



FRANKLIN TEMPLETON
INVESTMENTS

December 31, 2017

Annual Management Report of Fund Performance



This annual management report of fund performance contains financial highlights but does not contain the complete financial statements of the investment fund. If you have not received a copy of the annual financial statements with this report, you can get a copy of the annual financial statements at your request, and at no cost, by calling 1.800.387.0830, by writing to us at 5000 Yonge Street, Suite 900, Toronto ON M2N 0A7, or by visiting our website at www.franklintempleton.ca or SEDAR at www.sedar.com. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Co-Lead Manager

Adrienne Marvi Young, CFA, MBA

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

Industry Experience: 23 years

Location: Calgary, AB

Co-Lead Manager

Darcy Briggs, CFA, CGA

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

Industry Experience: 24 years

Location: Calgary, AB

INVESTMENT OBJECTIVE AND STRATEGIES

Franklin Bissett Corporate Bond Fund (the “Fund”) seeks high current income and some long-term capital appreciation by investing primarily in bonds, debentures, notes, revenue bonds and asset-backed and mortgage-backed securities of Canadian corporate entities.

The Fund invests primarily in investment-grade Canadian corporate bonds, debentures and short-term notes (“BBB” rated and better), but may invest up to 15% of its assets in non-investment-grade issuers. The Fund may invest in Canadian government issues and may invest a portion of its assets in securities backed by mortgages or other financial assets.

Franklin Bissett’s fixed income team makes decisions for each Franklin Bissett fixed income fund based on a combination of macro-level research and analysis and security-level research. This conservative income approach results in fully diversified portfolios characterized by lower downside risk, relative to their peer group, and attractive yield characteristics.

RISK

The risks of investing in this Fund remain as stated in the prospectus. The Fund is suitable for investors who have a low risk tolerance and are seeking interest income combined with moderate capital gain potential, and who have a medium-term investment horizon. The primary risks of the Fund are interest rate risk, reinvestment risk and credit risk.

RESULTS OF OPERATIONS

As at December 31, 2017, total net asset value of the Fund was \$198.9 million, a decrease of 2.1% from December 31, 2016. This was primarily driven by \$12.3 million in net redemptions and partially offset by an increase of \$8.4 million in net assets from operations. The Fund paid out \$269,000 in cash distributions to unitholders.

During the past year, the Fund’s Series A units generated total returns of 2.8%. Over the same time period, the Fund’s benchmark, the FTSE TMX Canada All Corporate Bond Index (the “Index”), returned 3.4%. The performance of the Fund’s other series is similar to that of its Series A units, except for differences in expense structure. For the return of the Fund’s other series (if applicable), please refer to the “Past Performance” section.

Yield-curve and duration positioning were the primary contributors to the Fund’s relative performance, contributing 97 basis points (bps) to returns. This was due to the Fund’s underweighted position in the short end of the curve and shorter-than-Index duration positioning, which helped performance as short-term yields increased and yield curves flattened. It is important to note that the Fund’s return reflects the effect of fees and expenses for professional management, while the Index does not have such costs. Gross of fees, the Fund returned 4.5% (Series O).

The Fund’s long-dated US duration exposure also contributed to relative performance, as the US curve flattened. Interest rate swap positions also helped, as 10-year swap spreads widened over the period.

Security selection contributed 71 bps to relative performance over the year. This was largely due to outperformance of the Fund’s investment-grade financial and investment-grade energy bonds.

Asset allocation detracted 12 bps from relative performance, primarily owing to an overweighting in federal bonds, held for liquidity purposes.

Foreign currency positioning detracted 28 bps from relative performance, as the US dollar depreciated against the Canadian dollar. Small positions in the Australian dollar and British pound added marginally to relative performance.

Pricing and residual factors combined detracted 5 bps from relative performance.

Average net assets of the series of the Fund that bear expenses have remained relatively flat for the year ended December 31, 2017, resulting in expenses remaining relatively unchanged during the period. Income received from investments held, excluding net realized and/or unrealized gain (loss) on investments and derivatives, decreased due to the results of the Fund’s investment activities, including, but not limited to, those previously discussed for the period in review.

Recent Developments

Global central bank liquidity will likely continue to support financial markets and suppress volatility for another quarter, though at a reduced pace. The portfolio managers believe that earnings growth and stimulus from recent tax cuts will further contribute over the first half of 2018. The portfolio managers expect support will be slowly eroded over the year given shifts in central bank policy ending ultra-loose global monetary policy and the benefits from tax cuts peaking.

The US Federal Reserve (Fed) began to normalize its balance sheet during the fourth quarter in small initial increments, which will double to US\$20 billion/month in the first quarter of 2018. This amount is manageable, from a market perspective. However, the pace will accelerate during 2018 so that by year end, the Fed will have removed a substantial portion of the purchases made during the first round of quantitative easing, representing a meaningful tightening of policy. This could be a catalyst for higher volatility.

While core inflation may be increasing in both Canada and the United States, global disinflation remains the overarching theme. Therefore, the portfolio managers expect that inflation will remain benign over the upcoming quarter. The portfolio managers also expect that the

Fed will raise rates later in the year after the change in Fed leadership is solidified. As a result, following a near-term steepening, the US yield curve should flatten.

In Canada, the portfolio managers see a significant amount of good news priced in to both yields, especially short rates, and the Canadian dollar. Short rates are near their 6.5-year peak, and the Canadian yield curve has not been this flat since late 2007. Negative surprises should lead to the unwinding of a portion of the recent currency trend, likely steepening the yield curve in the process.

Relative to global interest rates, the North American fixed income markets continue to offer some of the highest yields across developed markets, making them an attractive destination for capital. This mitigates the likelihood of large and sustained moves higher in yield.

The portfolio managers remain constructive on credit and expect credit spreads will continue to tighten. Canadian investment-grade credit “spread-as-a-percentage-of-yield” will likely continue to shrink, but still provide an acceptable cushion against any sharp increase in government rates. The portfolio managers continue to look for opportunities to reduce risk and upgrade credit quality, while capitalizing on trading opportunities.

FORWARD-LOOKING STATEMENTS

Investors should take note that certain statements in this report about a fund, including its strategy and expected future performance, are forward-looking. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “intend,” “plan,” “believe,” or “estimate” or other similar expressions. Any statement that is made concerning future strategies or performance is also a forward-looking statement. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the forward-looking statements.

The forward-looking statements are by their nature based on numerous assumptions, which include, amongst other things, that (i) the Fund can attract and maintain investors and has sufficient capital under management to effect its investment strategies, (ii) the investment strategies will produce the results intended by the portfolio manager, and (iii) the markets will react and perform in a manner consistent with the investment strategies. Although the forward-looking statements contained herein are based upon what the portfolio manager believes to be reasonable assumptions, the portfolio manager cannot assure that actual results will be consistent with these forward-looking statements.

Forward-looking statements are not guarantees of future performance. Any number of factors could contribute to differing results, including, among other things, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings and catastrophic events. This list of factors is not exhaustive. Investors

should not place undue reliance on forward-looking information and should be aware that the Fund may not update any forward-looking statements, whether as a result of new information, future events or otherwise.

RELATED PARTY TRANSACTIONS

The Manager is an indirect wholly-owned subsidiary of Franklin Resources, Inc., a global investment management organization known as Franklin Templeton Investments. The Manager is the manager, registrar and transfer agent and a principal distributor of the Fund. The Manager provides or arranges for the provision of these services for day-to-day Fund operations, including the marketing, promotion and distribution of the Fund and portfolio advisory services. In consideration of these management and portfolio advisory services, the Fund pays the Manager a monthly management fee plus applicable taxes, based on the average net asset value of each series of the Fund (except Series O and OT, as applicable), calculated daily, as set out under Management Fees below. During the year ended December 31, 2017, the Fund paid management fees of \$560,000 (2016—\$615,000).

Franklin Templeton Services, LLC (FTS) provides the Manager with fund accounting and portfolio valuation services in connection with the Fund, and provides certain back office administration services to the Manager. The Administration Fee, as discussed below, covers the cost of the services provided by FTS.

The Manager pays the operating expenses of the Fund, other than certain fund costs—which include, but are not limited to, the cost of compliance with new governmental and regulatory requirements, fees and expenses of the Fund’s Independent Review Committee (IRC), borrowing and interest costs and investor meeting costs (as permitted by Canadian securities regulation)—in exchange for the payment by the Fund of an annual fixed-rate administration fee of 0.15% plus applicable taxes, applied against the average daily net assets of the Fund (“Administration Fee”), except for Series PF, which has an annual Administration Fee of 0.10%, and Series O and OT, which have no annual Administration Fee. The Manager will pay all operating expenses of Series O and OT, as applicable, as part of its agreement with each investor. The Manager may, at its discretion, waive a portion of a series’ Administration Fee or absorb certain fund costs. During the year ended December 31, 2017, the Fund paid Administration Fees of \$71,000 (2016—\$79,000).

During the year ended December 31, 2017, the Manager waived fund costs of \$2,000 (2016—\$2,000).

As at December 31, 2017, Franklin Bissett Canadian Balanced Fund held 72% of the Fund.

Portfolio Advisor

Franklin Bissett Investment Management (the “Portfolio Advisor”), part of the Manager, provides investment analysis and recommendations and executes or arranges for brokers to execute portfolio transactions.

Principal Distributor

As a principal distributor of the Fund, the Manager markets the Fund and arranges for the sale of the Fund through dealers across Canada. The Manager may retain companies to assist in the sale of certain series of units of the Fund.

The Manager's affiliate, FTC Investor Services Inc. ("FTC ISI"), also acts as a principal distributor for Series F, O, OT, FT, PF and PF (Hedged) units of the Fund, as applicable.

For acting as a principal distributor of the applicable series, FTC ISI receives an inter-company service fee of 0.20% of the assets under management of the applicable series from the Manager with respect to those series of units.

*Dealer compensation may include other fees related to distribution, which are not payable directly to dealers.

The management and administration fees for Series O are paid for by the unitholder directly to the Manager as follows:

- First C\$200,000 to under \$2.5 million—0.60%
- Next C\$2.5 million to under \$5 million—0.50%
- C\$5 million and over—0.40%

Certain institutional investors may negotiate the management and administration fees by written agreement with Franklin Templeton Investments.

Registrar and Transfer Agent

In addition to management and portfolio advisory services, the Manager acts as the registrar and transfer agent of the Fund. These services are in the normal course of operations and are covered by the Administration Fee paid by the Fund to the Manager.

Standing Instructions from the Independent Review Committee

The Manager relied on standing instructions from the IRC with respect to the allocation of any operating expenses not covered by the Administration Fee. The Manager relied, or may rely, on standing instructions from the IRC in respect of securities trades amongst mutual funds, investment funds or managed accounts managed by the Manager or an affiliate of the Manager. In both cases, the standing instructions require the Manager to comply with the policies and procedures presented to the IRC with respect to the above matters and to provide periodic reports to the IRC in accordance with NI 81-107.

MANAGEMENT FEES

A portion of the management fee paid by the Fund to the Manager is for trail fees and sales commissions the Manager pays to dealers ("Dealer Compensation"). The trail fees are a percentage of the daily average net asset value of each series of the Fund, which is held by the dealer's clients. The remaining portion of the management fee is used to pay for portfolio advisory and administrative services related to the provision of portfolio advisory services. The table below outlines the Fund's annual management fee, as well as the portion of the management fee used to pay for Dealer Compensation and for portfolio advisory services as an approximate percentage of the management fee for each series:

Series	Management Fee (%)	Dealer Compensation (%)*	Investment management, investment management expenses, and other (%)
A	1.25	61.62	38.38
F	0.75	–	100.00
I	0.95	52.60	47.40
PF	0.50	–	100.00

MANAGEMENT REPORT OF FUND PERFORMANCE

Summary of Investment Portfolio (AS AT DECEMBER 31, 2017)

REGIONAL WEIGHTINGS (%)*

North America	93.39
Europe	3.52
Australia & New Zealand	1.20
Latin America & Caribbean	0.45
Asia	0.05

ASSET CLASS WEIGHTINGS (%)

Canadian Corporate Bonds	63.65
Foreign Corporate Bonds	29.06
Preferred Stocks	2.18
Canadian Government Bonds	1.95
Foreign Government Bonds	1.77
Short-term securities and all other assets, net	1.39

TOP 25 HOLDINGS (%)

Cash and cash equivalents**	2.82
407 International Inc., Senior Secured Bond, 6.47%, 7/27/2029	2.03
Apple Inc., Senior Note, 3.00%, 2/9/2024	1.57
Hydro One Inc., Senior Bond, 4.89%, 3/13/2037	1.33
The Toronto-Dominion Bank, Subordinated Note, 9.15%, 5/26/2025	1.25
Royal Bank of Canada, Subordinated Note, 3.31% to 1/20/21, Floating Rate Note thereafter, 1/20/2026	1.21
Bank of Montreal, Subordinated Bond, Floating Rate Note, 6/1/2027	1.17
Province of Ontario, Senior Note, 2.25%, 5/18/2022	1.15
Siemens Financieringsmaatschappij NV, Senior Note, 3.40%, 3/16/2027	1.04
TransCanada Trust, Junior Subordinated Bond, 4.65% to 5/18/27, Floating Rate Note thereafter, 5/18/2077	1.04
TELUS Corp., Senior Bond, 3.35%, 3/15/2023	1.02
407 International Inc., Subordinated Secured Note, 06-D1, 5.75%, 2/14/2036	1.01
Wells Fargo & Co., Subordinated Note, 3.874%, 5/21/2025	1.00
Wells Fargo & Co., Senior Bond, 2.975%, 5/19/2026	0.99
Great-West Lifeco Inc., Senior Bond, 6.67%, 3/21/2033	0.95
Cameco Corp., Senior Note, 4.19%, 6/24/2024	0.94
Sprint Spectrum Co. LLC/Sprint Spectrum Co. II LLC, First Lien, 3.36%, 3/20/2023	0.94
Sun Life Financial Inc., Subordinated Bond, 3.05% to 9/19/23, Floating Rate Note thereafter, 9/19/2028	0.89
Basell Finance Co. BV, Senior Bond, 8.10%, 3/15/2027	0.88
American Tower Corp., Senior Bond, 3.60%, 1/15/2028	0.82
Scotiabank Tier I Trust, Junior Subordinated Bond, 7.802% to 6/30/19, Floating Rate Note thereafter, 6/30/2108	0.81
El Paso Natural Gas Co. LLC, Senior Bond, 8.375%, 6/15/2032	0.81
Westcoast Energy Inc., 8.85%, 7/21/2025	0.81
Ford Credit Canada Co., Senior Note, 2.923%, 9/16/2020	0.80
TD Capital Trust IV, Junior Subordinated Bond, 9.523% to 6/30/19, Floating Rate Note thereafter, 6/30/2108	0.80

TOTAL NET ASSET VALUE: \$198,914,000

* Excluding short-term securities and all other assets, net.

** Cash and cash equivalents may include bonds that have a remaining term to maturity of 365 days or less that are issued by certain governments, supranational agencies or financial institutions and have a "designated rating" (as defined in Canadian securities law).

Above is an outline of the investments held in the Fund as a percentage of the Fund's net assets. Due to ongoing portfolio transactions, the investments and percentages may have changed by the time you purchase units of the Fund. The top 25 holdings are made available quarterly, 60 days after the quarter-end. To obtain a copy, please contact a member of our client services team at 1.800.387.0830 or visit www.franklintempleton.ca.

FRANKLIN BISSETT CORPORATE BOND FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
Series A (AS AT DECEMBER 31, 2017)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2017	2016	2015	2014	2013
Net assets – beginning of period	\$9.72	\$9.58	\$9.99	\$9.82	\$10.17 [†]
Increase (decrease) from operations:					
Total revenue	0.37	0.40	0.43	0.45	0.44
Total expenses	(0.15)	(0.15)	(0.16)	(0.16)	(0.16)
Realized gains (losses) for the period	0.18	0.14	(0.08)	0.04	0.03
Unrealized gains (losses) for the period	(0.12)	0.09	(0.17)	0.24	(0.32)
Total increase (decrease) from operations (2)	0.28	0.48	0.02	0.57	(0.01)
Distributions:					
From income (excluding dividends)	(0.39)	(0.35)	(0.38)	(0.40)	(0.36)
From dividends	–	–	(0.01)	–	–
From capital gains	(0.11)	–	–	–	–
Returns of capital	–	–	–	–	–
Total annual distributions (3)	(0.50)	(0.35)	(0.39)	(0.40)	(0.36)
Net assets – end of period	\$9.49	\$9.72	\$9.58	\$9.99	\$9.82
Ratios and supplemental data:	2017	2016	2015	2014	2013
Total net asset value (\$ millions) (1)	\$33.55	\$36.35	\$41.13	\$52.77	\$48.19
Number of units outstanding	3,534,068	3,740,729	4,294,288	5,285,014	4,907,560
Management expense ratio (2)	1.56%	1.56%	1.57%	1.61%	1.62%
Management expense ratio before waivers or absorptions	1.56%	1.56%	1.57%	1.61%	1.85%
Portfolio turnover rate (3)	82.04%	73.06%	69.16%	67.74%	59.88%
Net asset value per unit	\$9.49	\$9.72	\$9.58	\$9.99	\$9.82

For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section.

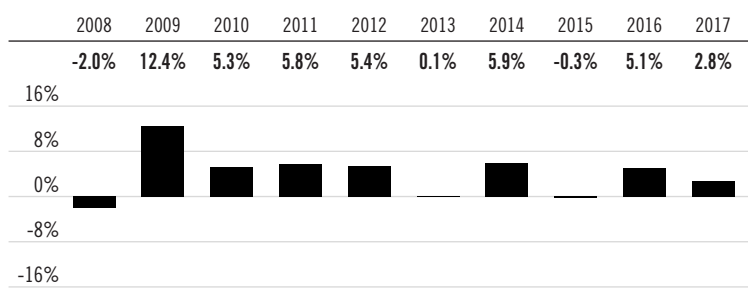
[†] The opening net assets have been adjusted in accordance with IFRS. Information pertaining to 2013 was derived from the audited annual financial statements prepared under Canadian GAAP.

PAST PERFORMANCE

The following information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2017. The returns are compared against the benchmark(s) over the same period.[‡]

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series A Units	2.8%	2.5%	2.7%	4.0%	3.6%
FTSE TMX Canada All Corporate Bond Index	3.4%	3.3%	3.6%	5.6%	5.2%

[‡] For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

FRANKLIN BISSETT CORPORATE BOND FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
Series F (AS AT DECEMBER 31, 2017)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2017	2016	2015	2014	2013
Net assets – beginning of period	\$10.27	\$10.07	\$10.43	\$10.20	\$10.51†
Increase (decrease) from operations:					
Total revenue	0.40	0.42	0.45	0.47	0.46
Total expenses	(0.10)	(0.10)	(0.10)	(0.11)	(0.11)
Realized gains (losses) for the period	0.18	0.15	(0.08)	0.04	0.03
Unrealized gains (losses) for the period	(0.10)	0.09	(0.23)	0.24	(0.32)
Total increase (decrease) from operations (2)	0.38	0.56	0.04	0.64	0.06
Distributions:					
From income (excluding dividends)	(0.41)	(0.36)	(0.40)	(0.42)	(0.38)
From dividends	–	–	(0.01)	–	–
From capital gains	(0.12)	–	–	–	–
Returns of capital	–	–	–	–	–
Total annual distributions (3)	(0.53)	(0.36)	(0.41)	(0.42)	(0.38)
Net assets – end of period	\$10.10	\$10.27	\$10.07	\$10.43	\$10.20
Ratios and supplemental data:	2017	2016	2015	2014	2013
Total net asset value (\$ millions) (1)	\$1.37	\$1.28	\$3.34	\$4.16	\$2.83
Number of units outstanding	135,929	124,364	331,284	399,152	277,382
Management expense ratio (2)	0.99%	0.98%	0.99%	1.03%	1.03%
Management expense ratio before waivers or absorptions	0.99%	0.98%	0.99%	1.03%	1.27%
Portfolio turnover rate (3)	82.04%	73.06%	69.16%	67.74%	59.88%
Net asset value per unit	\$10.10	\$10.27	\$10.07	\$10.43	\$10.20

For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section.

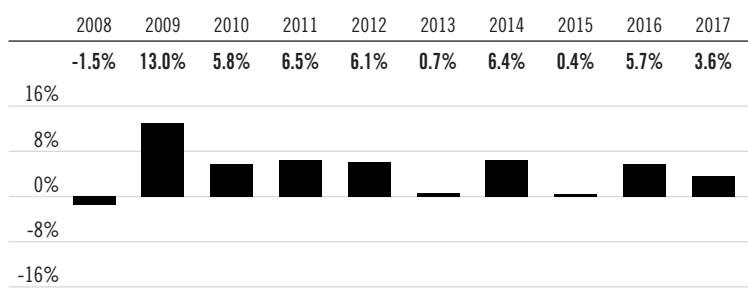
† The opening net assets have been adjusted in accordance with IFRS. Information pertaining to 2013 was derived from the audited annual financial statements prepared under Canadian GAAP.

PAST PERFORMANCE

The following information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2017. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series F Units	3.6%	3.2%	3.3%	4.6%	4.2%
FTSE TMX Canada All Corporate Bond Index	3.4%	3.3%	3.6%	5.6%	5.2%

‡ For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

FRANKLIN BISSETT CORPORATE BOND FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
Series I (AS AT DECEMBER 31, 2017)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2017	2016	2015	2014	2013
Net assets – beginning of period	\$10.30	\$10.12	\$10.52	\$10.30	\$10.64†
Increase (decrease) from operations:					
Total revenue	0.40	0.43	0.45	0.48	0.48
Total expenses	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Realized gains (losses) for the period	0.19	0.15	(0.09)	(0.10)	(0.01)
Unrealized gains (losses) for the period	(0.12)	0.08	(0.14)	0.29	(0.32)
Total increase (decrease) from operations (2)	0.34	0.53	0.09	0.54	0.02
Distributions:					
From income (excluding dividends)	(0.41)	(0.37)	(0.40)	(0.42)	(0.38)
From dividends	–	–	(0.01)	–	–
From capital gains	(0.12)	–	–	–	–
Returns of capital	–	–	–	–	–
Total annual distributions (3)	(0.53)	(0.37)	(0.41)	(0.42)	(0.38)
Net assets – end of period	\$10.10	\$10.30	\$10.12	\$10.52	\$10.30
Ratios and supplemental data:	2017	2016	2015	2014	2013
Total net asset value (\$ millions) (1)	\$4.30	\$4.51	\$5.27	\$6.94	\$0.82
Number of units outstanding	425,874	438,298	520,449	659,661	79,411
Management expense ratio (2)	1.23%	1.22%	1.24%	1.24%	1.24%
Management expense ratio before waivers or absorptions	1.23%	1.22%	1.24%	1.24%	1.48%
Portfolio turnover rate (3)	82.04%	73.06%	69.16%	67.74%	59.88%
Net asset value per unit	\$10.10	\$10.30	\$10.12	\$10.52	\$10.30

For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section.

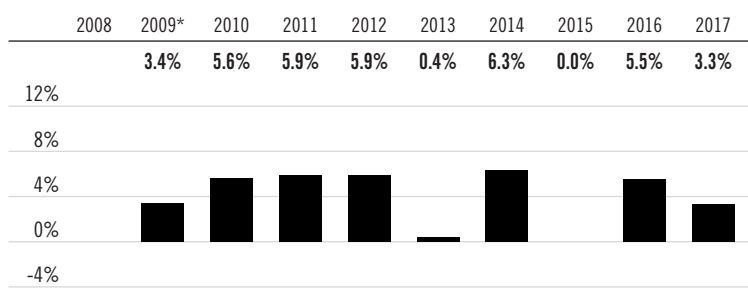
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PAST PERFORMANCE

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*2009 Series I return: July 3 to December 31

Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2017. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series I Units	3.3%	2.9%	3.1%	N/A	4.3%
FTSE TMX Canada All Corporate Bond Index	3.4%	3.3%	3.6%	N/A	5.3%

‡ For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

FRANKLIN BISSETT CORPORATE BOND FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
Series 0 (AS AT DECEMBER 31, 2017)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2017	2016	2015	2014	2013
Net assets – beginning of period	\$11.36	\$11.02	\$11.31	\$10.95	\$11.16[†]
Increase (decrease) from operations:					
Total revenue	0.44	0.47	0.49	0.50	0.49
Total expenses	–	–	–	–	–
Realized gains (losses) for the period	0.21	0.16	(0.10)	0.05	0.02
Unrealized gains (losses) for the period	(0.14)	0.10	(0.28)	0.25	(0.31)
Total increase (decrease) from operations (2)	0.51	0.73	0.11	0.80	0.20
Distributions:					
From income (excluding dividends)	(0.45)	(0.40)	(0.43)	(0.45)	(0.40)
From dividends	–	–	(0.01)	–	–
From capital gains	(0.14)	–	–	–	–
Returns of capital	–	–	–	–	–
Total annual distributions (3)	(0.59)	(0.40)	(0.44)	(0.45)	(0.40)
Net assets – end of period	\$11.27	\$11.36	\$11.02	\$11.31	\$10.95
Ratios and supplemental data:	2017	2016	2015	2014	2013
Total net asset value (\$ millions) (1)	\$156.32	\$157.73	\$144.11	\$128.64	\$117.87
Number of units outstanding	13,868,893	13,887,795	13,074,965	11,371,953	10,768,071
Management expense ratio (2)	–	–	–	–	–
Management expense ratio before waivers or absorptions	–	–	–	–	0.23%
Portfolio turnover rate (3)	82.04%	73.06%	69.16%	67.74%	59.88%
Net asset value per unit	\$11.27	\$11.36	\$11.02	\$11.31	\$10.95

For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section.

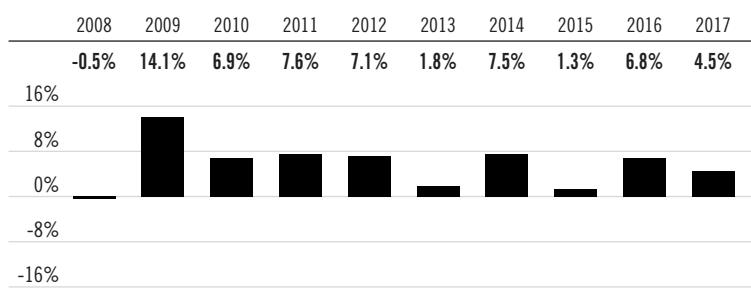
[†] The opening net assets have been adjusted in accordance with IFRS. Information pertaining to 2013 was derived from the audited annual financial statements prepared under Canadian GAAP.

PAST PERFORMANCE

The following information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2017. The returns are compared against the benchmark(s) over the same period.[‡]

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series 0 Units	4.5%	4.2%	4.3%	5.6%	5.3%
FTSE TMX Canada All Corporate Bond Index	3.4%	3.3%	3.6%	5.6%	5.2%

[‡] For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

FRANKLIN BISSETT CORPORATE BOND FUND
MANAGEMENT REPORT OF FUND PERFORMANCE
 Series PF (AS AT DECEMBER 31, 2017)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2017	2016	2015	2014
Net assets – beginning of period	\$9.89	\$9.66	\$9.98	\$10.00
Increase (decrease) from operations:				
Total revenue	0.38	0.41	0.43	0.22
Total expenses	(0.07)	(0.07)	(0.07)	(0.03)
Realized gains (losses) for the period	0.18	0.19	(0.08)	(0.15)
Unrealized gains (losses) for the period	(0.14)	0.06	(0.31)	0.18
Total increase (decrease) from operations (2)	0.35	0.59	(0.03)	0.22
Distributions:				
From income (excluding dividends)	(0.39)	(0.35)	(0.38)	(0.23)
From dividends	–	–	(0.01)	–
From capital gains	(0.12)	–	–	–
Returns of capital	–	–	–	–
Total annual distributions (3)	(0.51)	(0.35)	(0.39)	(0.23)
Net assets – end of period	\$9.75	\$9.89	\$9.66	\$9.98
Ratios and supplemental data:	2017	2016	2015	2014
Total net asset value (\$ millions) (1)	\$3.37	\$3.25	\$2.25	\$1.70
Number of units outstanding	345,174	328,504	232,886	170,126
Management expense ratio (2)	0.66%	0.67%	0.69%	0.68%
Management expense ratio before waivers or absorptions	0.66%	0.67%	0.69%	0.68%
Portfolio turnover rate (3)	82.04%	73.06%	69.16%	67.74%
Net asset value per unit	\$9.75	\$9.89	\$9.66	\$9.98

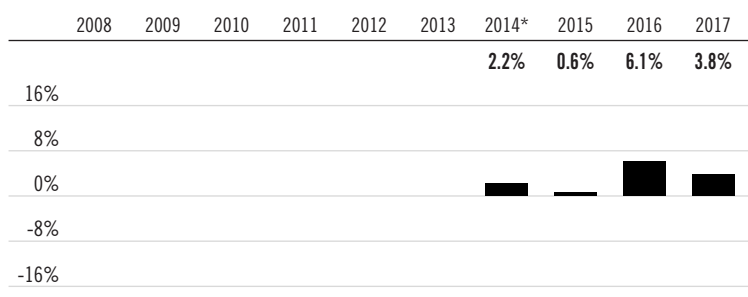
For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section.

PAST PERFORMANCE

The following information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



*2014 Series PF return: July 7 to December 31

Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2017. The returns are compared against the benchmark(s) over the same period.†

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series PF Units	3.8%	3.5%	N/A	N/A	3.6%
FTSE TMX Canada All Corporate Bond Index	3.4%	3.3%	N/A	N/A	3.7%

† For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

NOTES TO FINANCIAL HIGHLIGHTS

Net Assets per Unit:

- (1) This information is derived from the Fund's audited annual financial statements. In the period a fund or series is established, the financial information is provided from the date of inception to the end of the period. In cases where the net assets per unit presented in the financial statements differ from the net asset value calculated for Fund pricing purposes, an explanation of these differences can be found in the notes to the financial statements.
- (2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease in net assets from operations is based on the weighted average number of units outstanding over the fiscal period. This table is not intended to be a reconciliation of opening and closing net assets per unit.
- (3) Distributions were paid in cash or reinvested in additional units of the Fund or both, and exclude distributions of management fee reductions to unitholders.

Ratios and Supplemental Data:

- (1) This information is provided as at the period-end of the year shown.
- (2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- (3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling each security in its portfolio once in the course of the relevant period. The higher the portfolio turnover rate in the period, the greater the trading costs payable by the Fund and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

OTHER FUND INFORMATION

Reported year-by-year returns for past years may be revised, based on the results of recalculations, audits and/or other historical review processes. Such revisions are considered immaterial to performance disclosure unless otherwise stated.

Series I and V, as applicable, are presently capped (closed to new investors). Investors who currently own units of Series I and Series V may continue to purchase additional units in those series. These series may become available for purchase by new investors at the discretion of the Manager.

BENCHMARK(S) INFORMATION

FTSE TMX Canada All Corporate Bond Index comprises primarily semiannual-payment fixed rate corporate bonds issued domestically in Canada and denominated in Canadian dollars, with an investment-grade rating and a remaining effective term to maturity of at least one year. Before June 2014, it was known as the DEX All Corporate Bond Index.