

Franklin Puts E-voting for Winding Up 6 Funds on Hold

Our Bureau

Mumbai: The wait for getting back their money has got longer for investors in the six debt schemes of Franklin Templeton Mutual Fund that were shut down. The fund house has suspended the e-voting process required to start the unwinding of the schemes after the Gujarat High Court put it on hold following a petition that the asset manager's trustees did not seek unitholders' consent before scrapping them. The e-voting was scheduled to start on June 9.

"The e-voting scheduled for 9-11 June 2020 and unitholders' meeting on 12 June 2020 related to the schemes under winding up stands suspended till further communication," said a Franklin Templeton spokesperson.

The fund house is in the process of seeking appropriate relief from the appellate judiciary to enable sale of its papers and return the money to the investors.

THE RESTRICTIONS



With e-voting postponed, Franklin cannot sell securities or distribute any money

It had announced the closure of the six debt schemes with assets of close to ₹26,000 crore and blocked redemptions indefinitely on April 23 as it struggled to avert sharp outflow from the products in the absence of liquid securities.

With e-voting postponed, the fund house cannot sell securities nor distribute any money. The schemes will continue to earn interest and cash from papers that mature will come to the scheme.

"We wish to clarify that the schemes will continue to receive investment proceeds from investee companies via coupons, scheduled maturities and prepayments, and NAVs will be disclosed daily. We are also working with the stock exchanges to enable listing of units at the earliest," said the spokesperson.

Financial planners say in addition to no liquidity or cash flows, investors will also earn lower returns. "Investors would earn sub-optimal returns as the fund manager will not buy fresh securities from the cash flows," said Amol Joshi, founder, Plan Rupee.