

Product Profile

Product Details^{1,2}

Fund Assets	\$213,870,345.32
Fund Inception Date	08/30/1993
Number of Issuers	52
Base Currency	CAD
Benchmark Name	Custom Franklin Bissett Small Cap Benchmark S&P/TSX Small Cap Index
Distribution Frequency	Annually

Fund Description

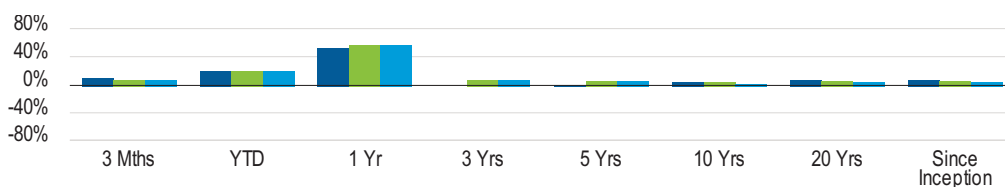
The fund seeks long-term capital appreciation by investing primarily in a diversified portfolio of small-capitalization Canadian equities that have proven management and long-term growth plans. The fund may also invest in foreign securities.

Performance Data³

Average Annual Total Returns⁴ (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Inception (11/24/2000)
Series O	10.34	21.49	54.48	-1.29	1.11	4.16	8.05	8.53
Custom Franklin Bissett Small Cap Benchmark	9.15	19.78	57.72	9.23	7.34	3.97	7.30	7.52
S&P/TSX Small Cap Index	9.15	19.78	57.72	9.23	7.34	3.56	5.15	5.34

The indicated rates of return are the Series O historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account investment management fees, sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns.



- Series O
- Custom Franklin Bissett Small Cap Benchmark
- S&P/TSX Small Cap Index

Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Series O	3.52	-0.24	-26.61	0.94	32.26	-17.59	-2.42	37.51	24.52	-10.24
Custom Franklin Bissett Small Cap Benchmark	12.87	15.84	-18.17	2.75	38.48	-13.31	-2.34	7.60	-0.77	-14.17
S&P/TSX Small Cap Index	12.87	15.84	-18.17	2.75	38.48	-13.31	-2.34	7.60	-2.23	-16.43

1. All holdings are subject to change. Holdings of the same issuers have been combined.
 2. Custom Franklin Bissett Small Cap Benchmark is a blended index composed of the S&P/TSX Small Cap TR Index on and after April 1, 2012 and the BMO Nesbitt Burns Canadian Small Cap Index prior to April 1, 2012.
 3. The fund offers other series subject to different fees and expenses, which will affect their performance.
 4. Periods shorter than one year are shown as cumulative total returns.

Portfolio Manager Insight⁵

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors
HELPED	Storm Resources Ltd.	Health Care (underweight)
	Photon Control Inc.	Information Technology (security selection)
	Trican Well Service Ltd.	Consumer Staples (security selection)
HURT	DRI Healthcare Trust	Materials (underweight + security selection)
	Methanex Corporation	Consumer Discretionary (security selection)
	Sylogist Ltd.	Financials (security selection)

- Relative to the benchmark, security selection and interaction effect had a positive impact on fund performance in the second quarter, slightly offset by negative allocation effect. Positive security selection and interaction was primarily driven by individual holdings in energy, information technology and consumer staples. Negative sector allocation was driven by being overweight in the underperforming information technology and industrials sectors.

Outlook & Strategy

- We believe Franklin Bissett's GARP (growth-at-a-reasonable-price) investment style rooted in operating fundamentals and rigorous valuation work is well suited to the ongoing and changing dynamics we face with Canadian equities. Disciplined decision making and a focus on businesses that are expected to achieve secular growth in intrinsic value through cycles while maintaining an appropriate capital structure and wise capital allocation will serve the fund well.
- As risks and uncertainties remain, we can be certain that the future will bring threats and opportunities on which we can capitalize. We will continuously prepare for dislocations in the equity market and act decisively when warranted.

Portfolio Characteristics⁶

	Portfolio	Custom Franklin Bissett Small Cap Benchmark
Weighted Average Market Capitalization (Millions in CAD)	2,479	1,062

Portfolio Diversification

Top Ten Holdings⁷

Percent of Total

Top Holdings	Sector	%
TRICAN WELL SERVICE LTD	Energy	3.83
HEADWATER EXPLORATION INC	Energy	3.15
INTERTAPE POLYMER GROUP INC	Materials	2.76
STORM RESOURCES LTD	Energy	2.66
BOYD GROUP SERVICES INC	Commercial & Professional Services	2.62
EQUITABLE GROUP INC	Banks	2.61
TOPAZ ENERGY CORP	Energy	2.61
FIRSTSERVICE CORP	Real Estate	2.58
CORBY SPIRIT AND WINE LTD	Food, Beverage & Tobacco	2.54
CANADIAN WESTERN BANK	Banks	2.48

5. The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

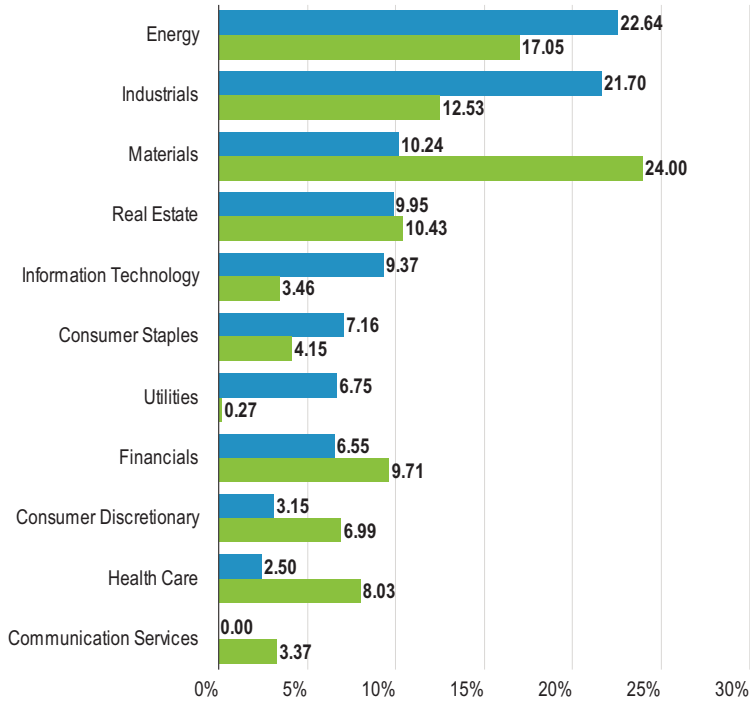
6. The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalisation figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. Source: FactSet. All holdings are subject to change.

7. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The portfolio manager reserves the right to withhold release of information with respect to holdings that would otherwise be included.

For Institutional Use Only | Not For Distribution To The Public

Sector Weightings vs. Custom Franklin Bissett Small Cap Benchmark⁸

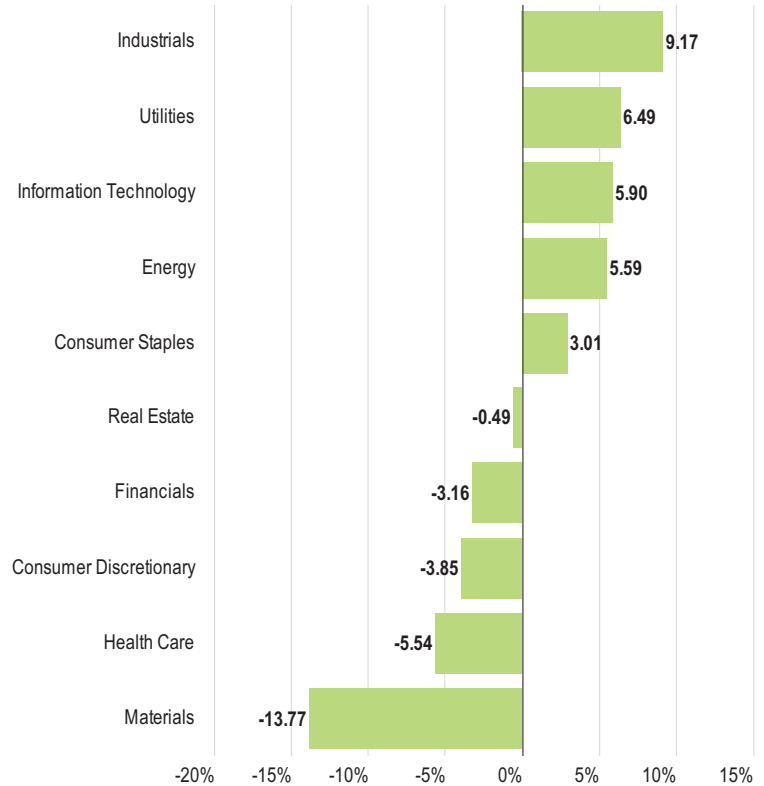
Percent of Equity



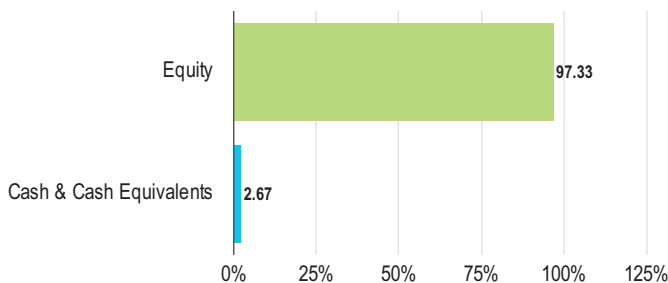
● Franklin Bissett Small Cap Fund
● Custom Franklin Bissett Small Cap Benchmark

Sector Overweight/Underweight⁹

Percent of Equity

Asset Allocation¹⁰

Percent of Total



Supplemental Performance Statistics

Supplemental Risk Statistics^{11,12}

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)	24.76	20.10	17.54	17.93
Tracking Error (%)	9.47	9.81	10.02	9.40
Information Ratio	-1.11	-0.63	0.02	0.11
Beta	0.83	0.80	0.77	0.81
Sharpe Ratio	-0.10	0.01	0.19	0.38

The indicated rates of return are the Series O historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account investment management fees, sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns.

8,9,10. Percentage may not equal 100% due to rounding. All holdings are subject to change.

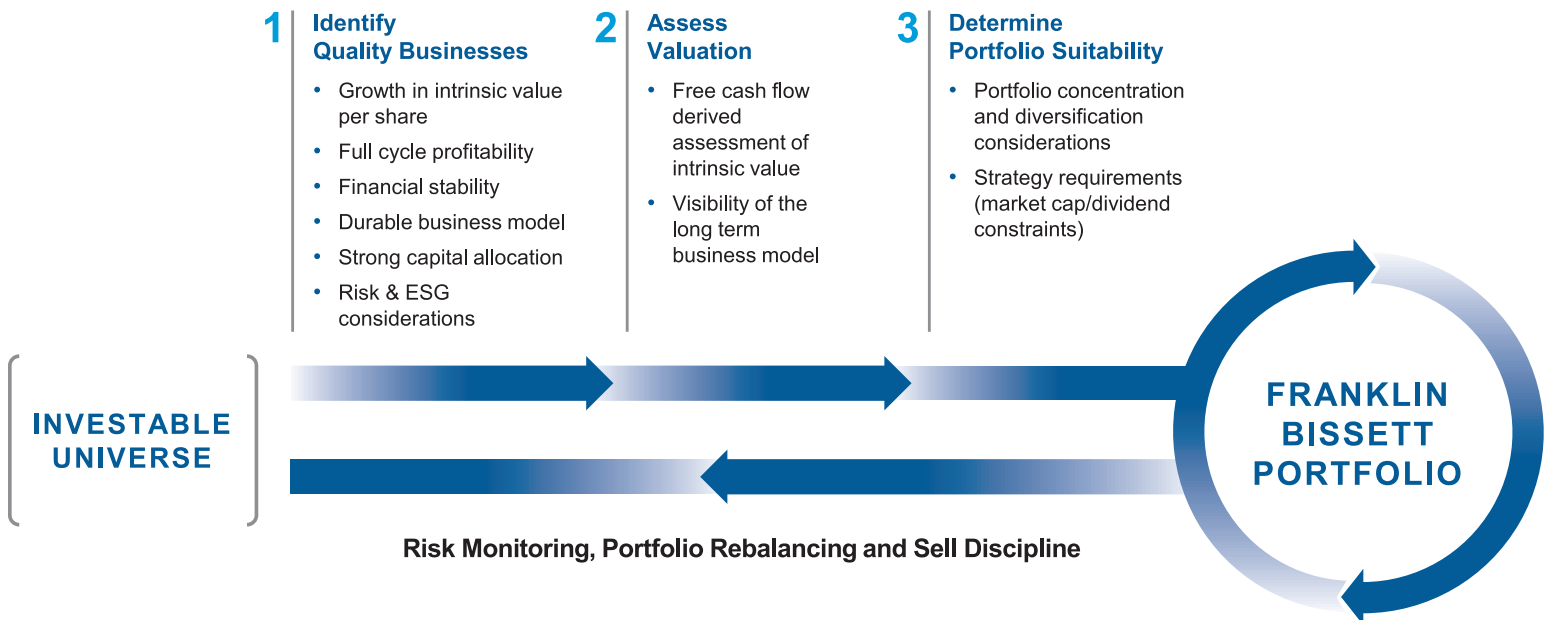
11. Beta, Information Ratio and Tracking Error information are measured against the Custom Franklin Bissett Small Cap Benchmark.

12. Information Ratio is a way to evaluate a manager's ability to outperform a benchmark in relation to the risk that manager is assuming, with risk defined as deviation from the benchmark. This measure is calculated by dividing the portfolio's excess return (portfolio return less the benchmark return) by the tracking error (derived by taking the standard deviation of the monthly differences between the portfolio return and the benchmark return over time).

For Institutional Use Only | Not For Distribution To The Public

Investment Philosophy and Process

- Equity markets can be inefficient, particularly in the short term; price does not necessarily reflect intrinsic value
- Sustained profitability and effective capital allocation drive intrinsic value growth
- Achieving our performance objectives requires a high-conviction investment approach



The above chart is for illustrative and discussion purposes only. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions.

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Garey J. Aitken, CFA	23	29
Michael Edward Richmond, CFA	7	19

Glossary

Beta: A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.

Information Ratio: In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.

Market Capitalization: A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share. Market capitalization is expressed in millions of CAD.

Sharpe Ratio: To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.

Standard Deviation: A measure of the degree to which returns vary from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that performance will fluctuate from the average return.

Tracking Error: Measure of the deviation of the return of a product compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment is managed, the smaller the tracking error.

Important Legal Information

On November 22, 2019, Franklin Bissett Microcap Fund and Franklin Bissett Small Cap Corporate Class merged into Franklin Bissett Small Cap Fund. All performance data herein is for Series O units.

CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

Source: FactSet. Important data provider notices and terms available at: www.franklintempletondatasources.com.

Franklin Templeton Institutional is part of Franklin Templeton Investments Corp. (FTIC). Series O investors do not pay any of the management fees within the fund but instead pay a separate management and administration fee that they negotiate directly with Franklin Templeton Investments Corp. To qualify to purchase or hold Series O units an investor must meet minimum investment requirements as set out in the fund's current prospectus. For more details on the management and administration fee, please read the prospectus. Performance is presented in Canadian dollars and is gross of fees (before management and custodial fees) of Series O units of the Fund. Taking into account such fees would result in lower rates of return.

Franklin Bissett Investment Management, part of Franklin Templeton Investments Corp.



Franklin Templeton Canada
200 King Street West, Suite 1500
Toronto, Ontario M5H 3T4
Tel: 800.897.7280
Fax: 416.364.6643
franklintempleton.ca

For Institutional Use Only | Not For Distribution To The Public

© 2021 Franklin Templeton. All rights reserved.

07/16/2021 09:00:03 PST | 116 PPE 06/21