

## Fund Commentary

### Performance Review

- Markets were exceptionally quiet third in the third quarter. The COVID-19 pandemic, vaccine rollouts, reopenings, supply chain disruptions and inflation remained the main drivers of economic and market activity, while political divisions continued to impact broader global trends. Economic activity advanced but at an uneven pace, while corporate fundamentals remain solid. West Texas Intermediate (WTI) crude oil posted a 1.46% increase to finish over US\$74 a barrel.
- Canadian equities moved marginally higher over the quarter, marking the sixth consecutive quarter of positive returns following the pandemic-related drop witnessed in the first quarter of 2020. Given the extent of the rapid recovery in equities over the past 18 months in aggregate, it is noteworthy that equities finished the quarter on a weaker note in September.
- Fixed income markets softened slightly over the quarter given a slight increase in benchmark government interest rates. With volatility subdued, credit markets remained benign and quiet over the quarter. With its shorter duration, the Canadian corporate segment outperformed longer-duration provincials. In the corporate sector, lower-quality assets performed better than those of higher quality as credit spreads marginally tightened. The short-term segment of the market returned 0.1% while the mid- and long-term segments were flat and down 1.6%, respectively.
- For the quarter, the fund's Series F shares returned 0.55%, and its benchmark, the Custom Franklin Bissett Canadian Balanced Benchmark (non-time-linked), returned 0.44%.

### QUARTERLY KEY PERFORMANCE DRIVERS

HELPED	Relative returns were driven by strong security selection within Canadian larger- and smaller-capitalization equities.
	The fund's fixed income allocation also contributed modestly to performance.
HURT	Security selection in international and US equities weighed on relative performance.

### Outlook & Strategy

- No changes were made to the fund's asset allocation following the modest increase to equities versus fixed income earlier in the year. At quarter end, the asset mix was 63% equities and 37% fixed income and cash.
- We believe there is greater longer-term return potential for equities relative to fixed income. In the equity fund allocation of the fund, we continue to observe greater risk-adjusted return potential of smaller-capitalization equities and remain meaningfully overweight relative to the small cap portion of the blended benchmark.
- In the fixed income allocation, duration remains near benchmark as we view rates as a good hedge against spread volatility. While we believe it is still prudent to overweight corporate credit, we continue to have a stated preference for higher-quality assets.

### Fund Details

Inception Date	09/06/1991
Benchmark Name	Custom Franklin Bissett Canadian Balanced Benchmark (non-time-linked), Custom Franklin Bissett Canadian Balanced Benchmark, S&P/TSX Composite Index, FTSE Canada Universe Bond Index

### Fund Description

The fund seeks a balance of current income and long-term capital appreciation by investing primarily in a portfolio of Franklin Bissett fixed-income and equity funds. The fund may also invest in foreign securities.

## Performance Data

## Performance (%) as of 09/30/2021

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date
Series A	-1.83	0.25	8.16	13.76	4.19	3.78	5.74	4.41	11/24/2000
Series F	-1.74	0.55	9.11	15.10	5.42	5.00	7.04	7.60	09/06/1991
Custom Franklin Bissett Canadian Balanced Benchmark (non-time-linked)	-2.04	0.44	7.50	14.02	8.88	7.44	8.18	6.03	-
Custom Franklin Bissett Canadian Balanced Benchmark	-2.04	0.44	7.51	14.17	8.86	7.37	7.90	5.89	-
S&P/TSX Composite Index	-2.22	0.17	17.48	28.02	11.07	9.64	8.84	6.68	-
FTSE Canada Universe Bond Index <sup>a</sup>	-1.40	-0.51	-3.95	-3.35	4.32	2.29	3.33	5.06	-

Effective January 1, 2021, the custom Franklin Bissett Canadian Balanced benchmark was changed to better reflect the underlying allocation of the assets in the portfolio. The current benchmark is a blended index composed of: 35.0% FTSE Canada Universe Bond Index, 32.5% S&P/TSX Composite (TR) Index, 5.0% S&P/TSX Small Cap Index, 12.5% S&P 500 TR Index (CAD), 10.0% MSCI EAFE GR Index (CAD), 5% Barclays U.S. Aggregate Bond Index (unhedged).

The former custom benchmark is a blended index composed of: 35.0% FTSE Canada Universe Bond Index, 32.5% S&P/TSX Composite (TR) Index, 5.0% S&P/TSX Small Cap Index, 12.5% S&P 500 TR Index (CAD), 10.0% MSCI EAFE GR Index (CAD), 5% Barclays Global Aggregate Bond Index (unhedged).

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

## Garey J. Aitken, CFA

Years with Firm 23  
Years Experience 29

## Thomas O'Gorman, CFA

Years with Firm 11  
Years Experience 31

**Important Legal Information**

The information presented is considered reliable at the present time; however, we do not represent that it is accurate or complete, or that it should be relied upon as such. Speculation or stated beliefs about future events, such as market or economic conditions, company or security performance, upcoming product offerings or other projections represent the beliefs of the speaker and do not necessarily represent the views of Franklin Templeton. General business, market, economic and political conditions could cause actual results to differ materially. The information presented is not a recommendation or solicitation to buy or sell securities.

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.

Franklin Templeton and Franklin Templeton Canada are business names used by Franklin Templeton Investments Corp.

*CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.*

Source: FactSet. Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com).

a. Source: FTSE International Limited ("FTSE") © FTSE 2021. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.



Franklin Templeton Canada  
200 King Street West, Suite 1500  
Toronto, ON M5H 3T4  
Tel: 800.387.0830  
Fax: 866.850.8241  
[franklintempleton.ca](http://franklintempleton.ca)