

Performance Review

- For the fourth quarter, three out of eleven GICS sectors posted positive total returns. The three positive sectors were Consumer Staples (+5.7%), Communication Services (+2.0%) and Materials (+0.9%). Conversely, the worst performing sectors were Health Care (-35.3%), followed by Energy (-17.3%) and Industrials (-13.4%).
- For the quarter, the fund's Series F shares returned -8.67%, and its benchmark, the S&P/TSX Composite Index, returned -10.11%.

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors
Helped	Metro Inc.	Communication Services (Overweight)
	Quebecor Inc. Class B	Consumer Staples (Overweight)
	Fortis Inc.	Consumer Discretionary (Stock Selection)
Hurt	Methanex Corporation	Materials (Stock Selection)
	Enerplus Corporation	—
	Premium Brands Holdings Corporation	—

- The Fund enjoyed a positive sector allocation effect which was partially offset by a negative selection + interaction effect.

Outlook & Strategy

- The outlook for Canadian equities looks unsettled going into 2019. Several interest rate increases have been announced by central banks with more expected. Equities are also pricing in the possibility of an economic recession in North America sometime in 2019 or 2020.
- Against that challenging backdrop the valuation on Canadian equities have improved substantially. Our focus remains on maintaining a portfolio which is superior to the benchmark on several key metrics measuring valuation, growth, volatility and momentum. We remain comfortable with the Fund going into 2019.

Fund Details

Inception Date	09/20/2004
Benchmark	S&P/TSX Composite Index

Fund Description

The Fund seeks long-term capital appreciation by investing primarily in a diversified portfolio of Canadian securities.

Performance Data

Performance (%) as of 12/31/2018

	1 Month	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
Series A	-5.97	-8.92	-8.34	-8.34	2.25	2.75	8.54	6.09
Series F	-5.89	-8.67	-7.33	-7.33	3.37	3.89	9.73	7.26
S&P/TSX Composite Index	-5.40	-10.11	-8.89	-8.89	6.37	4.06	7.92	6.62

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

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Years Experience 27

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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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