

Fund Overview

Total Net Assets (07/31/2021)	\$2,064,920,719
Inception Date	Series A: 11/24/2000 Series F: 08/01/1986
Number of Holdings	598
Morningstar Category™	Canadian Fixed Income
Benchmark	FTSE Canada Universe Bond Index

Fund Description

High current income and some long-term capital appreciation by investing primarily in Canadian federal and provincial government and corporate bonds, debentures and short-term notes. The fund maintains an overweighted position in high-quality corporate and provincial issues, and an underweighted position in Canadian federal bonds. The fund may invest in foreign securities.

Fund Management

Darcy Briggs	27 Years, Calgary, AB Canada
Thomas O'Gorman	31 Years, Calgary, AB Canada

Risk Classification

Low	Low to Medium	Medium	Medium to High	High
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Asset Allocation (% Market Value)¹

07/31/2021	
Corporate Bonds	59.27
Provincial Bonds	24.59
Federal Bonds	11.07
Bank Loans	4.46
Municipal Bonds	1.57
Other	-0.28
Cash and Equivalents	-0.68

Fund Codes

	CDN\$
Series A Front	TML200
Series A DSC	TML300
Series A Low Load	TML515
Series F	TML230
Series F ADM	TML3993
Series I (Closed to new investors)	TML280
Series O	TML110

¹ 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.

² 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).

³ Please see detailed definitions on the last page.

⁴ The fund may also pay capital gains in December if required.

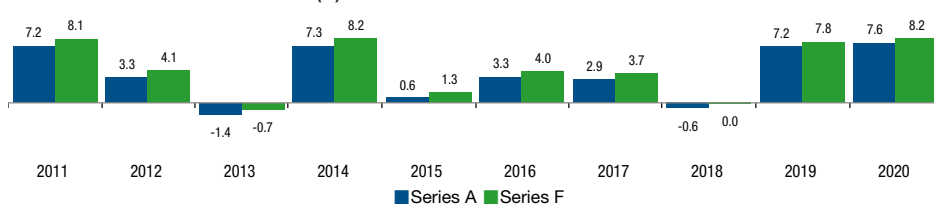
⁵ Sources: S&P and Moody's. Cash includes equivalents, which may be rated.

REASONS TO INVEST IN THIS FUND:

- **An experienced bond investor.** With nearly 30 years of fixed income experience, this fund is ideal for investors seeking a wealth of successful bond investment expertise.
- **Lower portfolio risk.** Adding bonds to a portfolio can lower volatility by providing added stability and a regular stream of income, which is reassuring in any market environment.
- **"Core Plus" Investing.** The fund's primary investment focus is on core bonds issued in Canada with the potential for enhanced returns through global diversification.

Performance

Calendar Year Returns in Canadian Dollars (%) 07/31/2021



Compounded Returns in Canadian Dollars (%) 07/31/2021

	YTD	1 Mo	3 Mo	6 Mo	1 Year	3 Years	5 Years	10 years	Since Inc [^]
Series A	-1.53	0.98	2.90	-0.75	-1.41	4.34	2.67	3.17	4.16
Series F [†]	-1.22	1.02	3.04	-0.48	-0.88	4.92	3.29	3.87	6.46

[^] 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)

07/31/2021		
Province of Ontario, 3.45%, 6/02/45		1.90
Government of Canada, senior bond, 2.00%, 12/01/51		1.57
Province Of Ontario, 2.65%, 12/02/50		1.27
Province of Saskatchewan, 5.60%, 9/05/35		1.24
Province of Ontario, 2.70%, 6/02/29		1.24
Canada Housing Trust No. 1, Second Lien, 144A, 2.35%, 9/15/23		1.22
Province of Manitoba, 5.70%, 3/05/37		1.19
Ontario Electricity Financial Corporation, Strip, 4/11/31		1.11
Province of New Brunswick, 4.55%, 3/26/37		1.10
Province of Quebec, 5.75%, 12/01/36		1.05

Composition of Fund

Top Country Weightings (% Market Value)¹

07/31/2021		
Canada		76.28
United States		22.16
Australia		0.81
United Kingdom		0.61
Mexico		0.32
France		0.24
Belgium		0.19
FX Forwards		0.08
Others		0.06
Cash & Cash Equivalents		-0.76

Bond Ratings (% of Fixed Income)^{1,5}

07/31/2021			
AAA	11.78	B	3.22
AA	22.56	CCC	0.35
A	26.42	D	0.18
BBB	27.03	Not Rated	0.20
BB	8.25		

Fund Facts²

Price per Unit (Series A)	\$11.77
Yield to Maturity ³	2.46%
Average Weighted Maturity ³	10.8 Years
Average Duration	7.8 Years
Duration to Worst	7.7 Years
Portfolio Turnover Rate (12/31/2020)	136.27%
MER (12/31/2020 incl. HST)	A: 1.21% F: 0.67%
Management Fee	A: 1.00% F: 0.50%
Yield to Worst ³	2.33%
Distributions	Interest income paid monthly ⁴

Series A Distribution History

Date	Price	Distr.	Date	Price	Distr.
08/31/2020	\$12.26	\$0.03	02/26/2021	\$11.71	\$0.03
09/30/2020	\$12.25	\$0.04	03/31/2021	\$11.54	\$0.04
10/30/2020	\$12.14	\$0.03	04/30/2021	\$11.53	\$0.03
11/30/2020	\$12.28	\$0.03	05/31/2021	\$11.57	\$0.03
12/22/2020	\$12.13	\$0.17	06/30/2021	\$11.69	\$0.04
01/29/2021	\$12.05	\$0.03	07/30/2021	\$11.77	\$0.03

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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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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