



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 Equity Manager

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

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

Industry Experience: 25 years

Location: Calgary, AB

Co-Lead Equity Manager

**Ralph Lindenblatt, CFA**

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

Industry Experience: 21 years

Location: Calgary, AB

Co-Lead Fixed Income Manager

**Thomas O’Gorman, MBA, CFA**

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

Industry Experience: 28 years

Location: Calgary, AB

Co-Lead Fixed Income 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 Canadian All Cap Balanced Fund (the “Fund”) seeks a balance of current income and long-term capital appreciation by investing primarily in a diversified portfolio of Canadian equity and fixed income securities and, to a lesser degree, in fixed income securities issued around the world.

Under normal market conditions, the Fund invests around 65% of its assets in Canadian equity securities across all market capitalizations, and the rest in fixed income securities. The Fund may invest up to 30% of its assets in foreign securities, including those in developed and emerging markets.

On May 13, 2013, the Fund changed its investment objective to reflect a higher neutral allocation to equities. In addition, the Fund transitioned from a globally diversified equity mandate to a Canadian-only equity focus, with a greater emphasis on diversification by market capitalization. Whereas the previous strategy reflected an equity investment process based on quantitative criteria, the revised strategy focuses on securities identified by the fundamental equity research group. The fixed income allocation continues to reflect a primary focus on domestic securities and, to a lesser degree, fixed income securities issued around the world.

## RISK

The risks of investing in the Fund remain as stated in the prospectus. The Fund is suitable for investors seeking a Canadian balanced fund with some exposure to global fixed income securities, and who are willing to accept low to medium investment risk and are planning to invest over the medium to long term.

## RESULTS OF OPERATIONS

As at December 31, 2017, total net asset value of the Fund was \$28.2 million, a decrease of 0.9% from December 31, 2016. The total net assets have remained relatively flat from previous year. The Fund paid out \$34,000 in cash distributions to unitholders.

During the past year, the Fund’s Series A units generated total returns of 4.4%. Over the same time period, the S&P/TSX Composite Total Return Index returned 9.1%. As the Fund is composed of both fixed income and equity funds, it employs a blended benchmark, the Custom Franklin Bissett Canadian All Cap Balanced Benchmark (the “Benchmark”), which returned 6.8% for the period in review. 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.

The Fund’s return lagged the Benchmark during the reporting period, reflecting relatively modest domestic asset returns. Although consistent with long-term investment performance, domestic equity markets lagged global peers as resource-exposed equities failed to keep pace with overall higher commodity prices. In fixed income, the continued low interest rate environment restrained returns to the low single-digit range.

For the year, the Fund’s equity holdings returned 8.8%, slightly lagging the 9.1% return generated by the equity allocation’s benchmark. The Fund’s above-market exposure to smaller-capitalization equities and an overweighted position in the lagging Energy sector were the main relative detractors. Over the same time period, the Fund’s fixed income component returned 2.9%, exceeding the FTSE TMX Canada Universe Bond Index return of 2.5%. The Fund’s relative fixed income performance was largely driven by credit exposure, as corporate debt outperformed federal bonds by a significant margin.

Investment performance from equities was modestly positive, with domestic markets generally underperforming global markets. In terms of performance contributors and detractors, the strongest performers were Health Care and Consumer Discretionary, which gained approximately 34.2% and 22.8%, respectively. The weakest performers were Energy and Materials, which returned -7.0% and 7.7%, respectively. In energy markets, the price of crude oil (as gauged by West Texas Intermediate) increased 12.5% and the price of natural gas (as gauged by the NYMEX) declined 20.7%. In metals, copper advanced 31.7%, while the prices of gold and silver increased 13.1% and 6.4%, respectively. Additionally, after strong relative performance in 2016, Canadian small-capitalization returns lagged large-capitalization returns by 635 basis points (bps).

The Fund's asset mix at year end was approximately 69.7% in equities, 28.5% in fixed income and 1.8% in cash. Over the past year, the Fund's allocation to equities increased by 500 bps, while the fixed income allocation decreased by 40 bps. Over the same time period, the Fund's exposure to cash decreased by 460 bps. The Fund's neutral asset mix remains 65% for equities, and 35% for fixed income and cash.

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 increased for the year ended December 31, 2017. This has resulted in a corresponding increase 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

With ongoing dislocations presenting attractive opportunities in the Canadian equity market, the portfolio manager believes it will be able to continue to build on the Fund's long-term track record of superior absolute, relative and risk-adjusted returns. The program has been actively managed through several market regimes of strong and weak sentiment and varying sources of market leadership. Although the Canadian equity market continues to present attractive investment opportunities in certain sectors and individual circumstances, the strong advance naturally tempers the portfolio manager's enthusiasm for prospective investment returns.

Although central banks have started slowly retreating from extreme levels of monetary accommodation, which could be a catalyst for a resurgence of volatility, existing central bank liquidity will continue to support financial markets. The portfolio manager expects the Canadian economy to downshift; the domestic economy has been largely out of sync with global activity over the last three years, a consequence of a number of income shocks and their oversized effects on the Canadian economy. Relative to global interest rates, North American fixed income markets offer some of the highest yields across developed markets, making them an attractive destination for capital, mitigating the risk of unexpected large and sustained moves higher in yield. The portfolio manager remains constructive on near-term credit and looks to capitalize on future opportunities during times of increased volatility.

## 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 \$339,000 (2016-\$227,000).

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 0.16% 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 \$31,000 (2016—\$21,000).

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

As at December 31, 2017, Franklin Bissett Canadian All Cap Balanced Corporate Class held 31% 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.

#### 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	1.90	51.81	48.19
F	0.90	–	100.00
I	1.35	55.85	44.15
PF	0.65	–	100.00
T	1.90	53.48	46.52

\*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—0.80%
- Next C\$2.5 million to under \$5 million—0.75%
- C\$5 million and over—0.65%

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

**MANAGEMENT REPORT OF FUND PERFORMANCE**

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

**REGIONAL WEIGHTINGS (%)\***

North America	96.73
Europe	0.77
Australia & New Zealand	0.73

**SECTOR WEIGHTINGS (%)**

Financials	22.09
Energy	16.10
Industrials	9.53
Consumer Discretionary	8.06
Materials	4.53
Consumer Staples	3.63
Information Technology	2.76
Telecommunication Services	1.45
Utilities	1.35
Real Estate	0.20

**ASSET CLASS WEIGHTINGS (%)**

Common Stocks	69.70
Canadian Government Bonds	16.70
Canadian Corporate Bonds	8.98
Foreign Corporate Bonds	2.85
Short-term securities and all other assets, net	1.77

**TOP 25 HOLDINGS (%)**

Brookfield Asset Management Inc., A	3.19
Canadian National Railway Co.	2.81
The Toronto-Dominion Bank	2.59
Royal Bank of Canada	2.48
Canadian Imperial Bank of Commerce	2.42
Restaurant Brands International Inc.	2.40
Province of Ontario, 3.15%, 6/2/2022	2.33
PSP Capital Inc., Senior Note, 3.29%, 4/4/2024	2.24
Bank of Montreal	2.17
Nuvista Energy Ltd.	2.16
Trican Well Service Ltd.	2.06
Bank of Nova Scotia	2.02
Province of Manitoba, 4.40%, 9/5/2025	2.00
Canadian Pacific Railway Ltd.	1.67
Leon's Furniture Ltd.	1.62
Government of Canada, 5.00%, 6/1/2037	1.61
Province of Ontario, 6.50%, 3/8/2029	1.52
Equitable Group Inc.	1.50
Onex Corp.	1.47
Transcontinental Inc., A	1.40
Enbridge Inc.	1.40
Province of New Brunswick, 4.55%, 3/26/2037	1.28
Franco-Nevada Corp.	1.21
Alimentation Couche-Tard Inc., B	1.20
Cash and cash equivalents**	1.18

**TOTAL NET ASSET VALUE: \$28,160,000**

\* 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](http://www.franklintempleton.ca).

## 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
<b>Net assets – beginning of period</b>	<b>\$14.00</b>	<b>\$11.74</b>	<b>\$13.41</b>	<b>\$12.94</b>	<b>\$11.71†</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.36	0.34	0.38	0.39	0.44
Total expenses	(0.32)	(0.29)	(0.30)	(0.31)	(0.30)
Realized gains (losses) for the period	0.12	0.06	0.55	0.35	1.14
Unrealized gains (losses) for the period	0.43	2.21	(1.63)	(0.07)	0.92
<b>Total increase (decrease) from operations (2)</b>	<b>0.59</b>	<b>2.32</b>	<b>(1.00)</b>	<b>0.36</b>	<b>2.20</b>
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	(0.15)	(0.13)	(0.24)	(0.15)	(0.18)
From capital gains	–	–	(0.40)	–	(0.72)
Returns of capital	–	–	–	–	–
<b>Total annual distributions (3)</b>	<b>(0.15)</b>	<b>(0.13)</b>	<b>(0.64)</b>	<b>(0.15)</b>	<b>(0.90)</b>
<b>Net assets – end of period</b>	<b>\$14.47</b>	<b>\$14.00</b>	<b>\$11.74</b>	<b>\$13.41</b>	<b>\$12.94</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 (\$ millions) (1)	\$13.82	\$12.96	\$6.61	\$9.14	\$7.00
Number of units outstanding	954,985	925,673	563,169	681,216	541,280
Management expense ratio (2)	2.27%	2.26%	2.25%	2.27%	2.36%
Management expense ratio before waivers or absorptions	2.27%	2.26%	2.25%	2.27%	3.45%
Trading expense ratio (3)	0.03%	0.07%	0.04%	0.05%	0.11%
Portfolio turnover rate (4)	20.18%	24.04%	19.21%	25.65%	63.39%
Net asset value per unit	\$14.47	\$14.00	\$11.74	\$13.41	\$12.94

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

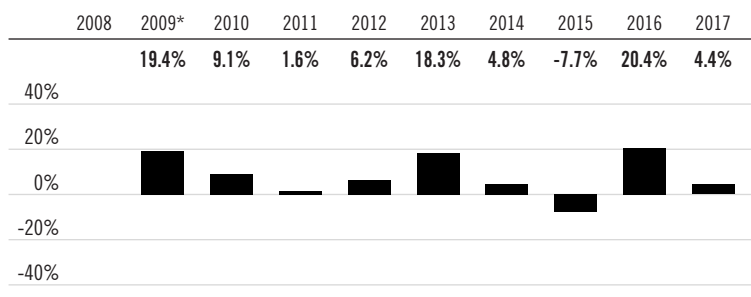
† The opening net assets have been adjusted in accordance with IFRS. Information pertaining to 2013 was derived from the audited annual financial statements prepared under Canadian GAAP.

## 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.



\*2009 Series A return: January 12 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 A Units</b>	<b>4.4%</b>	<b>5.1%</b>	<b>7.6%</b>	<b>N/A</b>	<b>8.2%</b>
Custom Franklin Bissett Canadian All Cap Balanced Benchmark	6.8%	5.2%	6.7%	N/A	8.4%
S&P/TSX Composite TR Index	9.1%	6.6%	8.6%	N/A	10.3%
FTSE TMX Canada Universe Bond Index	2.5%	2.6%	3.0%	N/A	4.5%

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

Effective May 13, 2013, the Fund changed its investment objective. Accordingly, past performance data for the period prior to May 13, 2013, may not be comparative.

## 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
<b>Net assets – beginning of period</b>	<b>\$15.30</b>	<b>\$12.68</b>	<b>\$14.33</b>	<b>\$13.68</b>	<b>\$12.24<sup>†</sup></b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.39	0.38	0.41	0.42	0.48
Total expenses	(0.19)	(0.17)	(0.17)	(0.17)	(0.16)
Realized gains (losses) for the period	0.14	(0.15)	0.60	0.37	1.06
Unrealized gains (losses) for the period	0.29	2.61	(1.77)	(0.07)	1.37
<b>Total increase (decrease) from operations (2)</b>	<b>0.63</b>	<b>2.67</b>	<b>(0.93)</b>	<b>0.55</b>	<b>2.75</b>
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	(0.17)	(0.14)	(0.25)	(0.16)	(0.19)
From capital gains	–	–	(0.43)	–	(0.76)
Returns of capital	–	–	–	–	–
<b>Total annual distributions (3)</b>	<b>(0.17)</b>	<b>(0.14)</b>	<b>(0.68)</b>	<b>(0.16)</b>	<b>(0.95)</b>
<b>Net assets – end of period</b>	<b>\$15.97</b>	<b>\$15.30</b>	<b>\$12.68</b>	<b>\$14.33</b>	<b>\$13.68</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 (\$ millions) (1)	\$1.34	\$2.49	\$0.27	\$0.36	\$0.19
Number of units outstanding	84,112	162,759	21,163	25,178	13,581
Management expense ratio (2)	1.20%	1.18%	1.17%	1.16%	1.23%
Management expense ratio before waivers or absorptions	1.20%	1.18%	1.17%	1.16%	2.51%
Trading expense ratio (3)	0.03%	0.07%	0.04%	0.05%	0.11%
Portfolio turnover rate (4)	20.18%	24.04%	19.21%	25.65%	63.39%
Net asset value per unit	\$15.97	\$15.30	\$12.68	\$14.33	\$13.68

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

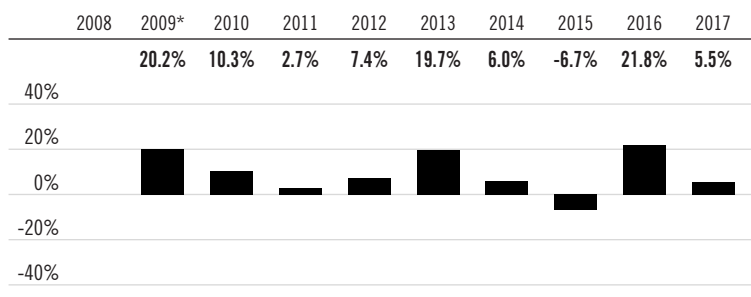
<sup>†</sup> The opening net assets have been adjusted in accordance with IFRS. Information pertaining to 2013 was derived from the audited annual financial statements prepared under Canadian GAAP.

## 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.



\*2009 Series F return: January 12 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.<sup>‡</sup>

	1 Year	3 Years	5 Years	10 Years	Since Inception
<b>Series F Units</b>	<b>5.5%</b>	<b>6.2%</b>	<b>8.7%</b>	<b>N/A</b>	<b>9.4%</b>
Custom Franklin Bissett Canadian All Cap Balanced Benchmark	6.8%	5.2%	6.7%	N/A	8.4%
S&P/TSX Composite TR Index	9.1%	6.6%	8.6%	N/A	10.3%
FTSE TMX Canada Universe Bond Index	2.5%	2.6%	3.0%	N/A	4.5%

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

Effective May 13, 2013, the Fund changed its investment objective. Accordingly, past performance data for the period prior to May 13, 2013, may not be comparative.

## 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
<b>Net assets – beginning of period</b>	<b>\$14.75</b>	<b>\$12.29</b>	<b>\$13.95</b>	<b>\$13.39</b>	<b>\$12.04<sup>†</sup></b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.39	0.36	0.39	0.43	0.45
Total expenses	(0.25)	(0.22)	(0.22)	(0.24)	(0.23)
Realized gains (losses) for the period	0.15	0.21	0.59	0.34	1.22
Unrealized gains (losses) for the period	0.56	2.24	(1.54)	(1.12)	0.84
<b>Total increase (decrease) from operations (2)</b>	<b>0.85</b>	<b>2.59</b>	<b>(0.78)</b>	<b>(0.59)</b>	<b>2.28</b>
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	(0.16)	(0.14)	(0.25)	(0.16)	(0.19)
From capital gains	–	–	(0.42)	–	(0.74)
Returns of capital	–	–	–	–	–
<b>Total annual distributions (3)</b>	<b>(0.16)</b>	<b>(0.14)</b>	<b>(0.67)</b>	<b>(0.16)</b>	<b>(0.93)</b>
<b>Net assets – end of period</b>	<b>\$15.33</b>	<b>\$14.75</b>	<b>\$12.29</b>	<b>\$13.95</b>	<b>\$13.39</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 (\$ millions) (1)	\$0.25	\$0.15	\$0.14	\$0.28	\$0.01
Number of units outstanding	16,361	10,362	10,995	19,960	500
Management expense ratio (2)	1.67%	1.66%	1.63%	1.71%	1.75%
Management expense ratio before waivers or absorptions	1.67%	1.66%	1.63%	1.71%	3.39%
Trading expense ratio (3)	0.03%	0.07%	0.04%	0.05%	0.11%
Portfolio turnover rate (4)	20.18%	24.04%	19.21%	25.65%	63.39%
Net asset value per unit	\$15.33	\$14.75	\$12.29	\$13.95	\$13.39

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

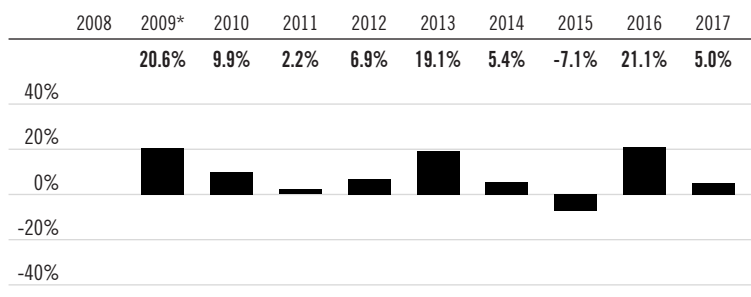
<sup>†</sup> The opening net assets have been adjusted in accordance with IFRS. Information pertaining to 2013 was derived from the audited annual financial statements prepared under Canadian GAAP.

## 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.



\*2009 Series I return: January 12 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.<sup>‡</sup>

	1 Year	3 Years	5 Years	10 Years	Since Inception
<b>Series I Units</b>	<b>5.0%</b>	<b>5.7%</b>	<b>8.2%</b>	<b>N/A</b>	<b>8.9%</b>
Custom Franklin Bissett Canadian All Cap Balanced Benchmark	6.8%	5.2%	6.7%	N/A	8.4%
S&P/TSX Composite TR Index	9.1%	6.6%	8.6%	N/A	10.3%
FTSE TMX Canada Universe Bond Index	2.5%	2.6%	3.0%	N/A	4.5%

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

Effective May 13, 2013, the Fund changed its investment objective. Accordingly, past performance data for the period prior to May 13, 2013, may not be comparative.



## 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
<b>Net assets – beginning of period</b>	<b>\$16.88</b>	<b>\$13.84</b>	<b>\$15.46</b>	<b>\$14.58</b>	<b>\$12.89<sup>†</sup></b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.44	0.41	0.44	0.45	0.49
Total expenses	–	–	–	–	–
Realized gains (losses) for the period	0.16	0.05	0.65	0.39	1.24
Unrealized gains (losses) for the period	0.53	2.74	(1.84)	(0.18)	1.11
<b>Total increase (decrease) from operations (2)</b>	<b>1.13</b>	<b>3.20</b>	<b>(0.75)</b>	<b>0.66</b>	<b>2.84</b>
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	(0.19)	(0.15)	(0.28)	(0.18)	(0.20)
From capital gains	–	–	(0.47)	–	(0.81)
Returns of capital	–	–	–	–	–
<b>Total annual distributions (3)</b>	<b>(0.19)</b>	<b>(0.15)</b>	<b>(0.75)</b>	<b>(0.18)</b>	<b>(1.01)</b>
<b>Net assets – end of period</b>	<b>\$17.84</b>	<b>\$16.88</b>	<b>\$13.84</b>	<b>\$15.46</b>	<b>\$14.58</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 (\$ millions) (1)	\$10.95	\$11.22	\$4.40	\$7.15	\$4.24
Number of units outstanding	613,553	664,580	317,696	462,717	290,777
Management expense ratio (2)	–	–	–	–	–
Management expense ratio before waivers or absorptions	0.01%	0.01%	0.01%	0.01%	0.75%
Trading expense ratio (3)	0.03%	0.07%	0.04%	0.05%	0.11%
Portfolio turnover rate (4)	20.18%	24.04%	19.21%	25.65%	63.39%
Net asset value per unit	\$17.84	\$16.88	\$13.84	\$15.46	\$14.58

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

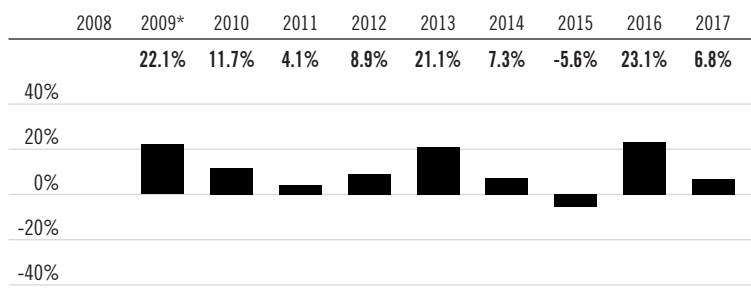
<sup>†</sup> The opening net assets have been adjusted in accordance with IFRS. Information pertaining to 2013 was derived from the audited annual financial statements prepared under Canadian GAAP.

## 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.



\*2009 Series 0 return: January 12 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.<sup>‡</sup>

	1 Year	3 Years	5 Years	10 Years	Since Inception
<b>Series 0 Units</b>	<b>6.8%</b>	<b>7.5%</b>	<b>10.0%</b>	<b>N/A</b>	<b>10.7%</b>
Custom Franklin Bissett Canadian All Cap Balanced Benchmark	6.8%	5.2%	6.7%	N/A	8.4%
S&P/TSX Composite TR Index	9.1%	6.6%	8.6%	N/A	10.3%
FTSE TMX Canada Universe Bond Index	2.5%	2.6%	3.0%	N/A	4.5%

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

Effective May 13, 2013, the Fund changed its investment objective. Accordingly, past performance data for the period prior to May 13, 2013, may not be comparative.

FRANKLIN BISSETT CANADIAN ALL CAP BALANCED 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.

<b>Net assets per unit (1)</b>	<b>2017</b>	<b>2016</b>
<b>Net assets – beginning of period</b>	<b>\$10.43</b>	<b>\$10.00</b>
<b>Increase (decrease) from operations:</b>		
Total revenue	0.27	0.09
Total expenses	(0.10)	(0.02)
Realized gains (losses) for the period	0.09	(0.01)
Unrealized gains (losses) for the period	0.32	0.39
<b>Total increase (decrease) from operations (2)</b>	<b>0.58</b>	<b>0.45</b>
<b>Distributions:</b>		
From income (excluding dividends)	–	–
From dividends	(0.11)	(0.10)
From capital gains	–	–
Returns of capital	–	–
<b>Total annual distributions (3)</b>	<b>(0.11)</b>	<b>(0.10)</b>
<b>Net assets – end of period</b>	<b>\$10.92</b>	<b>\$10.43</b>
<b>Ratios and supplemental data:</b>	<b>2017</b>	<b>2016</b>
Total net asset value (\$ millions) (1)	\$0.77	\$0.41
Number of units outstanding	70,355	39,197
Management expense ratio (2)	0.91%	0.95%
Management expense ratio before waivers or absorptions	0.91%	0.95%
Trading expense ratio (3)	0.03%	0.07%
Portfolio turnover rate (4)	20.18%	24.04%
Net asset value per unit	\$10.92	\$10.43

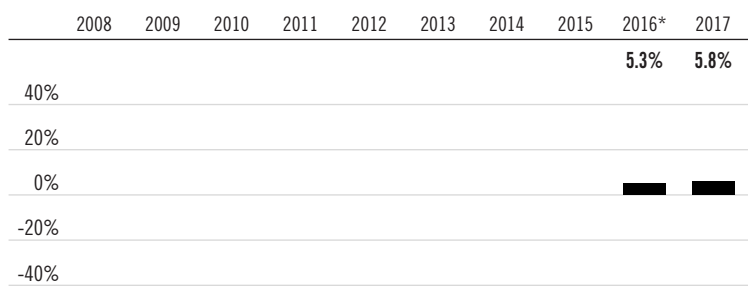
For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section.

**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.



\*2016 Series PF return: October 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
<b>Series PF Units</b>	<b>5.8%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>9.0%</b>
Custom Franklin Bissett Canadian All Cap Balanced Benchmark	6.8%	N/A	N/A	N/A	7.0%
S&P/TSX Composite TR Index	9.1%	N/A	N/A	N/A	11.4%
FTSE TMX Canada Universe Bond Index	2.5%	N/A	N/A	N/A	-0.8%

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

Effective May 13, 2013, the Fund changed its investment objective. Accordingly, past performance data for the period prior to May 13, 2013, may not be comparative.

## MANAGEMENT REPORT OF FUND PERFORMANCE

Series T (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
<b>Net assets – beginning of period</b>	<b>\$13.14</b>	<b>\$11.63</b>	<b>\$14.16</b>	<b>\$14.47</b>	<b>\$13.86†</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.33	0.33	0.40	0.43	0.50
Total expenses	(0.29)	(0.28)	(0.30)	(0.33)	(0.33)
Realized gains (losses) for the period	0.12	0.06	0.57	0.40	1.44
Unrealized gains (losses) for the period	0.35	2.12	(1.64)	0.28	0.87
<b>Total increase (decrease) from operations (2)</b>	<b>0.51</b>	<b>2.23</b>	<b>(0.97)</b>	<b>0.78</b>	<b>2.48</b>
<b>Distributions:</b>					
From income (excluding dividends)	–	–	–	–	–
From dividends	(0.13)	(0.12)	(0.23)	(0.16)	(0.20)
From capital gains	–	–	(0.40)	–	(0.81)
Returns of capital	(0.79)	(0.70)	(0.85)	(0.87)	(0.83)
<b>Total annual distributions (3)</b>	<b>(0.92)</b>	<b>(0.82)</b>	<b>(1.48)</b>	<b>(1.03)</b>	<b>(1.84)</b>
<b>Net assets – end of period</b>	<b>\$12.77</b>	<b>\$13.14</b>	<b>\$11.63</b>	<b>\$14.16</b>	<b>\$14.47</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 (\$ millions) (1)	\$1.03	\$1.17	\$0.75	\$1.15	\$1.26
Number of units outstanding	80,816	88,811	64,371	81,015	87,084
Management expense ratio (2)	2.24%	2.20%	2.19%	2.19%	2.27%
Management expense ratio before waivers or absorptions	2.24%	2.20%	2.19%	2.19%	3.08%
Trading expense ratio (3)	0.03%	0.07%	0.04%	0.05%	0.11%
Portfolio turnover rate (4)	20.18%	24.04%	19.21%	25.65%	63.39%
Net asset value per unit	\$12.77	\$13.14	\$11.63	\$14.16	\$14.47

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

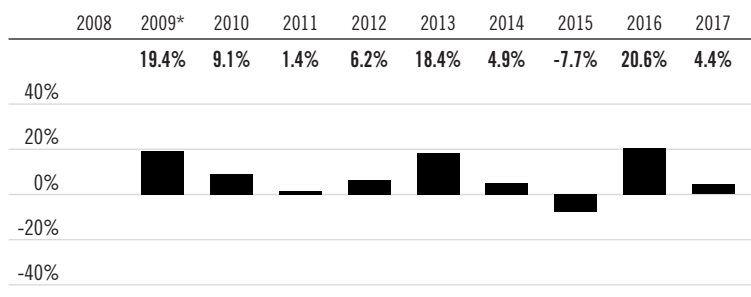
† The opening net assets have been adjusted in accordance with IFRS. Information pertaining to 2013 was derived from the audited annual financial statements prepared under Canadian GAAP.

## 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.



\*2009 Series T return: January 12 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 T Units</b>	<b>4.4%</b>	<b>5.1%</b>	<b>7.6%</b>	<b>N/A</b>	<b>8.2%</b>
Custom Franklin Bissett Canadian All Cap Balanced Benchmark	6.8%	5.2%	6.7%	N/A	8.4%
S&P/TSX Composite TR Index	9.1%	6.6%	8.6%	N/A	10.3%
FTSE TMX Canada Universe Bond Index	2.5%	2.6%	3.0%	N/A	4.5%

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

Effective May 13, 2013, the Fund changed its investment objective. Accordingly, past performance data for the period prior to May 13, 2013, may not be comparative.

## 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 trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of net asset value during the period.
- (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.

## 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

**Custom Franklin Bissett Canadian All Cap Balanced Benchmark** is a blended index made up of the S&P/TSX Composite TR Index (65%) and FTSE TMX Canada Universe Bond Index (35%). From June 1, 2011, to May 13, 2013, the Fund's customized benchmark was made up of the DEX Universe Bond Index (42%), the S&P/TSX Composite TR Index (33%), the S&P 500 TR Index (15%) and the MSCI EAFE TR Index (10%). Prior to May 31, 2011, the customized benchmark was made up of different percentages of indices in accordance with permissible levels of foreign content investment. Indices' returns are shown in Canadian dollars.

**FTSE TMX Canada Universe Bond Index** tracks the total return for all Canadian provincial, municipal and corporate issues that have a maturity of over one year. Before June 2014, it was known as the DEX Universe Bond Index.

**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. The S&P/TSX Composite Index was formerly called The Toronto Stock Exchange 300 Total Return Index (TSE 300).