



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](http://www.franklintempleton.ca) or SEDAR at [www.sedar.com](http://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

**Garey J. Aitken, CFA, MBA**

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

Industry Experience: 26 years

Location: Calgary, AB

Co-Lead Manager

**Les E. Stelmach, CFA**

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

Industry Experience: 19 years

Location: Calgary, AB

## INVESTMENT OBJECTIVE AND STRATEGIES

Franklin Bissett Energy Corporate Class (the “Fund”) seeks long-term capital appreciation by investing primarily in equities and other securities of Canadian entities involved directly or indirectly in the Energy sector. The Energy sector includes entities engaged in the exploration, production, refining, marketing, transportation and distribution of all types of energy, as well as entities engaged in energy-related activities, such as pipelines, utilities, manufacturing and the construction or provision of oil rigs, drilling equipment and other energy-related services.

The Fund’s portfolio advisor (the “portfolio manager”) employs a research-driven, consultative investment process that uses “bottom up” analysis to identify companies with sustainable, replicable growth that are trading at reasonable valuations.

## RISK

The risks of investing in the Fund remain as stated in the prospectus. The Fund is suitable for investors who can tolerate high investment risk, are not concerned with short-term price fluctuations, are seeking to invest in the Canadian Energy sector and are planning to hold their investment for a long term.

## RESULTS OF OPERATIONS

As at December 31, 2017, total net asset value of the Fund was \$38.2 million, a decrease of 41.5% from December 31, 2016. This was primarily driven by a decrease of \$17.1 million in net assets from operations and \$9.9 million in net redemptions. The Fund paid out \$38,000 in cash distributions to shareholders.

During the past year, the Fund’s Series A shares generated total returns of -18.0%. Over the same time period, the S&P/TSX Composite Total Return Index returned 9.1%. As the Fund has a sector-specific mandate, it employs the S&P/TSX Capped Energy Total Return Index (the “Index”) as a benchmark, which returned -10.6% for the period under review. The performance of the Fund’s other series is similar to that of its Series A shares, except for differences in expense structure. For the return of the Fund’s other series (if applicable), please refer to the “Past Performance” section.

The Fund’s negative absolute returns in 2017 reflected the generally weak economic backdrop to the oil and gas industry, partially offset by the Fund’s investment in less commodity-sensitive or economically sensitive subsectors. All Energy Global Industry Classification Standard (GICS) subsectors registered negative total returns for the year. The integrated oil and gas, and the oil and gas storage and transportation subsectors, performed relatively better than oil and gas producers, which in turn outperformed the oilfield services stocks. Although benchmark West Texas Intermediate (WTI) crude oil prices rallied, widening Canadian differentials muted some of the benefit. The larger impact was felt in natural gas; whereas NYMEX natural gas prices stayed within a narrower band, Canadian spot AECO pricing was very weak closing out the year, due to local system takeaway capacity constraints.

Against this backdrop, large-capitalization integrated companies such as Suncor Energy Inc. significantly outperformed the sector. As this stock constitutes 25% of the Index, Index returns were skewed more positively than what was experienced by most individual energy stocks. Large independent producer Canadian Natural Resources Ltd., which makes up approximately 21% of the Index, also outperformed, skewing Index returns further, as the company successfully commenced operations at its Horizon mine expansion. The weakest stocks in 2017 included a broad selection of oilfield service companies, including Trinidad Drilling Ltd., Western Energy Services Corp. and Secure Energy Services Inc., and most natural gas weighted producers, including Storm Resources Ltd., Crew Energy Inc. and Advantage Oil & Gas Ltd.

The Fund’s investment within the oil and gas storage and transportation GICS subsector, also known as energy infrastructure, positively contributed to relative performance, as these stocks held their value better than the producers and oilfield services. The Fund’s utilities investments were a source of absolute and relative returns, as was Cathedral Energy Services Ltd. This small-capitalization directional drilling business experienced a substantial share price recovery of greater than 190% on completion of an asset divestiture, the proceeds of which were used to repay debt.

Index performance comparison information is provided for reference only. It is important to note that the Fund’s return reflects the effect of fees and expenses for professional management, while an index does not have such costs.

Average net assets of the series of the Fund that bear expenses have decreased for the year ended December 31, 2017. This has resulted in a corresponding decrease in expenses. Income received from investments held, excluding net realized and/or unrealized gain (loss) on investments and derivatives, increased 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

Although benchmark West Texas Intermediate crude oil prices are currently at their highest levels in 18 months, sentiment remains lacklustre for all but a handful of Canadian energy equities. A principal reason for the pessimism is takeaway capacity constraints, which have resulted in reduced pricing for domestic production at point of sale.

Various grades of Canadian crude have traded at wider discounts to West Texas Intermediate, reflecting pipeline apportionment and the higher cost of transporting excess crude by rail. Alberta's benchmark natural gas price, AECO, is substantially lower than NYMEX pricing (adjusted for currency and tolls), due to pipeline constraints, principally in the TransCanada system. These effects have not only reduced producer cash flows, but poor investor sentiment has made accessing the equity markets difficult, resulting in a moderated spending outlook that is close to cash flow in many cases. This scenario necessarily focuses companies on return on capital and profitability, rather than growth. The portfolio manager believes this should be positive for shareholder value, but it may take some time for this stance to be rewarded.

Technological progression and changing economic circumstances have enforced significant change in the North American Energy sector. However, the portfolio manager does expect that opportunities presenting themselves will now provide significant future returns as the business cycle normalizes. As an active manager, the portfolio manager allocates capital to those management teams with the assets, the plan and the conviction to best position their companies to grow the intrinsic value of the business over time. The portfolio manager strives to continuously evaluate businesses on those criteria.

#### 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 management and administrative 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 \$752,000 (2016—\$835,000).

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 0.35% 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 0.15%, 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 \$137,000 (2016—\$163,000).

During the year ended December 31, 2017, the Manager waived fund costs of \$2,000 (2016—\$1,000).

#### 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. A portion of the management fee paid to the Manager is payable to the Portfolio Advisor in respect of portfolio advisory services.

**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 shares 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) shares 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 shares.

\*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 shareholder directly to the Manager as follows:

- First C\$200,000 to under \$2.5 million—1.00%
- Next C\$2.5 million to under \$5 million—0.90%
- C\$5 million and over—0.80%

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 fixed administration fee. The Manager relied, or may rely, on standing instructions from the IRC with respect to 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	2.00	62.25	37.75
F	1.00	–	100.00
PF	0.85	–	100.00

**MANAGEMENT REPORT OF FUND PERFORMANCE**

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

**REGIONAL WEIGHTINGS (%)\***

North America

93.83

**ASSET CLASS WEIGHTINGS (%)**

Common Stocks

93.83

Short-term securities and all other assets, net

6.17

**INDUSTRY WEIGHTINGS (%)\***

Oil, Gas &amp; Consumable Fuels

62.45

Energy Equipment &amp; Services

22.86

Independent Power and Renewable Electricity Producers

3.89

Commercial Services &amp; Supplies

2.60

Multi-Utilities

2.03

**TOP 25 HOLDINGS (%)**

Cash and cash equivalents\*\*

5.16

Pieridae Energy Ltd.

4.24

Altura Energy Inc.

3.57

Spartan Energy Corp.

3.20

ZCL Composites Inc.

3.18

Gear Energy Ltd.

2.99

Raging River Exploration Inc.

2.79

Horizon North Logistics Inc.

2.60

Total Energy Services Inc.

2.45

Brookfield Renewable Partners LP

2.41

Tourmaline Oil Corp.

2.30

Canadian Natural Resources Ltd.

2.27

PrairieSky Royalty Ltd.

2.19

Inter Pipeline Ltd.

2.08

Crescent Point Energy Corp.

2.07

ATCO Ltd., I

2.03

ARC Resources Ltd.

2.02

Pembina Pipeline Corp.

2.00

Nuvista Energy Ltd.

2.00

Freehold Royalties Ltd.

1.97

BlackPearl Resources Inc.

1.90

Enbridge Inc.

1.89

Trican Well Service Ltd.

1.88

Peyto Exploration &amp; Development Corp.

1.88

Seven Generations Energy Ltd.

1.85

**TOTAL NET ASSET VALUE: \$38,200,000**

\* 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 its net assets. Due to ongoing portfolio transactions, the investments and percentages may have changed by the time you purchase shares 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](http://www.franklintempleton.ca).

FRANKLIN BISSETT ENERGY CORPORATE CLASS  
**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.

<b>Net assets per share (1)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Net assets – beginning of period</b>	<b>\$7.85</b>	<b>\$6.33</b>	<b>\$10.77</b>	<b>\$15.22</b>	<b>\$11.74†</b>
<b>Increase (decrease) from operations:</b>					
Total revenue§	0.15	0.12	0.25	0.49	0.36
Total expenses	(0.17)	(0.17)	(0.22)	(0.41)	(0.32)
Realized gains (losses) for the period	(1.21)	(1.43)	(1.41)	2.13	0.67
Unrealized gains (losses) for the period	(0.27)	3.34	(2.43)	(6.18)	2.78
<b>Total increase (decrease) from operations (2)</b>	<b>(1.50)</b>	<b>1.86</b>	<b>(3.81)</b>	<b>(3.97)</b>	<b>3.49</b>
<b>Distributions:</b>					
From income (excluding dividends)	–	–	(0.21)	–	–
From dividends	(0.11)	(0.23)	–	(0.53)	(0.24)
From capital gains	–	–	(0.31)	–	–
Returns of capital	–	–	–	–	–
<b>Total annual distributions (3)</b>	<b>(0.11)</b>	<b>(0.23)</b>	<b>(0.31)</b>	<b>(0.53)</b>	<b>(0.24)</b>
<b>Net assets – end of period</b>	<b>\$6.35</b>	<b>\$7.85</b>	<b>\$6.33</b>	<b>\$10.77</b>	<b>\$15.22</b>
<b>Ratios and supplemental data:</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total net asset value ('000's) (1)	\$25,692	\$39,823	\$27,508	\$36,846	\$49,955
Number of shares outstanding	4,046,905	5,071,991	4,343,475	3,422,114	3,282,531
Management expense ratio (2)	2.58%	2.58%	2.56%	2.55%	2.55%
Management expense ratio before waivers or absorptions	2.58%	2.58%	2.56%	2.55%	3.09%
Trading expense ratio (3)	0.32%	0.30%	0.31%	0.37%	0.27%
Portfolio turnover rate (4)	73.65%	51.34%	30.69%	54.45%	30.48%
Net asset value per share	\$6.35	\$7.85	\$6.33	\$10.77	\$15.22

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

§ Total revenue includes total investment income net of any provision for or recoverable from income taxes.

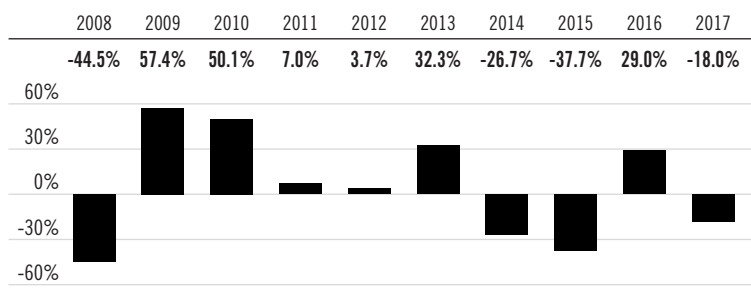
† The opening net assets have been adjusted in accordance with IFRS. Information pertaining to 2013 was derived from the audited annual financial statements prepared under Canadian GAAP.

**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.‡

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Inception</b>
<b>Series A Shares</b>	<b>-18.0%</b>	<b>-13.0%</b>	<b>-8.6%</b>	<b>-0.7%</b>	<b>-2.6%</b>
S&P/TSX Capped Energy TR Index	-10.6%	-1.8%	-2.1%	-3.0%	-3.0%
S&P/TSX Composite TR Index	9.1%	6.6%	8.6%	4.6%	4.4%

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

FRANKLIN BISSETT ENERGY CORPORATE CLASS  
**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.

<b>Net assets per share (1)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Net assets – beginning of period</b>	<b>\$8.70</b>	<b>\$6.94</b>	<b>\$11.67</b>	<b>\$16.31</b>	<b>\$12.44†</b>
<b>Increase (decrease) from operations:</b>					
Total revenue‡	0.16	0.13	0.27	0.57	0.41
Total expenses	(0.11)	(0.11)	(0.14)	(0.25)	(0.20)
Realized gains (losses) for the period	(1.36)	(1.63)	(1.50)	2.31	0.69
Unrealized gains (losses) for the period	(0.25)	3.84	(2.75)	(8.49)	3.42
<b>Total increase (decrease) from operations (2)</b>	<b>(1.56)</b>	<b>2.23</b>	<b>(4.12)</b>	<b>(5.86)</b>	<b>4.32</b>
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	(0.12)	(0.25)	–	(0.57)	(0.25)
From capital gains	–	–	(0.34)	–	–
Returns of capital	–	–	–	–	–
<b>Total annual distributions (3)</b>	<b>(0.12)</b>	<b>(0.25)</b>	<b>(0.34)</b>	<b>(0.57)</b>	<b>(0.25)</b>
<b>Net assets – end of period</b>	<b>\$7.11</b>	<b>\$8.70</b>	<b>\$6.94</b>	<b>\$11.67</b>	<b>\$16.31</b>
<b>Ratios and supplemental data:</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total net asset value ('000's) (1)	\$2,632	\$3,923	\$4,641	\$8,613	\$6,125
Number of shares outstanding	370,284	451,088	669,001	738,154	375,515
Management expense ratio (2)	1.50%	1.49%	1.47%	1.47%	1.48%
Management expense ratio before waivers or absorptions	1.50%	1.49%	1.47%	1.47%	2.01%
Trading expense ratio (3)	0.32%	0.30%	0.31%	0.37%	0.27%
Portfolio turnover rate (4)	73.65%	51.34%	30.69%	54.45%	30.48%
Net asset value per share	\$7.11	\$8.70	\$6.94	\$11.67	\$16.31

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

‡ Total revenue includes total investment income net of any provision for or recoverable from income taxes.

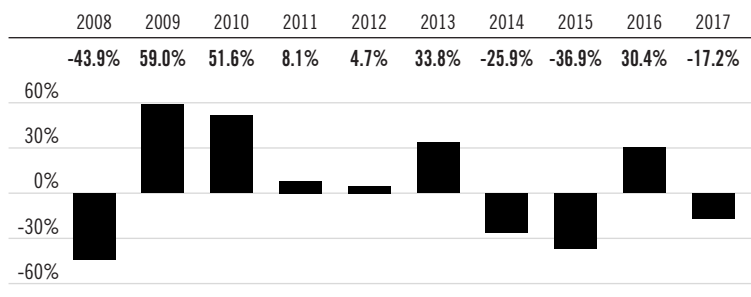
† The opening net assets have been adjusted in accordance with IFRS. Information pertaining to 2013 was derived from the audited annual financial statements prepared under Canadian GAAP.

**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
<b>Series F Shares</b>	<b>-17.2%</b>	<b>-12.0%</b>	<b>-7.5%</b>	<b>0.3%</b>	<b>-1.5%</b>
S&P/TSX Capped Energy TR Index	-10.6%	-1.8%	-2.1%	-3.0%	-3.0%
S&P/TSX Composite TR Index	9.1%	6.6%	8.6%	4.6%	4.4%

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

FRANKLIN BISSETT ENERGY CORPORATE CLASS  
**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.

<b>Net assets per share (1)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Net assets – beginning of period</b>	<b>\$10.02</b>	<b>\$7.88</b>	<b>\$13.05</b>	<b>\$17.98</b>	<b>\$13.51†</b>
<b>Increase (decrease) from operations:</b>					
Total revenue\$	0.18	0.15	0.33	0.78	0.43
Total expenses	–	–	–	–	–
Realized gains (losses) for the period	(1.41)	(1.83)	(2.28)	2.40	0.76
Unrealized gains (losses) for the period	(0.49)	4.59	(2.82)	(8.05)	3.50
<b>Total increase (decrease) from operations (2)</b>	<b>(1.72)</b>	<b>2.91</b>	<b>(4.77)</b>	<b>(4.87)</b>	<b>4.69</b>
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	(0.14)	(0.28)	–	(0.63)	(0.28)
From capital gains	–	–	(0.38)	–	–
Returns of capital	–	–	–	–	–
<b>Total annual distributions (3)</b>	<b>(0.14)</b>	<b>(0.28)</b>	<b>(0.38)</b>	<b>(0.63)</b>	<b>(0.28)</b>
<b>Net assets – end of period</b>	<b>\$8.31</b>	<b>\$10.02</b>	<b>\$7.88</b>	<b>\$13.05</b>	<b>\$17.98</b>
<b>Ratios and supplemental data:</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total net asset value ('000's) (1)	\$6,001	\$16,108	\$18,312	\$5,890	\$2,148
Number of shares outstanding	721,769	1,608,083	2,325,098	451,420	119,482
Management expense ratio (2)	–	–	–	–	–
Management expense ratio before waivers or absorptions	0.01%	0.01%	0.01%	0.01%	0.20%
Trading expense ratio (3)	0.32%	0.30%	0.31%	0.37%	0.27%
Portfolio turnover rate (4)	73.65%	51.34%	30.69%	54.45%	30.48%
Net asset value per share	\$8.31	\$10.02	\$7.88	\$13.05	\$17.98

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

\$ Total revenue includes total investment income net of any provision for or recoverable from income taxes.

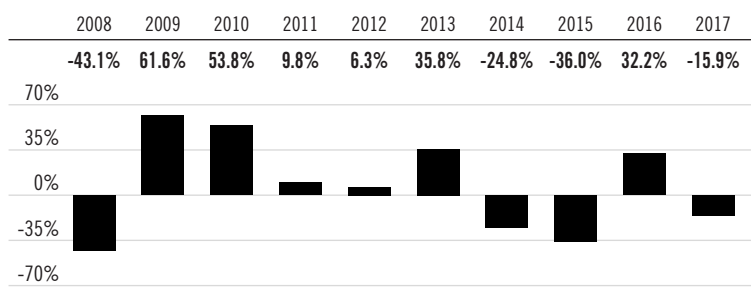
† The opening net assets have been adjusted in accordance with IFRS. Information pertaining to 2013 was derived from the audited annual financial statements prepared under Canadian GAAP.

**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
<b>Series 0 Shares</b>	<b>-15.9%</b>	<b>-10.7%</b>	<b>-6.2%</b>	<b>1.8%</b>	<b>-0.1%</b>
S&P/TSX Capped Energy TR Index	-10.6%	-1.8%	-2.1%	-3.0%	-3.0%
S&P/TSX Composite TR Index	9.1%	6.6%	8.6%	4.6%	4.4%

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



FRANKLIN BISSETT ENERGY CORPORATE CLASS  
**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.

<b>Net assets per share (1)</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Net assets – beginning of period</b>	<b>\$8.12</b>	<b>\$6.46</b>	<b>\$10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue\$	0.15	0.14	0.15
Total expenses	(0.08)	(0.08)	(0.05)
Realized gains (losses) for the period	(1.28)	(1.44)	(1.38)
Unrealized gains (losses) for the period	(0.20)	3.90	(1.37)
<b>Total increase (decrease) from operations (2)</b>	<b>(1.41)</b>	<b>2.52</b>	<b>(2.65)</b>
<b>Distributions:</b>			
From income (excluding dividends)	–	–	–
From dividends	(0.11)	(0.23)	–
From capital gains	–	–	–
Returns of capital	–	–	–
<b>Total annual distributions (3)</b>	<b>(0.11)</b>	<b>(0.23)</b>	<b>–</b>
<b>Net assets – end of period</b>	<b>\$6.66</b>	<b>\$8.12</b>	<b>\$6.46</b>
<b>Ratios and supplemental data:</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Total net asset value ('000's) (1)	\$3,875	\$5,453	\$280
Number of shares outstanding	581,943	671,701	43,373
Management expense ratio (2)	1.15%	1.15%	1.14%
Management expense ratio before waivers or absorptions	1.15%	1.15%	1.14%
Trading expense ratio (3)	0.32%	0.30%	0.31%
Portfolio turnover rate (4)	73.65%	51.34%	30.69%
Net asset value per share	\$6.66	\$8.12	\$6.46

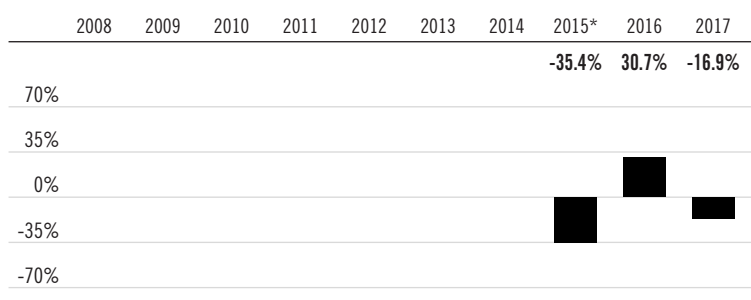
For explanatory notes, please refer to "Explanatory Notes to Financial Highlights" at the end of the section.  
 \$ Total revenue includes total investment income net of any provision for or recoverable from income taxes.

**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.



\*2015 Series PF return: June 15 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
<b>Series PF Shares</b>	<b>-16.9%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-13.0%</b>
S&P/TSX Capped Energy TR Index	-10.6%	N/A	N/A	N/A	-0.7%
S&P/TSX Composite TR Index	9.1%	N/A	N/A	N/A	6.9%

‡ 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 Share:

- (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 share 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 shares outstanding at the relevant time. The increase/decrease in net assets from operations is based on the weighted average number of shares outstanding over the fiscal period. This table is not intended to be a reconciliation of opening and closing net assets per share.
- (3) Dividends were paid in cash or reinvested in additional shares of the Fund or both, and exclude distributions of management fee reductions to shareholders.

### 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 trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of net asset value during the period. For funds that invest in multiple Underlying Funds, the trading expense ratio represents the Fund's proportionate share of total commissions and other portfolio costs of the Underlying Fund as an annualized percentage of its daily average net assets during the period. For funds that invest substantially all of its assets in an Underlying Fund, the trading expense ratio shown is that of the Underlying Fund.
- (4) 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. Where a fund has invested substantially all its assets in an Underlying Fund for the entire period, the portfolio turnover rate is zero.

## 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 shares of Series I and Series V may continue to purchase additional shares in those series. These series may become available for purchase by new investors at the discretion of the Manager.

## BENCHMARK(S) INFORMATION

**S&P/TSX Capped Energy TR Index** is a benchmark for the Canadian energy sector (dividends are reinvested), drawing from a stock pool of both traditional stocks and income trusts in the S&P/TSX Composite Index. The relative weight of any single index constituent is capped at 25%.

**S&P/TSX Composite TR Index** measures the total return (dividends are reinvested) of the largest Canadian companies, in terms of three-year average quoted market value, listed on the TSX.