



# FRANKLIN QUOTENTIAL® PORTFOLIOS

June 30, 2018

## Program Overview

### Sophisticated Portfolios. Long-Term Results.

Franklin Quotential Portfolios were launched in 2002 and have since grown to over \$7.5 billion in assets under management. As markets have changed, the Franklin Quotential Portfolios have evolved. Additional asset classes, investment vehicles and currency management have been added. Refinements to the investment team and process have been introduced.

### By the Numbers

#### 6 Targeted Multi-Asset Solutions.

Ranging from a global income-oriented solution through to a full global equity solution to suit a wide range of investor goals and risk tolerances.

#### Access to over 180 Investment Strategies.

An institutional level of diversification by asset class, investment style, quality and global markets.

#### 15-Year Track Record.

Delivering results through all markets.

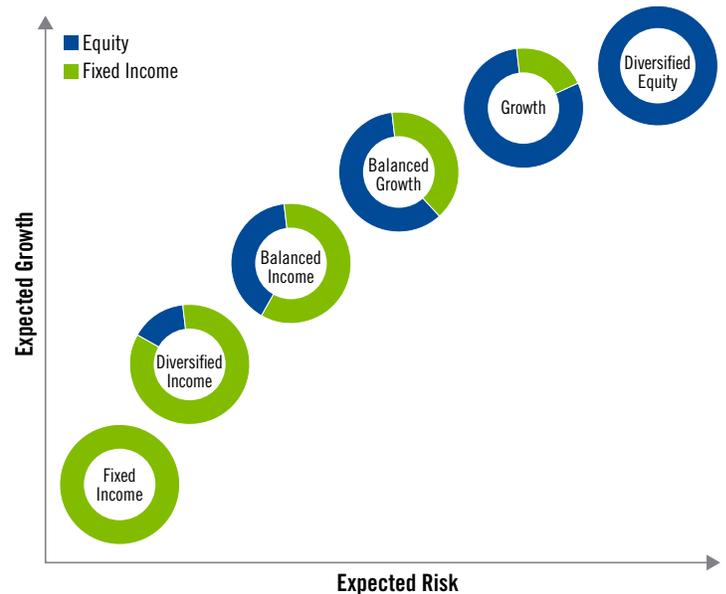
#### Available in More than 580 Series Codes.

A wide range of options to meet investor needs through unit trust, corporate class\*, USD, return of capital, regardless of which business model an advisor participates in.

#### 50+ Member Global Team.

Managed in Canada, the investment team includes more than 50+ professionals located in 12 cities and 8 countries.

In particular, this overview is designed to introduce you to the size and scope of the management team, and the investment philosophy that drives Franklin Quotential Portfolios.



### Summary

<b>Investment Style</b>	Multi-Asset
<b>Assets</b>	\$7.5 Billion CAD
<b>Inception</b>	February 2002
<b>Available for</b>	Registered Plans Corporate Class* Unit Trust Segregated Funds Universal Life
<b>Series Pricing</b>	Fee-Based Commission-Based High-Net Worth Institutional

\*Beginning in January 2017, investors switching between corporate class funds may trigger a capital gain or loss at the time of the switch due to certain changes in the federal government's 2016 budget proposal.

## Institutional Management Team in Your Corner

The portfolios are managed in Canada by Stephen Lingard and Michael Greenberg of Franklin Templeton Multi-Asset Solutions<sup>1</sup>—members of an 8-country team of multi-asset specialists embedded within the global integrated platform of Franklin Templeton Investments. Through a disciplined process, the Quotential Portfolio Management team is supported by more than 50+ specialists in several key disciplines:

- **Portfolio Management**  
8 Multi-Asset Portfolio Managers  
8 Analysts
- **Multi-Asset Research Strategies**  
5 Asset Class Research Analysts  
5 Manager Research Analysts
- **Client Portfolio Solutions**  
7 Regional Client Portfolio Solutions
- **5 Multi-Asset Traders**
- **6 Investment Risk Management Group**
- **10 Product Strategy**

## Risk-Centric Framework

Risk management is embedded into the DNA of Quotential Portfolios. Within each portfolio, the team uses sophisticated modeling tools to analyze each portfolio's personality and responsiveness to various market environments and hypothetical events. An external team also conducts daily risk guideline monitoring to ensure that risk remains in line with short- and long-term views.

## Investment Philosophy

We believe a multi-asset portfolio can help investors address complex risk management and investment challenges by focusing on adding value from three sources: Strategic Asset Allocation, Tactical Asset Allocation and Manager & Strategy Research.



### STRATEGIC ASSET ALLOCATION

To meet each portfolio's long-term objectives, a specialized team of asset class analysts uses quantitative and fundamental analysis to develop strategic asset allocation recommendations over a 7-year market cycle. These form the foundation of each portfolio's mandate.

Therefore, each portfolio has a 7-year expected baseline projection from its strategic allocation before the impact of tactical allocation or strategy selection:

#### Baseline Projections from Strategic Asset Allocation<sup>2</sup>

	Return	Risk	Worst 1-Yr Loss
<b>Fixed Income</b>	2.5% to 3.5%	3% to 4%	-3% to -4%
<b>Diversified Income</b>	3.5% to 4.5%	4% to 5%	-5% to -6%
<b>Balanced Income</b>	4.5% to 5.5%	6% to 7%	-7% to -8%
<b>Balanced Growth</b>	5.5% to 6.5%	7% to 8%	-10% to -11%
<b>Growth</b>	6.5% to 7.5%	9% to 10%	-12% to -13%
<b>Diversified Equity</b>	min. 7.5%	11% to 12%	-16% to -17%

1. In Canada, the advisor to the FT Solutions mandates is Fiduciary Trust Company of Canada.

2. Source: Franklin Templeton as of March 31, 2018.



## TACTICAL ASSET ALLOCATION

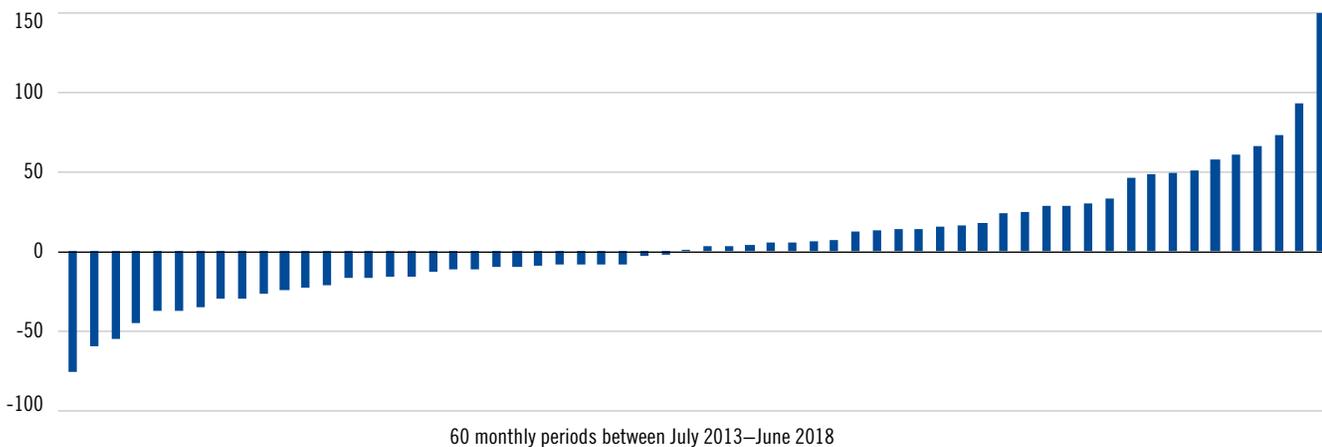
The portfolio managers have the flexibility to shift asset allocations and investment strategies away from the strategic allocations over the short term to take advantage of opportunities and risks that are identified in the current market environments. In the past 3 years, an analysis of Franklin Quotential Balanced Growth Portfolio's tactical asset allocation illustrates that over/underweight decisions

have provided more frequent and larger positive contributions to performance, contributing an additional 77 bps over and above asset allocation decisions.

Added Value	+	-
Frequency	31	29
Average	33 bps	-23 bps

### Over/Under Weight Decisions Provide More Frequent and Larger Positive Contributions to Performance<sup>3</sup>

77 bps Contributed to Performance from Asset Allocation (July 2013–June 2018)

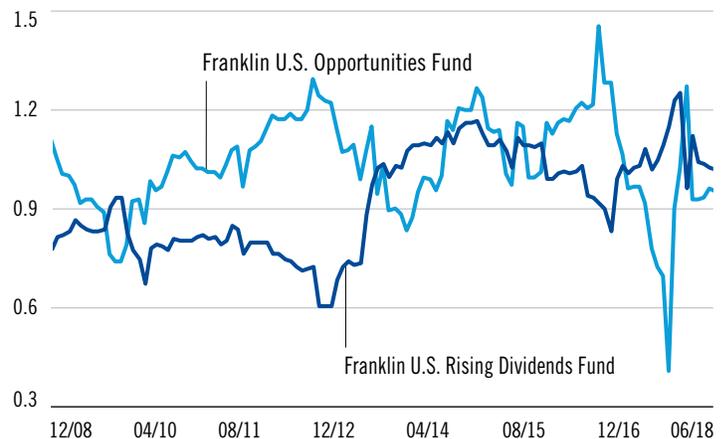


## MANAGER & STRATEGY RESEARCH

Where individual funds or ETFs are used to gain targeted to various asset classes or geographic regions, the Manager & Strategy Research team conducts rigorous and disciplined research into companies and strategies in order to identify complementary strategies across market cycles. In the example to the right, two U.S. equity funds demonstrate low correlation and complementary return patterns against the S&P 500.

### Seek Out Unique Strategies & Managers in Each Asset Class

Rolling 12-Month Beta vs. S&P 500<sup>4</sup>



3. Source: Franklin Templeton as of June 30, 2018.

4. Source: Morningstar as of June 30, 2018. Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com).



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### **A Global Approach. A Canadian Perspective.**

Franklin Quotential Portfolios are a targeted multi-asset solution offering diversification across asset classes, investment styles, quality and global markets. Managed in Canada, the investment team includes more than 50+ professionals from around the globe who collaborate to: develop long-term capital market expectations; target and capture short-term opportunities with agility; and identify alpha sources and monitor bottom up strategies.

The team's investment process is guided by robust, risk-centric protocols that are designed to measure, monitor and manage risks at a granular level, ultimately aiming to verify that each and every risk has the potential to contribute to the long-term reward and is an intended part of each portfolio's strategy.

This unique combination of institutional diversification and investment discipline allows us to offer Canadian investors a strategic and forward-looking solution designed to meet their expected outcomes over the long term.

Franklin Templeton Multi-Asset Solutions (FT Multi-Asset Solutions) is a worldwide team dedicated to global portfolio-based solutions and draws on the expertise of a number of Franklin Templeton affiliates. In Canada, the advisor to the FT Multi-Asset Solutions mandates is Fiduciary Trust Company of Canada.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus or fund facts document before investing. The indicated rates of return are historical annual compounded total returns including changes in unit value and reinvestment of all distributions 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. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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