



Product Profile

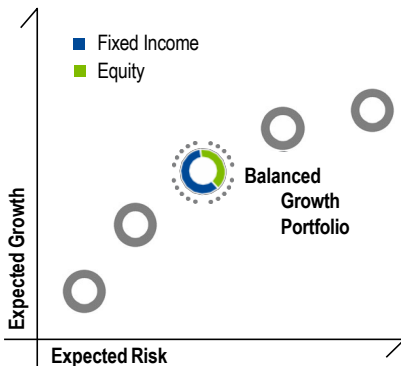
Product Details

Total Net Assets ¹	\$2,426,634,456
Inception Date	08/19/2002
Positions (excluding cash)	22
Minimum Investment	\$500
NAV	\$11.22
MER	F: 1.22%
Custom Benchmark ²	Quotential Balanced Growth Benchmark
Morningstar Category™	Global Neutral Balanced

Risk Classification²



FRANKLIN QUOTENTIAL PROGRAM



Fund Description

Franklin Quotential Balanced Growth Portfolio will have an optimal asset mix of 30–55% fixed income and 45–70% equities. The Portfolio manager may review and adjust the optimal asset mix depending on economic conditions and relative value of income and equity securities.

Performance Data

Growth of \$10,000

August 19, 2002 to June 30, 2021



The growth of \$10,000 begins at the date of the Portfolio's inception. Figures include reinvestment of income, capital gains, return of capital and dividends.

Average Annual Total Returns (%)

	3 Mths*	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (12/12/2005)
Series F	4.52	5.65	15.08	7.08	7.08	6.65	6.35

Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Series F	9.25	12.59	-4.45	7.39	3.49	6.29	8.53	16.27	7.54	-3.47

1. Inclusive of trust and corporate class versions where applicable.

2. Custom Franklin Quotential Balanced Growth Benchmark is a blended index currently composed of the MSCI All Country World Index-NR (45%), S&P/TSX Composite Index (15%), FTSE Canada Universe Bond Index (28%), and Bloomberg Barclays Multiverse TR Index (100% Hedged into CAD) (12%). Net Returns (NR) include income net of maximum foreign withholding tax when dividends are paid. Benchmarks are rebalanced monthly and returns are in Canadian dollars. For custom benchmark history refer to the last page.

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 the 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 securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.

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

* Cumulative Returns.

Supplemental Performance Statistics

Supplemental Risk Statistics

	3 Years	5 Years	10 Years	Since Inception
Standard Deviation (%)	9.14	7.52	7.09	7.78
Tracking Error (%)	0.96	1.06	1.84	2.18
Information Ratio	-1.95	-1.54	-0.68	-0.44
Beta	1.04	1.04	1.08	1.09
Sharpe Ratio	0.65	0.81	0.81	0.61

The indicated rates of return are the historical annual compounded total returns including changes in share or 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. Please call Franklin Templeton Client Services at 1.800.387.0830 or visit www.franklintempleton.ca for the most recent month-end performance.

Portfolio Manager Insight

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 4.52%, and its benchmark, the Custom Franklin Quotential Balanced Growth Benchmark, returned 4.48%.

QUARTERLY KEY PERFORMANCE DRIVERS

CONTRIBUTED	Cross-asset allocation benefitted relative performance, helped by an overweight to equities and a corresponding underweight to fixed income during a "risk-on" period.
	Canadian fixed income fund selection contributed to relative results, in aggregate, benefitting from exposure to long-duration government bonds as the yield curve flattened. Credit also added relative value, particularly lower-quality issues, as spreads narrowed on improving investor sentiment.
	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.
DETRACTED	US value stocks detracted from relative performance, underperforming broader US equities during a period of improving investor sentiment.
	Exposure to Japanese equity holdings held back returns, underperforming the broad international equity benchmark on continued COVID-19 concerns.
	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.

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.
- We retain a cautious view on US Treasuries and Canadian government bonds, despite the apparently transitory nature of inflation, as fiscal stimulus and improving economic data helps to maintain upward pressure on yields. In Europe, an expectation of strong vaccine-related growth is supporting yields, whilst the low sensitivity of Japanese bonds to global yields makes them more attractive as a diversifier.
- Elsewhere, we remain concerned about investment-grade credit, due to narrow spreads in a rising rates environment, and prefer high-yield bonds. We also like EM debt, particularly local-currency issues that benefit from attractive valuations, although selective positioning is important.

Portfolio Characteristics

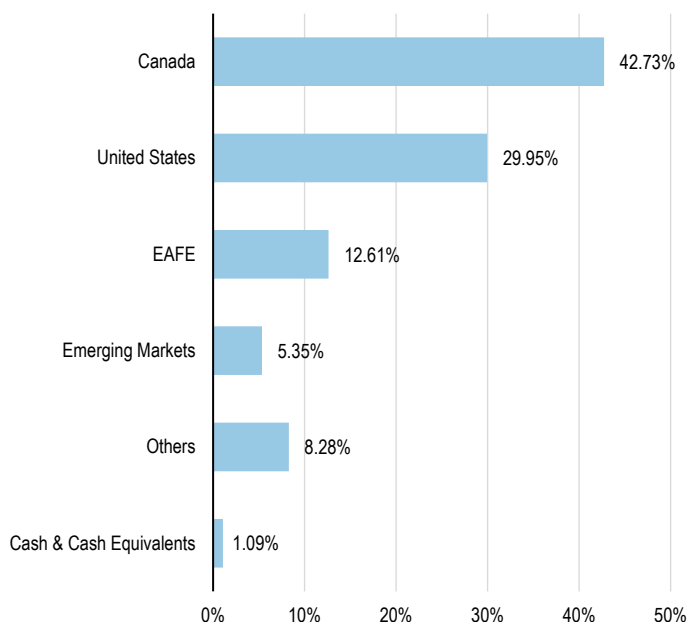
	Portfolio
Dividend Yield (%)*	1.96
Yield to Maturity (%)*	2.32
Internal Yield (%)*	2.09
Average Duration (Yr)	2.13
Average Coupon (%)	3.44

*Weighted Average

Portfolio Diversification

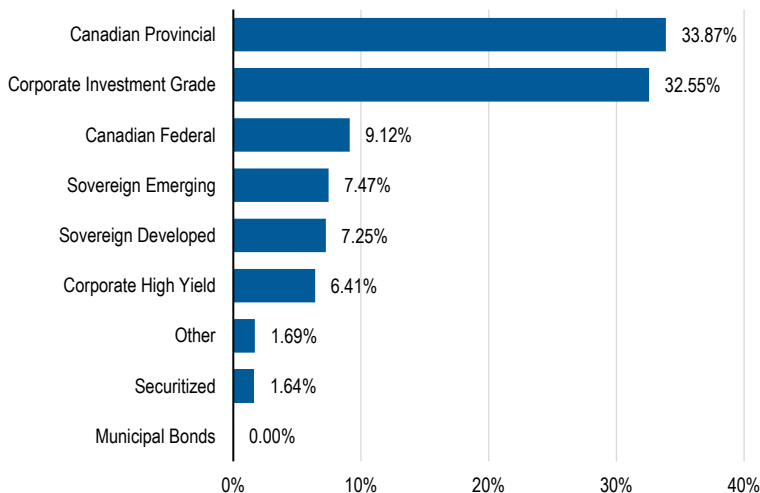
Geographic Allocation

Market Value—Percent of Total



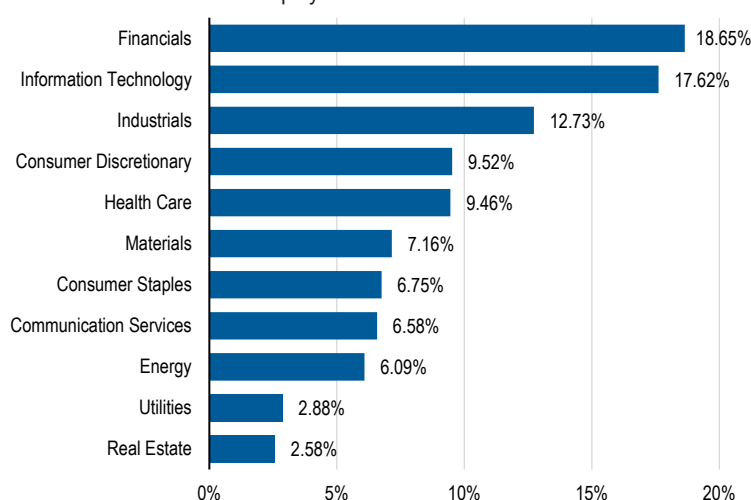
Sector Allocation - Fixed Income

Market Value—Percent of Fixed Income



Sector Allocation - Equity

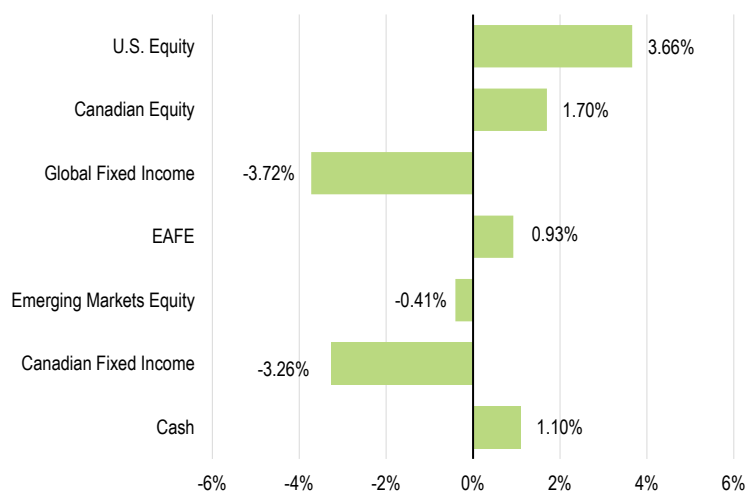
Market Value—Percent of Equity



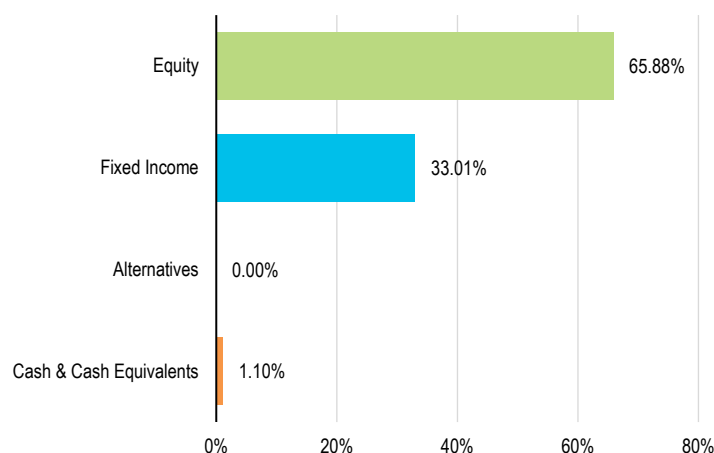
Totals may not add to 100% due to rounding. Asset Class—Portfolio pie chart includes ETFs. All other pie charts “look through” the funds to the underlying security and do not include ETFs. Source: FactSet. Important data provider notices and terms available at www.franklintempletondatasources.com. High Yield: Includes ratings of BB, B, CCC, CC, C, D. Other assets: Non-security holdings include cash, cash equivalents and net receivables. Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations (“NRSRO”), such as Standard & Poor’s, DBRS, 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.

Overweight/Underweight²

Total as % of Total

**Asset Allocation**

Market Value—Percent of Total

**ACTIVE MANAGEMENT AT THE FUND LEVEL**

The table below shows tactical adjustments made to the Portfolio over recent quarters.

	Jun-21	Mar-21	Dec-20	Sep-20
Canadian Equity Funds (%)	17.98	17.16	16.18	15.77
Franklin Bissett Canadian Equity Fund	6.43	6.05	5.67	5.73
Franklin Canadian Core Equity Fund	4.13	4.05	4.04	4.05
Franklin FTSE Canada All Cap Index ETF	7.41	7.06	6.46	6.00
U.S. Equity Funds (%)	29.95	31.69	29.86	28.35
Franklin FTSE U.S. Index ETF	8.38	8.70	8.20	7.03
Franklin LibertyQT U.S. Equity Index ETF	1.34	1.99	3.89	3.57
Franklin U.S. Core Equity Fund	7.32	7.88	7.46	8.00
Franklin U.S. Opportunities Fund	4.25	4.56	4.48	4.59
Franklin U.S. Rising Dividends Fund	5.79	6.24	5.83	5.17
SPDR Portfolio S&P 500 Value ETF	2.87	2.33	—	—
EAFE (%)	12.61	12.34	11.95	11.29
Franklin FTSE Europe ex. U.K. Index ETF	2.50	1.55	1.95	1.90
Franklin FTSE Japan Index ETF	1.02	2.13	—	—
Franklin International Core Equity Fund	4.84	4.61	4.53	4.72
iShares Core MSCI EAFE ETF	4.26	4.05	5.47	4.67
Emerging Markets Equity Funds (%)	5.35	5.89	6.00	5.52
Franklin Emerging Market Core Equity Fund	1.75	1.67	1.70	1.93
iShares Core MSCI Emerging Markets ETF	0.80	1.75	1.78	1.77
Templeton Emerging Markets Fund	2.80	2.46	2.52	1.82
Canadian Fixed Income Funds (%)	24.74	24.72	26.17	28.75
Franklin Bissett Canadian Government Bond Fund	7.66	8.50	9.04	10.09
Franklin Bissett Core Plus Bond Fund	12.66	12.73	13.61	14.77
Franklin Bissett Short Duration Bond Fund	4.41	3.49	3.51	3.89
Global Fixed Income Funds (%)	8.28	7.87	8.55	9.47
Franklin Brandywine Global Income Optimiser Fund	0.63	—	—	—
Franklin Liberty Global Aggregate Bond ETF (CAD Hedged)	6.38	5.63	6.05	6.69
Templeton Global Bond Fund	1.27	2.24	2.50	2.78
Cash & Other Net Assets (%)	1.10	0.33	1.29	0.84

Totals may not add to 100% due to rounding. Asset Allocation—chart includes ETFs. All other charts “look through” the funds to the underlying security and do not include ETFs.

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Michael Greenberg, CFA, CAIA	15	18
Ian M. Riach, CFA	22	35

Glossary

Average Coupon: The par-weighted average of the coupon rates of bonds.

Average Duration: The market-weighted average of the duration of bonds. Duration of each bond is the estimated percentage change in the bond's price for a 1% change in the bond's yield.

Beta: A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.

Dividend Yield: The market-weighted average yield on securities within the portfolio; should not be used as an indication of the income received from this portfolio.**

Information Ratio: In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.

Internal Yield: The market-weighted average of the portfolio's Yield to Maturity and Dividend Yield.**

Sharpe Ratio: A measure that indicates the average return minus the risk-free return divided by the standard deviation of return on an investment.

Standard Deviation: A quantity calculated to indicate the extent of deviation for a group as a whole.

Yield to Maturity: The market-weighted average of the yields to maturity of bonds.**

**Gross of fees and tax withholding.

Fund Codes

UNIT TRUST SERIES	CDN\$	US\$*
Series A Front End	658	3852
Series A DSC	659	3854
Series A Low Load	642	3853
Series T Front End	692	—
Series T DSC	693	—
Series T Low Load	643	—
Series F	671	3855
Series F ADM†	5005	5029
Series FT	5501	—
Series FT ADM†	5047	—
Series I**	678	3856

UNIT TRUST SERIES, cont'd	CDN\$	US\$*
Series PA Front End	5394	5397
Series PA DSC	5396	5399
Series PA Low Load	5395	5398
Series PT Front End	5400	—
Series PT DSC	5402	—
Series PT Low Load	5401	—
Series PF	3871	3872
Series PF ADM†	5073	5100
Series PFT	3923	—
Series PFT ADM†	5122	—
Series O	685	3857
Series OT	3069	—

* As of February 1, 2017, all U.S.-dollar denominated series, with the exception of Series T-USD, are closed to new investors.

** Series I and V closed to new investors as of November 22, 2016.

† "ADM" refers to the Investment Advisory Services Fee purchase option for series F, FT, PF, PF (Hedged) and PFT. Please see the simplified prospectus for further details.

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Franklin Quotential Balanced Growth Historical Benchmark:

The benchmark was changed to reflect a reduction in the home bias of the Fund. Effective January 1, 2020, the global equity component of the benchmark – the MSCI All Country World Index – has been retrospectively changed from gross returns to net of returns, to better represent the experience of Canadian investors. Net Returns (NR) include income net of maximum foreign withholding tax when dividends are paid.

For the period January 1, 2017, to December 31, 2019, the blended index was composed of the MSCI AC World TR Index (NR) (40%), S&P/TSX Composite TR Index (20%), FTSE Canada Universe Bond Index (formerly known as DEX Universe Bond Index, 30%) and Bloomberg Barclays Multiverse Bond Index (hedged, 10%).

For the period December 31, 2011, to December 31, 2016, the blended index was composed of the MSCI AC World TR Index (NR) (30%), S&P/TSX Composite TR Index (30%), FTSE Canada Universe Bond Index (30%) and Bloomberg Barclays Multiverse Bond Index (hedged, 10%).

For the period January 1, 2009, to December 31, 2011, the blended index was composed of the MSCI AC World TR Index (NR) (25%), S&P/TSX Composite TR Index (35%) and DEX Universe Bond Index (40%).

For the period June 1, 2006, to December 31, 2008, the blended index was composed of the MSCI World TR Index (NR) (12%), S&P 500 TR Index (13%), S&P/TSX Composite TR Index (35%) and DEX Universe Bond Index (40%).

For the period April 1, 2005, to May 31, 2006, the blended index was composed of the MSCI World TR Index (NR) (13%), S&P 500 TR Index (14%), S&P/TSX Composite TR Index (33%) and Scotia Capital Markets (SCM) Index (40%).

For the period August 19, 2002, to March 31, 2005, the blended index was composed of the MSCI World TR Index (NR) (8%), S&P 500 TR Index (19%), S&P/TSX Composite TR Index (33%) and SCM Index (40%).



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