



Vote against Franklin decision: Investor body asks unitholders

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A day after Franklin Templeton Mutual Fund (FT) asked investors to vote for winding up of six credit schemes, investor body Chennai Financial Markets and Accountability (CFMA) advised unitholders to vote against the FTMF proposal in the voting process to be conducted later this month. “There are too many unknowns, uncertainty and risk at the current juncture for giving any consent in favour of FTMF,” CFMA said in a statement.

As per CFMA, FTMF is trying to hide its investment losses by seeking positive consent of unitholders on winding up. By giving consent, the winding up process would get regularised and will get a legal sanction, it said. “The investigations and the criminal cases would not have much meaning for unitholders if the winding up is allowed to be proceeded with.”

EXPLAINED

Recovery monitored by court

With around Rs 28,000 crore stuck in Templeton’s six schemes, CFMA has asked for a court-monitored time bound recovery by Sebi of the investors’ money, noting that it was also done in the case of Sahara.

On Monday, Templeton had asked unitholders to vote in favour of its decision to wind up the schemes. According to FTMF, the Trustee is of the view that if the decision to wind up the schemes in an orderly manner is not implemented, it would precipitate a rush of redemptions, which would force a distress sale of the portfolio securities and likely result in a reduction in the net asset value (NAV) of the Scheme and substantial losses for unitholders. Around Rs 28,000 crore of investors money is stuck in the six schemes.

CFMA said FTMF is trying to thrust large losses on unitholders which is why they are neither disclosing the actual current realisable value of investments nor indicating the time within which they would pay back the money.

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