

Fund Commentary

Performance Review

- Strength in small capitalization Canadian equities continued in the second quarter of 2021, with the S&P/TSX Small Cap Composite Total Return Index (TRI) advancing 9.2%, marking five consecutive quarters of sizeable positive returns following the severe drop witnessed in the first quarter of 2020 due to the impact of the COVID-19 pandemic.
- For the quarter, the fund's Series F shares returned 9.86%, and its benchmark, the Custom Franklin Bissett Small Cap Benchmark, returned 9.15%.

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors
HELPED	Storm Resources Ltd.	Health Care (underweight)
	Photon Control Inc.	Information Technology (security selection)
	Trican Well Service Ltd.	Consumer Staples (security selection)
HURT	DRI Healthcare Trust	Materials (underweight + security selection)
	Methanex Corporation	Consumer Discretionary (security selection)
	Sylogist Ltd.	Financials (security selection)

- Relative to the benchmark, security selection and interaction effect had a positive impact on fund performance in the second quarter, slightly offset by negative allocation effect. Positive security selection and interaction was primarily driven by individual holdings in energy, information technology and consumer staples. Negative sector allocation was driven by being overweight in the underperforming information technology and industrials sectors.

Outlook & Strategy

- We believe Franklin Bissett's GARP (growth-at-a-reasonable-price) investment style rooted in operating fundamentals and rigorous valuation work is well suited to the ongoing and changing dynamics we face with Canadian equities. Disciplined decision making and a focus on businesses that are expected to achieve secular growth in intrinsic value through cycles while maintaining an appropriate capital structure and wise capital allocation will serve the fund well.
- As risks and uncertainties remain, we can be certain that the future will bring threats and opportunities on which we can capitalize. We will continuously prepare for dislocations in the equity market and act decisively when warranted.

Fund Details

Inception Date	08/30/1993
Benchmark Name	Custom Franklin Bissett Small Cap Benchmark, Custom Franklin Bissett Small Cap Benchmark (non-time-linked), S&P/TSX Small Cap Index

Fund Description

The fund seeks long-term capital appreciation by investing primarily in a diversified portfolio of small-capitalization Canadian equities that have proven management and long-term growth plans. The fund may also invest in foreign securities.

Performance Data

Performance (%) as of 06/30/2021

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date
Series A	3.50	9.56	19.80	50.16	-4.08	-1.73	1.22	5.48	11/24/2000
Series F	3.59	9.86	20.45	51.82	-3.01	-0.63	2.35	7.24	08/30/1993
Custom Franklin Bissett Small Cap Benchmark	0.49	9.15	19.78	57.72	9.23	7.34	3.97	7.52	-
Custom Franklin Bissett Small Cap Benchmark (non-time-linked)	0.49	9.15	19.78	57.72	9.23	7.34	3.56	5.34	-
S&P/TSX Small Cap Index	0.49	9.15	19.78	57.72	9.23	7.34	3.56	5.34	-

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

Michael Edward Richmond, CFA
Years with Firm 7
Years Experience 19

Important Legal Information

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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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