Fund Name and Plan	Structure – A: Rack Rate Structure Applicable for investments from Top 15 (T-15) Cities and Beyond Top 15 (B-15) Cities [@]				Structure – B: Additional Rewards Structure		Total Earnings for Year 1 for Top 15 (T-15) Cities		Structure – C: Additional Upfront Brokerage Structure for Beyond 15 (B-15) Cities (L – 2)	Total Earnings for Year 1 for Beyond 15 (B-15) Cities	
	Upfront Brokerage	Trail (% p.a.) [*]			Additional Upfront Brokerage	Additional Trail [*] (L – 1)	Upfront	Trail [*]		Upfront Brokerage	Trail [*]
		1 st Year	2 nd Year	3 rd Year Onwards							
A	B	C	D	E	F	G	H = B+F	I = C+G	J	K = H+J	L = I
A. Diversified & Sector Equity Funds											
1) Franklin India Bluechip Fund (FIBCF)	Nil	1.00%	1.00%	1.00%	Nil	0.20% (L-1)	Nil	1.20%	1.75%	1.75%	1.20%
2) Franklin India Flexi Cap Fund (FICFP)											
3) Franklin India Prima Fund (FIPF)											
4) Franklin India Prima Plus (FIPP)											
5) Templeton India Equity Income Fund (TIEIF)											
6) Franklin Asian Equity Fund (FAEF)	Nil	1.00%	1.00%	1.00%	Nil	0.20% (L-1)	Nil	1.20%	1.75%	1.75%	1.20%
7) Franklin Build India Fund (FBIF)											
8) Franklin India High Growth Companies Fund (FIHGCF)											
9) Franklin India Opportunities Fund (FIOF)											
10) Franklin India Smaller Companies Fund (FISCF)											
11) Franklin Infotech Fund (FIF)											
12) Templeton India Growth Fund (TIGF)											
B. Index Funds											
1) Franklin India Index Fund (FIIF) – NSE Nifty Plan & BSE Sensex Plan	Nil	0.40%	0.40%	0.40%	Nil	Nil	Nil	0.40%	Nil	Nil	0.40%
C. Section 80C Funds											
1) Franklin India Taxshield (FIT)	Nil	1.45%	1.45%	1.45% 1.00% (L-5)	Nil	Nil	Nil	1.45%	1.25%	1.25%	1.45%
2) Templeton India Pension Plan (TIPP)	Nil	1.45%	1.45%	1.45% 1.00% (L-5)	Nil	Nil	Nil	1.45%	1.25%	1.25%	1.45%
D. Balanced / Hybrid Funds											
1) FT India Balanced Fund (FTIBF)	Nil	1.00%	1.00%	1.00%	Nil	0.20% (L-1)	Nil	1.20%	1.75%	1.75%	1.20%
2) Templeton India Children's Asset Plan (TICAP) – Education Plan & Gift Plan	Nil	1.10%	1.10%	1.10%	Nil	Nil	Nil	1.10%	1.50%	1.10%	1.10%
E. Income / Gilt Funds (Long Term)											
1) Templeton India Income Builder Account (TIIBA) – Plan A	1.00%	Nil	0.60%	0.60%	0.25%	Nil	1.25%	Nil	0.65%	1.85%	Nil
2) Templeton India Income Fund (TIIF)	Nil	0.40%	0.40%	0.40%	Nil	0.20% (L-1)	Nil	0.60%	Nil	Nil	0.60%
3) FT India Monthly Income Plan (FTIMIP) – Plan A & B	1.25%	Nil	0.50%	0.50%	Nil	0.25% (L-6)	1.25%	0.25%	Nil	1.25%	0.25%
4) Templeton India Income Opportunities Fund (TIOF)	1.00%	Nil	0.70% (L-3)	0.70%	0.25%	Nil	1.25%	Nil	0.70%	1.95%	Nil
5) Templeton India Corporate Bond Opportunities Fund (TICBOF)	1.50%	Nil	Nil	0.70% (L-4)	0.75%	Nil	2.25%	Nil	0.75%	3.00%	Nil
6) Templeton India Government Securities Fund (TGSF) – Composite / PF / LT Plans	1.00%	Nil	0.60%	0.60%	0.25%	Nil	1.25%	Nil	0.70%	1.95%	Nil
7) Templeton India Short Term Income Plan (TISTIP) – Retail Plan	0.50%	Nil	0.60%	0.60%	0.40%	Nil	0.90%	Nil	0.20%	1.10%	Nil
F. Short Term Funds											
1) Templeton India Government Securities Fund (TGSF) – Treasury Plan	Nil	0.35%	0.30%	0.30%	Nil	Nil	Nil	0.35%	Nil	Nil	0.35%
2) Templeton Floating Rate Income Fund (TFIF) – Retail Plan	Nil	0.50%	0.50%	0.50%	Nil	Nil	Nil	0.50%	Nil	Nil	0.50%
3) Templeton India Low Duration Fund (TILDF)	Nil	0.20%	0.20%	0.20%	0.10% [^]	Nil	0.10%	0.20%	Nil	0.10%	0.20%
4) Templeton India Ultra-short Bond Fund (TIUBF) – Super Institutional Plan	Nil	0.05%	0.05%	0.05%	Nil	Nil	Nil	0.05%	Nil	Nil	0.05%

Fund Type, Fund Name and Plan	Structure – A: Rack Rate Structure Applicable for investments from Top 15 (T-15) Cities and Beyond Top 15 (B-15) Cities [@]				Structure – B: Additional Rewards Structure		Total Earnings for Year 1 for Top 15 (T- 15) Cities		Structure – C: Additional Upfront Brokerage Structure for Beyond 15 (B-15) Cities (L – 2)	Total Earnings for Year 1 for Beyond 15 (B-15) Cities	
	Upfront Brokerage	Trail (% p.a.) [*]			Additional Upfront Brokerage	Additional Trail * (L – 1)	Upfront	Trail *		Upfront Brokerage	Trail *
		1 st Year	2 nd Year	3 rd Year Onwards							
A	B	C	D	E	F	G	H = B+F	I = C+G	J	K = H+J	L = I
G. Liquid Funds											
1) Templeton India Treasury Management Account (TITMA) – Super Inst. Plan	Nil	0.05%	0.05%	0.05%	Nil	Nil	Nil	0.05%	Nil	Nil	0.05%
H. Fund of Funds											
1) (a) FT Life Stage Fund of Funds (FTLF) – 20s Plan	0.50%	0.375%	0.375%	0.375%	Nil	Nil	0.50%	0.375%	Nil	0.50%	0.375%
1) (b) FT Life Stage Fund of Funds (FTLF) – 30s Plan	0.40%	0.375%	0.375%	0.375%	Nil	Nil	0.40%	0.375%	Nil	0.40%	0.375%
1) (c) FT Life Stage Fund of Funds (FTLF) – 40s Plan	0.30%	0.25%	0.25%	0.250%	Nil	Nil	0.30%	0.25%	Nil	0.30%	0.25%
1) (d) FT Life Stage Fund of Funds (FTLF) – 50s Plan	1.25%	Nil	0.50%	0.50%	Nil	Nil	1.25%	Nil	Nil	1.25%	Nil
1) (e) FT Life Stage Fund of Funds (FTLF) – 50s Plus Floating Rate Plan	1.25%	Nil	0.50%	0.50%	Nil	Nil	1.25%	Nil	Nil	1.25%	Nil
2) FT Dynamic PE Ratio Fund of Funds (FTDPEF)	Nil	1.00%	1.00%	1.00%	Nil	0.20% (L-1) 0.20% (L-6)	Nil	1.40%	1.25%	1.25%	1.40%
I. International Feeder Funds – FTIF											
1) Franklin US Opportunities Fund (FUSOF)	Nil	1.00%	1.00%	1.00%	Nil	0.25% (L-1)	Nil	1.25%	1.75%	1.75%	1.25%

Legends: The symbols L - # in the structure above (# denotes a number from 1 through 6) stand for the legends that are outlined in the table below. Please refer to the appropriate legend in the table for its description.

L – 1	Additional Trail Commission will be payable from Day 1 of the investment till the Assets stay in the fund
L – 2	The Additional Upfront Brokerage payable for mobilizations from B-15 Cities will be payable on a Quarterly Basis, 25% each in the 1st, 4th, 7^h and 10th month from the date of investment
L – 3	Trail Applicable from beginning of the 19th month from Date of Initial Investment
L – 4	Trail Applicable from beginning of the 31st month from Date of Initial Investment
L – 5	Trail Applicable from beginning of the 4th year from Date of Initial Investment
L – 6	Trail payable till the end of 3rd year from Date of Initial Investment or till the Assets stay in the fund, whichever is earlier

Structure – D: Family Solutions Brokerage Structure: Applicable for investments from Top 15 Cities and Beyond Top 15 Cities [@]

An additional Trail at the following rates will be paid on all **New** Family Solutions Accounts, either through the Lumpsum or the SIP / STP route at the following rates, **subject to the terms and conditions outlined below:**

- a. Equity / Section 80C / Balanced / Hybrid / Fund of Funds (refer Structure A above):

0.10% per annum (excludes TIPP and TICAP – see point c below)
- b. Index Funds / Income Funds / Gilt Funds / Short-term Funds (refer Structure A above):

0.05% per annum
- c. Templeton India Pension Plan (TIPP) / Templeton India Children’s Asset Plan (TICAP):

0.20% per annum

- Terms and Conditions:**
- a. The additional payout is applicable only to investments made by Individuals / HUF and not any other investor category by the Social Status as mentioned in the application form.

b. The investment for which the additional trail is being paid should be for a tagged goal which is for 3 years or above, either for a lumpsum investment or an SIP / STP.

c. If there are SIPs / STPs being registered in a FS Folio, it will be eligible for the additional trail provided there are a minimum of 2 (two) SIPs / STPs registered in the FS Folio.

d. The additional Trail will be paid on all **New Family Solutions Accounts** through the Lumpsum route for a minimum investment of Rs. 10,000/- (Rs. Ten Thousand only) and a maximum investment of Rs. 5,00,000/- (Rs. Five Lakh only) or the SIP / STP route for a minimum instalment of Rs. 1,000/- (Rs. One thousand only) and a minimum Tenure of 36 months.

e. The trail will not be payable on any existing Accounts that are retagged as a Family Solutions Account by submission of a Goal Sheet.

@ Please refer to Note A – Table 1 for the List of Top 15 Cities and applicable Pin Code Ranges for the appropriate Structures.

<p>RECOVERY OF UPFRONT BROKERAGE PAID THROUGH THE STRUCTURE A AND STRUCTURE B: The upfront brokerage paid through this structure will be recovered on a <u>Pro-Rata basis</u> as outlined in Notes B (3) (b) and (4) on Page 3 of this document in case the investment is redeemed / switched out to another scheme / switched out to the Direct Plan before the end of the Exit Load period by the Investor or One year from the date of investment, whichever is later.</p>
<p>RECOVERY OF UPFRONT BROKERAGE PAID THROUGH THE STRUCTURE C: The upfront brokerage and trail paid through this structure will be recovered <u>fully</u> as outlined in Notes B (3) (d) and (4) on Page 3 of this document in case the investment is redeemed / switched out to another scheme / switched out to the Direct Plan before the end of ONE YEAR by the Investor from the date of investment.</p>
<p>RECOVERY OF TRAIL PAID THROUGH THE STRUCTURE D: The Additional Trail paid through this structure will be recovered <u>fully</u> as outlined in Notes B (3) (e) on Page 3 of this document in case the investments in the Family Solution Folio are stopped / redeemed before 5 years or the completion of the tenure of the goal, whichever is earlier.</p>

Notes:

A. The Table below references the List of the Top 15 cities for which the Structure A, B and D outlined on Page 1 and 2 respectively of this document will be applicable. In addition to investments from investors in these cities, all Non-Resident Indian (NRI) and other eligible Foreign Investor Investments will also be included for the Structures A, B and D.

FT Sales Region	FT Sales Cluster	City (part of Top 15 Cities)	Investor Address Pin Code Ranges Applicable for Top 15 Cities
North	New Delhi & Rajasthan	Jaipur	3020xx; 3030xx - 3033xx; 3035xx - 3039xx; 3216xx; 3222xx; 3636xx
North	New Delhi & Rajasthan	New Delhi (includes NCR Region)	1100xx; 1210xx - 1211xx; 1220xx - 1221xx; 1224xx – 1225xx; 1230xx - 1231xx; 1233xx - 1235xx; 2010xx - 2013xx; 2032xx; 2451xx - 2453xx
North	Punjab	Chandigarh	1600xx - 1601xx
North	Uttar Pradesh	Kanpur	2080xx; 2091xx - 2095xx; 2097xx - 2098xx; 2295xx; 2298xx; 2415xx
North	Uttar Pradesh	Lucknow	2260xx – 2261xx; 2270xx - 2273xx
South	Andhra Pradesh	Hyderabad (includes Secunderabad)	5000xx; 5011xx - 5015xx
South	Karnataka & Kerala	Bangalore	5600xx - 5601xx
South	Tamil Nadu	Chennai	6000xx - 6001xx
West & East	East	Kolkata	7000xx - 7001xx
West & East	Gujarat & M.P.	Ahmedabad	3800xx; 3820xx - 3824xx; 3826xx – 3828xx; 3878xx
West & East	Gujarat & M.P.	Surat	3941xx - 3947xx; 3950xx
West & East	Gujarat & M.P.	Vadodara	3900xx; 3911xx - 3915xx; 3917xx – 3918xx; 3923xx
West & East	Maharashtra ex-Mumbai	Panjim (Goa)	4030xx - 4038xx
West & East	Maharashtra ex-Mumbai	Pune	4103xx - 4105xx; 4110xx; 4121xx-4124xx; 4131xx – 4132xx; 4138xx
West & East	Mumbai	Mumbai (includes Thane and Navi Mumbai)	4000xx - 4002xx; 4006xx - 4007xx; 4011xx - 4017xx; 4101xx - 4102xx; 4210xx - 4216xx

Table 1: List of Top 15 Cities and their applicable Pin Codes

The above Table outlines the List of Top 15 cities released by AMFI as per the criteria outlined in the SEBI circular no. CIR/IMD/DF/21/2012 dated September 13, 2012.

The **Brokerage Structure A, B and D** outlined on Pages 1 and 2 will be applicable for all investments sourced from Investors residing in these cities, which fall under the Pin Code Ranges outlined in the Table 1. In addition, these structures will also be applicable to all Investments made by the Non-Resident Indians (NRIs) and other eligible Foreign Investors.

The **Brokerage Structure C** outlined on Pages 1 and 2 will be additionally applicable for all investments sourced from Investors residing in all locations not covered under the Pin Code Ranges outlined in Table 1 and **will not be** applicable to investments made by NRIs and other eligible Foreign Investors.

E.g. in the Table above, Jaipur City references the Pin Code Ranges of 3020xx; 3030xx – 3031xx; 3033xx; 3035xx – 3039xx. This means that any Pin Codes that fall under these ranges, viz. 302001 to 302099; 303001 to 303199; 303301 to 303309; 303501 – 303999 will be included for payment of Brokerage as per **Brokerage Structures A and B**. All other Pin Codes outside the ranges outlined in the Table 1 will be eligible for **Brokerage Structures A, B, C and D (Page 2)**.

B. General:

1. **The Upfront Brokerage outlined in the table above is applicable for the period January 1 to March 31, 2014. However, Franklin Templeton Asset Management (I) Pvt. Ltd. reserves the right to change the Brokerage Rates applicable – Upfront / Trail in the intermittent period in case of Regulatory Changes / Change in Industry practices in respect to payment of Brokerage on Funds.**
2. **Frequency of Payment of Upfront Brokerage:**

a. The Upfront Brokerage payable, if any, as per Structure A and B will be paid on a monthly basis as per the existing process.

b. The Upfront Brokerage payable, if any, as per Structure C (additional payout for Beyond Top 15 – B-15 Cities) will be paid on a Quarterly basis in 4 equal installments on the Face Value of the investment in the 1st, 4th, 7th and 10th month from the month of investment (0 Month). e.g. an Upfront Brokerage of 1.60% is payable in the Equity Funds under Structure C to the Distributor. For an investment of Rs. 10,000/- made in the month of February '13, the Distributor will be eligible to earn a total Upfront Brokerage of Rs. 160/-. A sum of Rs. 40/- each will be paid to the Distributor in the month of March '13, June '13, September '13 and December '13.
3. **Recovery of Upfront Brokerage Paid:** The recovery of Upfront Brokerage paid to the Distributor will be made in the following circumstances:

a. The Upfront Brokerage paid to a Distributor will be recovered from the Distributor, if the money for which such upfront brokerage was paid is redeemed / switched out to the Direct Plans before the completion of the Exit Load period. The basis for the same will be as outlined in points (b) and (d) below.

b. **For Structures A and B outlined on Pages 1 and 2 of this document respectively**, 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 to another scheme or to Direct Plan before the completion of the Exit Load period OR One Year from the date of investment, whichever is later.

i. No. of days will be considered for the computation of the recoveries wherever the Exit Loads are 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.

ii. For redemptions before the Exit Load period, the 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)**.

c. The following example explains the same:

i. 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

ii. The investor redeems this money exactly after completion of 180 days.

iii. In this case, the recovery will be Rs. 380.14, computed as ((750 * (365 – 180))/365 as per the above formula.

d. **For Structure C outlined on Page 2 of this document (Additional Brokerage Structure applicable for investments Beyond Top 15 Cities), full Recovery** of the additional brokerage paid (both upfront and trail) will be done in case the Investor redeems / switches out to Direct Plan the amount before the completion of **ONE YEAR** from the date of investment. The Upfront Brokerage that has been paid in accordance to the Para 2(b) will be recovered in such a case. E.g. If the investment of Rs. 10,000/- in February '13 is redeemed in August '13, the distributor would have received an Upfront Brokerage of Rs. 80/- in March '13 and June '13, and this Rs. 80/- will be recovered from the Distributor. In such a case, the balance Rs. 80/- will not be paid further.

e. **For Structure D outlined on Page 2 of this document (Family Solutions Brokerage Structure), full recovery** of the additional trail paid will be done in case the Family Solutions investment is stopped / redeemed before the completion of the tenure of the goal or 5 years from the start of the account, whichever is earlier.

f. The Recovery will be made from the Brokerage payable to the Distributor for the month in which redemption has been made. E.g. If the redemption has been made in the month of February '13, the recovery will be made from the Brokerage payable for the month of February '13 in March '13.

g. In case the Brokerage payable to the Distributor is insufficient to cover the Recovery amount, the Recovery will be tried for three consecutive months. In case the Recovery is still not possible, 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 for the resolution of the same.
4. **Brokerage payable on Switches**

For all Switches from any fund where an Upfront Brokerage has been paid (either to any other fund with or without an upfront brokerage or to the Direct Plan, there will be a Recovery Provision of the Upfront Brokerage as follows:

a. In accordance with the introduction of the Recovery of Upfront Brokerages as outlined in Para 3 above, we will treat a Switch-out as a Redemption and Switch-in as a Fresh Purchase.

b. Thus, in case an Investor Switches out money from a Fund before the Exit Load Period, it will be considered as a Redemption and the Upfront Brokerage so paid will be recovered in lines of Para 3. The Switch-in will be considered as a Fresh Purchase, and the Upfront Brokerage payable on the Switch-in Fund (wherever applicable) will be paid in entirety to the Distributor.

c. The recovery will be made in accordance of the Brokerage paid as per Structures A and B (pro-rata recovery) and Structure C (full recovery) as outlined in Para 3 (Recovery of Upfront Brokerage) above.

5. Please refer to the Fund's SID / Prospectus / Fund Factsheet for the minimum amounts for investments, exit loads and other statutory and fund related information.
6. The MIS computation by Franklin Templeton's Transfer Agency will be considered to be final for the purpose of the brokerage computation.
7. The above brokerage structure and the payout thereof is applicable only till the time the Distributor is empanelled with Franklin Templeton Asset Management (I) Pvt. Ltd.

C. 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.
- 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.

* The Trail outlined as First Year will be paid from the date of allotment of the units till the end of 1st year from the date of allotment, provided the Assets remain invested in the fund. Similarly, the Second Year Trail will be paid from the beginning of the second year from the date of allotment of the units till the end of the 2nd year, provided the Assets remain invested in the fund. The Third Year onwards Trail will be paid from the beginning of the 3rd year from the date of the allotment till such time that the Assets, to which the Trail relates to, remain invested in the fund. The Trail payments will be made in each year as outlined above, provided that SEBI and all other statutory regulations applicable for the Total Expense Ratio and / or Brokerage payment from the relevant fund remain unchanged as applicable on the date of the brokerage structure and on the date of actual allotment of units for which the appropriate trail (FYT / SYT / TYT onwards) is payable. The AMC reserves the right to review these rates and make changes as appropriate in the event of the regulations changing at a later date. The Distributor will be intimated of any changes, to the computation/payment of Trail, as may be required under SEBI directives/regulations.