

Franklin Templeton AUM melts on debt crisis

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The average assets under management (AUM) of Franklin Templeton India, which has been in the news for all the wrong reasons, dipped 32 per cent to ₹79,197 crore in the September quarter from its pre-debt crisis level of ₹1.16 lakh crore in the March quarter.

The average AUM is also marginally lower compared to ₹79,808 crore in the June quarter.

On the other hand, the quarterly assets of the mutual fund industry increased in the September quarter to ₹27.60-lakh-crore against ₹27.03-lakh-crore in the March quarter and ₹24.63 lakh crore in the June quarter.

The fund house had recently sacked 20 of its employees in sales and relationship manager cadre. In response to a *BusinessLine* query, a Franklin Templeton spokesperson said these departures are the result of restructuring in local distribution and allied teams to ensure that the fund

house is efficiently organised and resourced to create a sustainable organisation positioned for long-term growth.

Eye of the storm

Franklin Templeton India has been in the eye of a storm ever since it abruptly closed six of its debt funds with cumulative AUM of ₹25,000 crore in April as it could not meet the redemption pressure. It claimed the decision was taken to protect investor interest due to the liquidity constraints in the debt market on the back of the Covid-19 pandemic.

Though the fund house has received cumulative returns of over ₹8,000 crore in the last five months, investors have moved the Supreme Court against closure of the schemes. As per the direction of the apex court, the Karnataka High Court has finished hearing in the case and is all set to pronounce its verdict.

Even while the dust seems settling down, SEBI-ordered forensic

audit report of Choksi and Choksi has pointed that some of the key managerial persons of the fund house had sold their investments in six debt schemes ahead its closure.

However, a Franklin Templeton spokesperson said inspections and third-party audits fall within the purview of SEBI's oversight of mutual funds and the fund house is cooperating with the regulator. The statements are not accurate, nor has SEBI come to any such findings at this time, FT spokesperson said. Employees who made investments in the FTMF schemes continue to hold substantial investments in the affected schemes, he added.

"We have already communicated the reasons for winding up and request our investors not to be swayed by unverified or speculative reports. We continue to follow due process, both in making investment decisions and with regard to the winding up of the funds," he said.