

**Performance Review**

- The fourth quarter of 2018 was certainly a challenge for most asset classes, with no simple explanation. Most factors cited—the global slowdown, trade and tariffs, chaotic politics—have been present since well before the start of the fourth quarter. What is clear is that financial conditions have tightened meaningfully over the last year given continuing rate hikes by the US Federal Reserve (Fed) and the Bank of Canada (BoC); the shift from quantitative easing to tightening; and the corresponding flattening of yield curves in North America.
- For the quarter, the fund's Series F shares returned -6.24%, and its benchmark, the Custom Franklin Bissett Canadian Balanced Benchmark (non-time-linked), returned -4.97%.

**QUARTERLY KEY PERFORMANCE DRIVERS**

<b>HELPED</b>	Global fixed income was the major bright spot during the quarter due to US-dollar strength.
	Relative returns from US and Canadian larger-capitalization equities were strong.
<b>HURT</b>	Weak relative returns from Canadian smaller-capitalization equities more than offset large-cap strength.
	The fund's underweighted position in Canadian fixed income weighed on relative returns.
	Security selection in Canadian fixed income was hurt as credit sectors underperformed, particularly subordinated bonds and preferred shares.

**Outlook & Strategy**

- We continue to expect better long-term risk-adjusted returns from equities relative to fixed income. In the equity fund allocation, we continue to observe greater risk-adjusted return potential for smaller-capitalization equities and remain meaningfully overweight relative to the small-cap portion of the blended benchmark.
- Fixed income allocation remains slightly defensive with regard to duration. Credit valuations have improved significantly as spreads have widened. Nonetheless, we believe it is still prudent to overweight corporate credit, which offers less duration and, thanks to its extra spread, more cushion against interest rate volatility. We continue to prefer higher-quality assets at this late stage in the economic cycle.

**Fund Details**

Inception Date	09/06/1991
Benchmark	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 12/31/2018

	1 Month	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
Series A	-3.11	-6.51	-7.53	-7.53	2.51	1.81	6.12	3.99
Series F	-3.01	-6.24	-6.45	-6.45	3.72	3.01	7.47	7.51
Custom Franklin Bissett Canadian Balanced Benchmark (non-time-linked)	-2.28	-4.97	-3.02	-3.02	4.62	5.39	7.36	5.18
Custom Franklin Bissett Canadian Balanced Benchmark	-2.28	-4.97	-3.02	-3.02	4.65	5.15	7.23	5.02
S&P/TSX Composite Index	-5.40	-10.11	-8.89	-8.89	6.37	4.06	7.92	5.26
FTSE Canada Universe Bond Index <sup>1</sup>	1.36	1.76	1.41	1.41	1.86	3.55	4.16	5.21

Effective December 31, 2016, 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 TMX 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).

The former custom benchmark is a blended index composed of: 35.0% FTSE TMX Universe Bond Index, 2.5% Barclays U.S. Aggregate Bond Index (hedged to CAD), 2.5% JP Morgan Global Government Bond Index (CAD), 32.5% S&P/TSX Composite TR Index, 5.0% S&P/TSX Small Cap Index, 10.0% S&P 500 TR Index (CAD), 10.0% MSCI EAFE GR Index (CAD), 2.5% MSCI Emerging Markets GR Index (CAD).

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 with Firm 20  
 Years Experience 27

**Thomas O'Gorman, CFA**  
 Years with Firm 8  
 Years Experience 29

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