

**Performance Review**

- US equity markets rose consistently through July and August before generally trading down from an early September record high, due in part to rotation out of previously top-performing technology bellwether stocks. Aided by policy manoeuvres and financial aid programmes, the US economy began to pull out of a pandemic downturn. The economy's resilience and adaptability sparked a second consecutive quarter of robust gains for nearly all equity sectors, some of which returned to positive territory year-to-date.
- For the quarter, the fund's Series F shares returned 7.14%, and its benchmark, the S&P 500 Index, returned 6.86%.

**QUARTERLY KEY PERFORMANCE DRIVERS**

	Stocks	Sectors
<b>HELPED</b>	Air Products and Chemicals, Inc.	Consumer Discretionary (Stock Selection)
	United Parcel Service, Inc.	Materials (Overweight)
	Target Corporation	Health Care (Stock Selection)
<b>HURT</b>	Analog Devices, Inc.	Information Technology (Stock Selection)
	Roper Technologies, Inc.	—
	Becton, Dickinson and Company	—

- Industrial gas supplier Air Products and Chemicals supported relative performance as strong financial results underscored the business's resiliency during a time of uncertainty in the global economy. More than half of Air Products' business is fee-based, which has made cash flow more reliable, in our view. Additionally, we believe the company has a significant project backlog and opportunities to reinvest in attractive long-term growth opportunities such as green hydrogen.
- United Parcel Service (UPS), a global shipping and logistics company, also contributed to relative performance as growth in e-commerce has supported shipment volumes. UPS has identified several efficiency and revenue quality initiatives to improve its operating margin in the United States over the longer term.
- On the downside, analogue semiconductor manufacturer Analog Devices detracted from relative returns after it announced it would buy rival Maxim Integrated Products (not a fund holding) for US\$21 billion. We believe Maxim Integrated will provide Analog Devices with greater exposure to the automotive and data centre markets and will bolster its power management business.

**Outlook & Strategy**

- The outlook for US equities is uncertain, though we see encouraging signs that economic activity is rebounding faster than feared, and the outlook for corporate earnings and dividend payments for 2020 has also improved materially in recent months.
- After the sudden and steep drop-off in economic activity this spring, US economic data have shown that activity is picking up faster than many had expected. Recent US jobs figures have provided some comfort that the labour market is regaining momentum as states reopened their economies and services jobs begin to return. Consumers are returning to stores and restaurants as restrictions have eased in many parts of the United States.
- In addition to the easing lockdowns across much of the country, fiscal and monetary stimulus also has been instrumental in supporting the economy. The US government's initial stimulus helped shore up many consumers' finances, leading to increased spending while also helping consumers save more of their income. Furthermore, the US Federal Reserve (Fed) reduced interest rates and restarted its asset purchase programme. As a result, the central bank injected a significant amount of liquidity into the financial and economic systems, which gave many investors and business leaders confidence that the Fed was helping to prevent a serious deterioration in economic activity.
- Even as the economic trends continue to improve, we believe it is still unclear as to when the US and global economies can get back to employment and growth levels reached before the pandemic started. COVID-19 outbreaks continue to flare up around the world, and a vaccine or treatment is still some months away. Developing a vaccine or treatment is a crucial development for a stronger global economy, in our view.
- The picture for dividends has also brightened materially over the past few months, particularly as corporate profits generally have been better than expected. Although some companies, such as those with more levered balance sheets or those operating in heavy cyclical industries, have reduced or suspended their dividends, dividends paid by our portfolio companies have been less negatively impacted than dividends paid by companies in the broader market. We believe the companies with investment-grade balance sheets and more resilient business models that make up our portfolio generally hold an advantage over their competition, given their attractive cash-flow generation capabilities. Every company will be impacted by COVID-19 in some way, but we believe the portfolio's holdings should demonstrate an added measure of resilience given their fundamentals, market leading positions and prudent capital management decisions.
- This strategy is not new for us—we have typically sought to invest in companies with the potential for sustainable, quality earnings streams, and with strong cash flows and balance sheets that we think can withstand uncertain macroeconomic conditions. We believe companies with consistently rising dividends should, over time, have the potential to realise stock price appreciation. We select portfolio securities based on several criteria: We seek fundamentally sound companies (e.g., those with attractive margins and cash flow, along with low debt) that meet our standards for dividend growth consistency and magnitude, and we attempt to buy shares at what we believe are attractive prices.

## Fund Details

Inception Date	12/01/1984
Benchmark Name	S&P 500 Index

## Fund Description

The fund seeks long-term capital appreciation by investing primarily in American equities, with at least 80% of net assets in companies that have paid consistently rising dividends.

## Performance Data

## Performance (%) as of 09/30/2020

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date
Series A	-0.28	6.84	5.61	8.78	11.38	11.25	12.51	2.93	11/24/2000
Series F	-0.18	7.14	6.48	9.99	12.64	12.50	13.78	7.57	12/01/1984
S&P 500 Index	-1.76	6.86	8.26	15.79	14.74	14.10	16.72	6.04	-

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

**Nicholas Getaz, CFA**

Years with Firm 9  
Years Experience 19

**Matt Quinlan**

Years with Firm 14  
Years Experience 25

**Amritha Kasturirangan, CFA**

Years with Firm 10  
Years Experience 19

**Nayan M Sheth, CFA**

Years with Firm 6  
Years Experience 19

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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)