

Fund Overview

Total Net Assets (04/30/2021)	\$20,348,129
Inception Date	Series A: 02/17/2003 Series F: 02/17/2003
Number of Holdings	151
Morningstar Category™	High Yield Fixed Income
Benchmark	Custom Franklin High Income 75% Hedged/25% Unhedged Benchmark ¹

Investment Objective & Strategy

High current income and some long-term capital appreciation by investing primarily in high-yield, lower-rated debt securities issued in the United States and throughout the world.

Fund Management

Glenn Voyles	28 Years, California, United States
Darcy Briggs	27 Years, Calgary, AB Canada

Risk Classification

Low	Low to Medium	Medium	Medium to High	High
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Asset Allocation (% Market Value)²

03/31/2021	
Fixed Income	96.32
Cash & Cash Equivalents	2.95
Equity	0.73

Fund Codes

	CDN\$	US\$
Series A Front	TML186	TML187
Series A DSC	TML188	TML189
Series A Low Load	TML190	TML191
Series F	TML228	TML262
Series F ADM	TML5218	TML5219
Series I (Closed to new investors)	TML3380	TML3381
Series O	TML172	TML149
Series PA Front	TML5349	TML5352
Series PA DSC	TML5351	TML5354
Series PA Low Load	TML5350	TML5353
Series PF	TML3810	TML3811

¹ The Custom Franklin High Income 75% Hedged / 25% Unhedged Benchmark is comprised of 75% Bloomberg Barclays U.S. High Yield Corporate Total Return Index Hedged (CAD) and 25% Bloomberg Barclays U.S. High Yield Corporate Total Return Index Unhedged (CAD).

² Market value figures reflect the trading value of the investments, may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

³ Notional exposure figures are intended to estimate the portfolio's exposure, including any hedged or increased exposure through certain derivatives held in the portfolio (or their underlying reference assets). Market value figures reflect the trading value of the investments. Notional and market value figures may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

⁴ Figures shown for Yield to Maturity, Weighted Average Maturity, Duration, Duration to Worst and Yield to Worst reflect certain derivatives held in the portfolio (or their underlying reference assets).

⁵ Please see detailed definitions on the last page.

⁶ Uses effective duration for MBS/ABS securities, uses 90-day average reset period assumed for all bank loans and for duration of bank loans and uses zero duration for certain convertible preferred stock.

⁷ The fund may also pay capital gains in December if required.

⁸ Sources: S&P and Moody's. Cash includes equivalents, which may be rated.

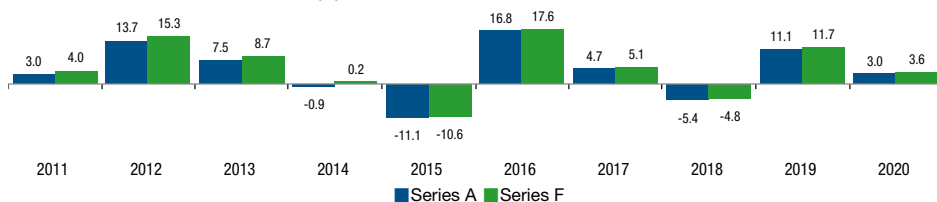
⁹ Includes issues in default as well as issues which have missed payments but may not be in technical default. May not include other issues for which interest receivables have been reversed but have not yet missed coupon/principal payments or filed for bankruptcy.

REASONS TO INVEST IN THIS FUND:

- **A source of fixed income portfolio diversification.** High-yield bond funds tend to have low correlations with other asset classes, improving portfolio efficiency.
- **Breadth of research.** The fund is supported by a team of high-yield specialists, and further leverages the expertise of more than 170 investment professionals from Franklin Templeton Fixed Income.
- **Active currency management.** The fund's target ratio for its US dollar exposure is 75% hedged to 25% unhedged. The unhedged portion can range from 0% to 50%, depending on the fund managers' currency views.

Performance

Calendar Year Returns in Canadian Dollars (%) 04/30/2021



Compounded Returns in Canadian Dollars (%) 04/30/2021

	YTD	1 Mo	3 Mo	6 Mo	1 Year	3 Years	5 Years	10 years	Since Inc [^]
Series A	-0.17	0.27	-0.29	3.68	11.36	2.95	4.88	3.46	3.19
Series F [†]	0.01	0.31	-0.15	3.96	11.98	3.55	5.43	4.26	4.09

[^] Series inception date

[†] 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.

Top Holdings (% of Total)

03/31/2021	
Cheniere Energy Partners, LP	1.91
Cco Hldgs LLC/Cap Corp	1.75
Alice France Holding SA	1.43
Sprint Corporation	1.41
Occidental Petroleum Corp.	1.38
Onemain Finance Corp	1.37
Sunoco LP/Sunoco Finance Corp.	1.32
Ardagh Pkg Fin/Hldgs USA	1.32
Hat Holdings I LLC	1.31
FMG Resources Aug 2006	1.31

Fund Facts⁴

Price per Unit (Series A)	\$5.22
Yield to Maturity ⁵	4.94%
Average Weighted Maturity ⁵	4.2 Years
Average Duration	3.7 Years
Duration to Worst ⁶	3.5 Years
Portfolio Turnover Rate (12/31/2020)	40.78%
MER (12/31/2020 incl. HST)	A: 1.63% F: 1.07%
Management Fee	A: 1.25% F: 0.75%
Yield to Worst ⁵	4.20%
Distributions	Interest income paid monthly ⁷

Composition of Fund

Top Country Weightings (% Market Value)²

03/31/2021	
United States	83.88
Canada	3.28
Luxembourg	2.76
United Kingdom	1.96
Australia	1.31
Netherlands	1.30
United Arab Emirates	1.25
Macao	0.65
Others	0.66
Cash & Cash Equivalents	2.95

Bond Ratings (% of Fixed Income)^{3,8}

03/31/2021			
BBB	2.04	Not Rated	0.01
BB	40.71	Not Applicable	0.74
B	42.36	Cash & Cash Equivalents	2.95
CCC ⁹	11.18		

Series A Distribution History

Date	Price	Distr.	Date	Price	Distr.
05/29/2020	\$5.09	\$0.02	11/30/2020	\$5.30	\$0.02
06/30/2020	\$5.06	\$0.02	12/22/2020	\$5.31	\$0.04
07/31/2020	\$5.26	\$0.02	01/29/2021	\$5.29	\$0.02
08/31/2020	\$5.23	\$0.02	02/26/2021	\$5.28	\$0.02
09/30/2020	\$5.17	\$0.02	03/31/2021	\$5.23	\$0.02
10/30/2020	\$5.17	\$0.02	04/30/2021	\$5.22	\$0.02

Disclaimers

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus or fund facts document before investing. The indicated rates of return are historical annual compounded total returns including changes in unit value and reinvestment of all distributions 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. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The portfolio manager for a Fund reserves the right to withhold release of information with respect to holdings that would otherwise be included in the top 10 holdings list. Series T distributions are automatically reinvested unless otherwise requested. Series T may also pay a distribution that must be reinvested in December, consisting of income and capital gains. Please indicate your preference to receive cash flow immediately on the application form. Fund AUM reported may include fund-on-fund holdings, and assets are therefore reflected in both the top fund and underlying fund AUM. The 'Supranational' geographic designation refers to international financial institutions whereby member states transcend national boundaries and issue debt securities on behalf of the group as a whole.

Ratings without cash, Market Value or Notional Exposure: Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ('NRSRO'), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. The NR category consists of ratable securities that have not been rated by an NRSRO. The N/A category consists of nonratable securities (e.g., equities). Cash and equivalents are excluded from this breakdown.

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Franklin Templeton Investment Solutions* (FTIS) is a global team dedicated to global portfolio-based solutions. In Canada, FTIS uses Templeton Investment Counsel LLC as a sub-adviser. FTIS is a division of Fiduciary Trust Company of Canada, a wholly owned subsidiary of Franklin Templeton Canada.

Glossary

Dividend Yield of a stock is the total amount of dividend per share paid over the previous 12 months, divided by its current price. The dividend yield of a mutual fund is the market-weighted average of the dividend yields of all the stocks in the portfolio. This measure is gross of fees.

Weighted Yield (Internal Yield) is a blended measure used for balanced funds, the internal yield is the market-weighted average of the Yield to Maturity of the fund's fixed income component and the Dividend Yield of the fund's equity component. This measure is gross of fees.

Yield to Maturity (YTM) is a long-term yield expressed as an annual rate. A bond's YTM is the rate of return anticipated if one assumes the bond is held until its maturity date and all the coupons paid by the bond are reinvested at the same rate of return as the coupons. The calculation takes into account the current market price, par value, coupon interest rate and time to maturity. The YTM of a bond fund is the market-weighted average of the YTM's of all the bonds in the portfolio.

Yield to Worst (YTW) of a bond is the yield to maturity if the worst possible bond repayment takes place. If market yields are higher than the coupon, the YTW would assume no prepayment. If market yields are below the coupon, the YTW would assume prepayment. The YTW of a fund is the market-weighted average of the YTW's of all the bonds in the portfolio. This measure is gross of fees and excludes yield on cash.



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