

Performance Review

- The US Federal Reserve and the Bank of Canada kept interest rates unchanged throughout the second quarter of 2021 and committed to maintaining asset purchases whilst allowing inflation to run above target levels. Sovereign yield curves in both countries flattened significantly during the quarter, as short-term rates rose, whilst yields on longer-duration issues fell. Concerns that extraordinary fiscal and monetary stimulus might fuel uncontrolled inflation appear to have diminished, subduing long-term rates, whilst the likelihood of asset purchase tapering has increased boosting rates at the short end of the curve.
- US and Canadian stocks made robust gains during the quarter, although a strong Canadian dollar held back returns slightly, in local-currency terms, for US-denominated assets. The Canadian market was boosted by rising oil prices, which traded higher amidst falling stockpiles and firming demand. Emerging market (EM) equities overall posted a modest return, held back by weakness in Chinese equities during the quarter.
- For the quarter, the fund's Series F shares returned 5.41%, and its benchmark, the Custom Franklin Quotential Diversified Equity Benchmark, returned 5.81%.

QUARTERLY KEY PERFORMANCE DRIVERS

HELPED	Regional equity allocation benefitted performance, including an underweight to EMs and overweight allocation to US and international equities.
	US growth stocks added relative value, particularly Franklin US Opportunities Fund, which benefitted from strong stock selection and an advantageous environment for aggressive growth portfolios, particularly within the information technology and consumer discretionary sectors.
	Franklin International Core Equity Fund contributed to relative results, benefitting from selection amongst industrials, health care and financials stocks.
HURT	US value stocks detracted from relative performance, underperforming broader US equities during a period of improving investor sentiment.
	Emerging market equities proved a drag for relative results, particularly Templeton Emerging Markets Fund, which suffered from selection amongst information technology and consumer discretionary stocks.
	Exposure to Japanese equities held back returns, underperforming the broad international equity benchmark on continued COVID-19 concerns.

Outlook & Strategy

- The global economy continues to benefit from a strong cyclical expansion, and we remain confident that a stimulative mix of easy monetary policy and generous fiscal support should build an increasingly synchronised global expansion. Against this background, we favour risk assets generally and maintain an asset allocation tilt towards stocks over bonds, although our modest preference for equities reflects the fact that most markets have already priced in improved economic data.
- Within equities, we prefer countries that are experiencing the “point of inflection” in the vaccine rollout. During the next few months, that will likely include Japan, Canada and other parts of developed Asia. We remain neutral on Europe, which is still playing catch-up with the larger leading vaccine nations such as the United States, whilst supplies for many EM economies remain deficient. Fiscal stimulus is a key driver of growth in the US, particularly infrastructure spending, leading us to remain optimistic on US equities, despite high valuations. China's equity market continues to lag the gains seen in the broader global indices, and we see this trend as one that is likely to persist. As a result, we have moved to extend our more cautious stance towards China and EM equities more broadly.

Fund Details

Inception Date	06/09/2003
Benchmark Name	Custom Franklin Quotential Diversified Equity Benchmark, MSCI All Country World Index

Fund Description

Long-term capital appreciation by investing primarily in a diversified mix of equity mutual funds.

Performance Data

Performance (%) as of 06/30/2021

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date
Series A	3.84	5.12	7.57	21.71	9.13	9.62	8.33	6.33	06/09/2003
Series F	3.93	5.41	8.16	23.04	10.34	10.82	9.53	7.48	06/09/2003
MSCI All Country World Index ^a	3.88	5.94	9.41	27.17	12.84	14.11	13.27	9.19	-

Indicated rates of return include changes in unit or share value and reinvestment of all distributions and dividends and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Please refer to the prospectus for further details. **For details on the respective series inception dates, please consult the Fund Facts or simplified prospectus for the fund.** Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. **Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.**

Investment Team

Ian M. Riach, CFA

Years with Firm 22

Years Experience 35

Michael Greenberg, CFA

Years with Firm 15

Years Experience 18

Important Legal Information

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Series F is available to investors participating in programs that do not require Franklin Templeton to incur distribution costs in the form of trailing commissions to dealers. As a consequence, the management fee on Series F is lower than on Series A.

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

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