

**Performance Review**

- For the fourth quarter of 2018, equity markets in both Canada and the United States declined substantially as widely known headwinds accelerated and tensions related to central bank policy statements spilled over to other asset classes.
- For the quarter, the fund's Series F shares returned -7.08%, and its benchmark, the Custom Franklin Bissett Dividend Income Benchmark, returned -8.06%.

**QUARTERLY KEY PERFORMANCE DRIVERS**

<b>HELPED</b>	Strong performance from the fund's US equities drove above-benchmark performance for the quarter. For the most part, leadership came from holdings in less-cyclical sectors.
	Notable individual contributors included Pfizer in US equities. Pfizer was among the top-performing stocks for the quarter in the US allocation, and also one of the highest-returning securities in the portfolio for 2018. We took the opportunity to trim the position although Pfizer remains a core holding.
	Security selection in preferred shares also added value, with a number of fixed-rate securities faring better than floating and fixed-floating issues.
<b>HURT</b>	Canadian equities weighed on relative performance, especially from holdings in the utilities, materials and energy sectors.
	Fixed income detracted from relative performance, with certain securities in the energy sector weighing on results.
	Notable individual detractors included ARC Resources. Despite a challenged commodity price environment, ARC remains well capitalized with its strong balance sheet leaving ample room for financial flexibility. We added to our position in ARC during the quarter.

**Outlook & Strategy**

- Faced with uncertainty around the implications of trade disputes, the risk of softening economic conditions in key regions, and volatile commodity prices, investor sentiment became increasingly cautious throughout the course of the year.
- With heightened volatility in stock prices comes the opportunity to exploit market inefficiencies, which is what our process is designed to do. Through fundamental, cash-flow-based valuation work using a long-term mindset, we will continue to apply our time-tested approach with the goal of optimizing risk-adjusted returns for the fund.

**Fund Details**

Inception Date	05/31/1988
Benchmark	Custom Franklin Bissett Dividend Income Benchmark, Custom Franklin Bissett Dividend Income Benchmark (non-time-linked), S&P/TSX Composite Index, FTSE Canada Universe Bond Index

**Fund Description**

The fund seeks long-term capital appreciation by investing primarily in dividend-paying or income-producing Canadian securities, including common shares, income trust units and preferred shares. Portfolio managers look for quality companies at reasonable prices that have a proven ability to deliver a consistent and growing level of dividends over time.

## 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	-4.99	-7.35	-7.31	-7.31	4.28	1.82	6.59	5.05
Series F	-4.89	-7.08	-6.21	-6.21	5.52	3.03	7.86	7.77
Custom Franklin Bissett Dividend Income Benchmark	-4.44	-8.06	-4.74	-4.74	6.18	5.88	8.66	5.18
Custom Franklin Bissett Dividend Income Benchmark (non-time- linked)	-4.44	-8.06	-4.74	-4.74	6.18	5.88	8.62	5.29
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

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

**Les Stelmach, CFA**  
Years with Firm 13  
Years Experience 20

**Ryan Crowther, CFA**  
Years with Firm 10  
Years Experience 17

**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 Investments Corp. 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 Investments Canada is a business name used by Franklin Templeton Investments Corp.

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

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

1. Source: FTSE International Limited ("FTSE") © FTSE 2019. "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  
INVESTMENTS**

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