



FRANKLIN TEMPLETON
INVESTMENTS

MANAGED FOR WHAT'S AHEAD

FRANKLIN QUOTENTIAL®



FRANKLIN QUOTENTIAL

How It Benefits You

Life is busy. We work more. We play more. There is more information about anything we want, but more decisions to make in all that we do. And it all seems to occur more quickly as it continually changes.

Franklin Quotential can help simplify one aspect of your life. It offers robust, comprehensive investment solutions in a simple, straightforward product designed to help you achieve your investment goals.

KEY REASONS TO INVEST

- 1 | A single investment decision allows you to own a global set of stocks and bonds appropriate for your risk tolerance
- 2 | A strategic view of multi-asset allocation to drive long-term investment results
- 3 | Active day-to-day portfolio management designed to seize short-term opportunities and minimize short-term risks
- 4 | Managed under the watchful eye of over 80 investment professionals around the world and with the global expertise of an industry leader

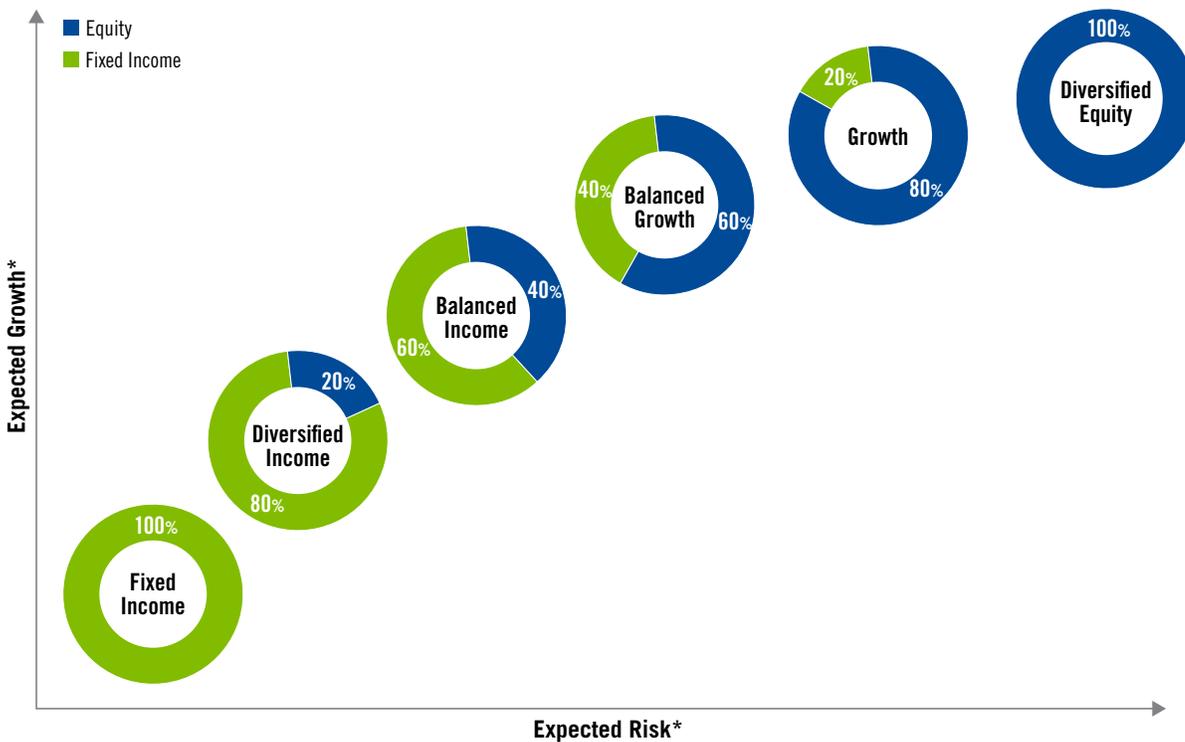
FRANKLIN QUOTENTIAL AT A GLANCE

Franklin Quotential offers managed investment solutions with a range of objectives, designed to align with your needs.

Key Facts about Franklin Quotential

- **A Range of Portfolios:** Designed with distinct risk and reward characteristics to match your goals
- **Deep, Multi-Level Diversification:** A rich source of investment opportunities and risk management
- **Tactical Asset Allocation:** Opportunities and risk mitigation from ongoing active management
- **\$6.6 Billion in Program Assets:**¹ A leader in managed investment solutions
- **Unparalleled Global Resources:** Franklin Templeton has more than 650 investment professionals in 25+ countries around the world¹

Franklin Quotential Portfolios



*Relative to Other Franklin Quotential Portfolios.

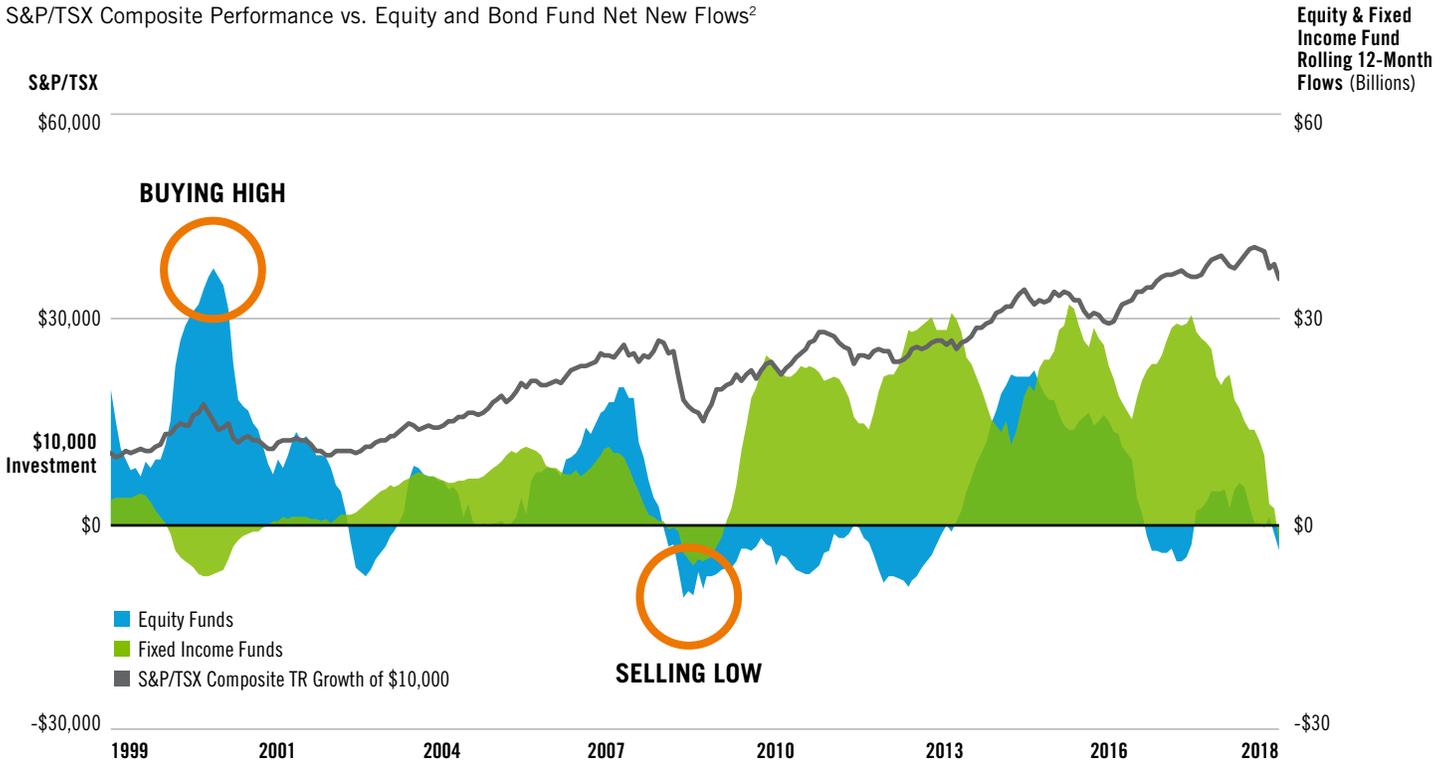
1. As of December 31, 2018.

BE A BETTER INVESTOR WITH FRANKLIN QUOTENTIAL

Setting investment goals is easy, but we're often our own worst enemy as we try to achieve them. The illustration below shows how investors have historically tended to buy high as the market is peaking and sell low, after a decline has occurred. Bottom line: emotions often derail our investment plans.

Investors Following the Herd Historically Bought High and Sold Low

S&P/TSX Composite Performance vs. Equity and Bond Fund Net New Flows²

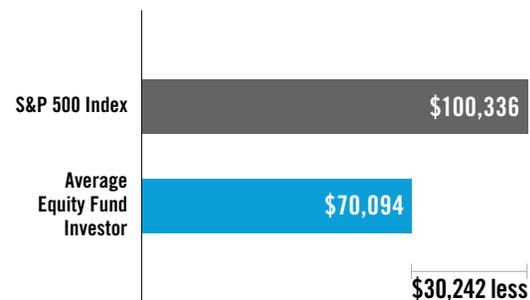


Franklin Quotential Can Help You Ride Out Market Ups and Downs

Consider the difference in experience between investors and investments from 1997 through 2017. The U.S. stock market had an average annual total return of 7.20% versus only 5.29% earned by the average investor.³ Many investors jumped in and out of the market, ultimately missing out on longer-term opportunities. A Franklin Quotential Portfolio matched to your needs can help you stick to your long-term goals.

Growth of \$25,000 Investment³

1/1/1997–12/31/2017



2. Source: © 2019 Morningstar Research Inc. Equity and Bond Fund Flows: Investor Economics. Flows are represented by the monthly rolling 12-month net new cash flows. Indexes are unmanaged and one cannot invest directly in an index. As of December 31, 2018.

3. Source: U.S. Market is represented by the S&P 500 Index. Growth of \$25,000 results based on the 7.20% and 5.29% figures presented in "Quantitative Analysis of Investor Behavior," Dalbar, Inc. 2017. Most recent data available. An index is unmanaged and one cannot invest in an index. Average equity investor performance results are calculated using data supplied by the Investment Company Institute. Investor returns are represented by the change in total mutual fund assets, excluding sales, redemptions and exchanges. Returns include reinvestment of dividends but do not take into account the effect of taxes.

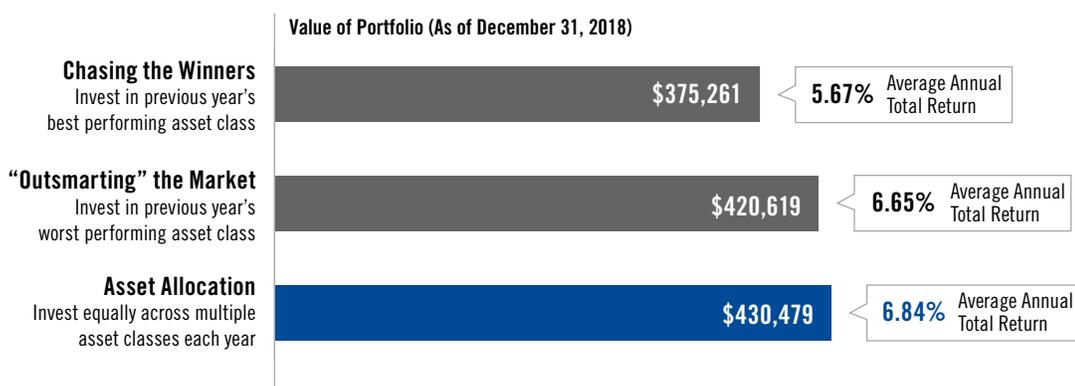
THE FIRST STEP: TAMING EMOTION WITH ASSET ALLOCATION

Diversifying a portfolio helps reduce its overall volatility, which delivers more consistent returns over time. From an emotional standpoint, greater consistency helps reduce the temptation to try to time the market. Franklin Quotential's asset allocation portfolios can help you stick to your long-term goals.

Asset Allocation Pays Off in the Long Term

In the following three investment strategies, annual investments of \$10,000 are made for 20 years. In the first, the emotional investor chases the market by investing in the previous year's best-performing asset class. In the second, the ultra-rational investor tries to "outsmart" the market by investing in the previous year's worst-performing asset class. The third scenario is an asset allocated portfolio rebalanced to equal weightings at the start of each year.

Growth of \$10,000 Investment Made Each Year for 20 Years⁴



Choosing an Allocation that Fits

While asset allocation has delivered solid long-term returns, results fluctuate in the short term. Adding stocks to an all-bond portfolio historically improved the long-term results, but it also raised the range of returns experienced in a given year. Investors need to find an allocation that suits their goals and comfort level.

Return Characteristics of Asset Allocations⁵

20-Year Period Ending December 31, 2017

	100% Bonds	80% Bonds 20% Stocks	60% Bonds 40% Stocks	40% Bonds 60% Stocks	20% Bonds 80% Stocks	100% Stocks
Best 1-Year Return	10.24%	11.07%	16.87%	22.80%	28.87%	35.05%
Worst 1-Year Return	-1.19%	-2.44%	-10.80%	-18.67%	-26.07%	-33.00%
20-Year Average Annual Return	5.07%	5.55%	5.95%	6.26%	6.49%	6.62%

4. Source: Morningstar Research Inc. For illustrative purposes only. Does not reflect the performance of any Franklin Quotential portfolio. Asset classes include: Canadian large cap stocks (S&P/TSX 60 TR CAD); Canadian small cap stocks (BMO Small Cap Blended Index); U.S. stocks (S&P 500 TR Index); European equities (MSCI Europe GR USD); global equities (MSCI World GR USD); emerging market equities (MSCI EM GR USD Index); Canadian bonds (FTSE Canada Universe Bond Index); U.S. bonds (Barclays U.S. Aggregate Bond TR USD Index); global bonds (Barclays Global Aggregate TR USD Index); and global high yield bonds (Credit Suisse High Yield Index). All indexes include reinvestment of dividends and interest but do not take into account the effect of taxes. **Mutual funds are not guaranteed, their values change frequently and past performance does not guarantee future results.**

5. Source: Morningstar. Not representative of any Franklin Quotential Portfolio. Stocks are represented by S&P/TSX Composite Index; bonds are represented by FTSE Canada Universe Bond Index. **Mutual funds are not guaranteed, their values change frequently and past performance does not guarantee future results.** This illustration is meant to demonstrate what the difference in historical returns could have been between asset class allocations. It is not intended to reflect future values of any fund or returns on investments in a specific fund. It is assumed that taxes were deferred and that the securities in this example reinvested their distributions during this period.

TAKING THE NEXT STEP: WHY TACTICAL ASSET ALLOCATION IS SO IMPORTANT

Was the Market Up? Yes... and No

With a strategic plan in place, why make tactical adjustments? Tactical asset allocation allows portfolio managers to capitalize on market opportunities and shield portfolios from undue risks. Let's look at the seemingly simple question: *Was the market up?* The answer depends on *which* market. Sure, bonds and stocks generally perform very differently, but different types of stocks can perform very differently from each other as well. Factors can include market capitalization (big companies vs. small), style (growth vs. value) and geographic location. Similarly, there are many different bond types, each of which has unique characteristics.

CASE STUDIES

In Any Given Year, Returns Can Vary Greatly within the Same Asset Class⁶

As seen in the table to the right, in 2018 a tactical shift toward **Qatar** and **Peru** and away from **Canada** and **Turkey** would have had a positive effect on results.

Similarly, tactical shifts based on market capitalization, style and types of bonds can make a big difference in any given year.

Stocks by Geography 2018	Stocks by Market Capitalization 2018	Bond Geography 2018	Bonds by Type 2018
QATAR 41.53%	LARGE CAP -7.58%	ASIAN PACIFIC BONDS 11.94%	U.S. BONDS 9.02%
PERU 10.71%	MID CAP -12.85%	CANADIAN BONDS 1.41%	SHORT TERM BONDS 1.91%
TAIWAN 0.11%	SMALL CAP -18.17%		30-DAY T-BILLS 1.30%
CANADA -9.04%	MICRO CAP -34.50%		REAL RETURN BONDS -0.05%
TURKEY -35.75%			

6. Source: Morningstar Research Inc. as of December 31, 2018. The following indexes were used: stocks by geography were country components of the MSCI All Country World Index; large cap stocks (S&P/TSX 60 Index); mid cap stocks (S&P/TSX Completion Index); small cap stocks (S&P/TSX SmallCap Index); micro cap stocks (S&P/TSX Venture Composite Index); Asian Pacific Bond (Bloomberg Barclays Emerging Markets Aggregate Index), Canadian Bonds (FTSE Canada Universe Bond Index), U.S. Bonds (Bloomberg Barclays US Agg Bond TR USD), Short-Term Bonds (FTSE Canada ST Bond), 30-Day T-Bills (FTSE Canada Cdn Trsy Bill 30 Day), Real Return Bonds (FTSE Canada Real Return Bond). All returns are in CAD.

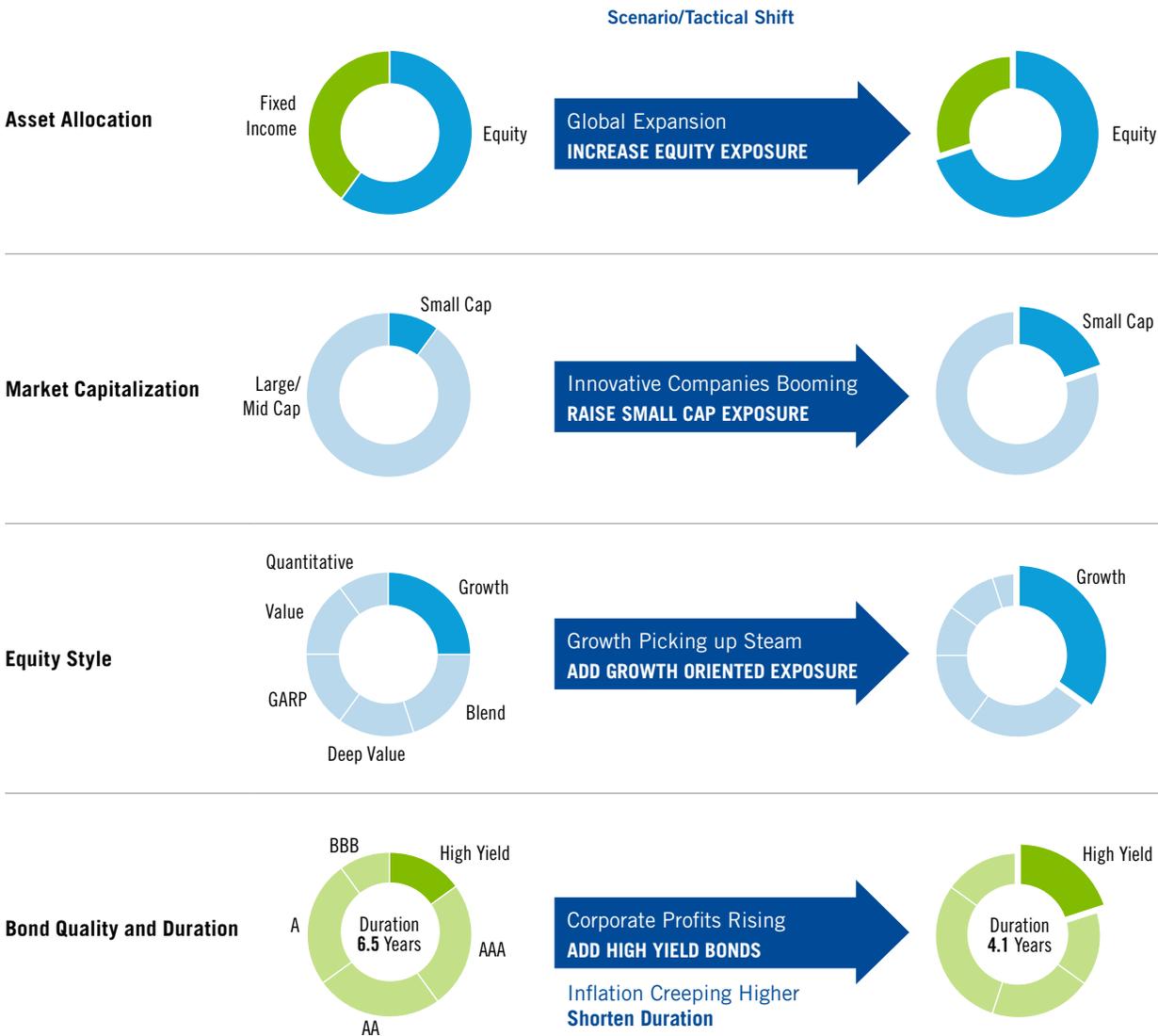
HOW FRANKLIN QUOTENTIAL'S TACTICAL ALLOCATION WORKS

It's Good to be Nimble

Each Franklin Quotential Portfolio has a strategic allocation designed to match an investor's risk tolerance and goals, but near-term opportunities and unusual risks can arise out of prevailing economic and market conditions. Franklin Quotential's portfolio managers make ongoing tactical allocation decisions that adjust each portfolio's exposure in recognition of these risks and opportunities.

Hypothetical Deployment of Tactical Allocation

Franklin Quotential Balanced Growth Portfolio



This illustration is hypothetical in nature only. The allocations do not represent the current or any specific future allocation of Franklin Quotential Balanced Growth Portfolio. Many factors influence portfolio decisions. The scenario described is a simplified illustration of some factors that may be taken into consideration within the tactical decision-making process. GARP stands for Growth at a Reasonable Price.

INVESTMENT PHILOSOPHY AND PROCESS

Franklin Quotential Portfolios are managed by Franklin Templeton Multi-Asset Solutions—a global group of over 80 multi-asset experts that has been dedicated to managing multi-asset portfolios for over 20 years with specialists in traditional multi-asset strategies and alternative strategies.

By combining capital market expertise and a disciplined investment process, 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



To meet investors' long-term objectives, analysts develop strategic asset allocation recommendations from the top down by creating capital market expectations over a market cycle using quantitative and fundamental analysis infused with the insights gained from Franklin Templeton's specialized investment professionals around the world.

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.

Manager and Strategy Research



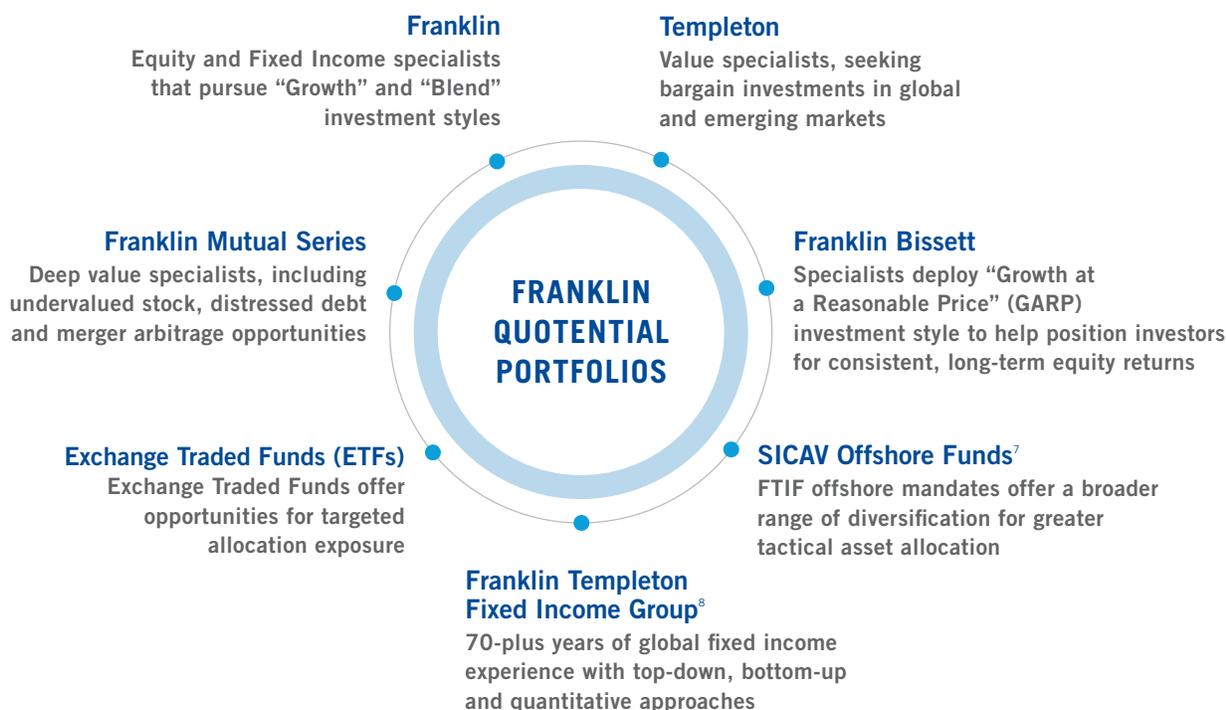
Rigorous and disciplined manager and strategy research aim to create an optimal mix of investment strategies for each asset class by identifying complementary strategies across market cycles.

THE EXPERTISE OF MANY, THE STRENGTH OF ONE

Franklin Templeton Multi-Asset Solutions (FT Multi-Asset Solutions) is a group of multi-asset experts focused on creating total portfolio solutions integrated with risk management, to help investors achieve their financial goals in a variety of market conditions. FT Multi-Asset Solutions manages over CAD\$147.2 billion in total portfolio solutions diversified across traditional and alternative asset classes. FT Multi-Asset Solutions is embedded within Franklin Templeton Investments' (FTI's) global integrated platform combining access to the local insights and global perspective of over 650 investment professionals. As of December 31, 2018, FTI currently manages CAD\$887.0 billion worldwide.

The Franklin Quotient Building Blocks

Franklin Templeton's independent portfolio management groups provide specialized expertise over a broad range of products that are used to build Franklin Quotient Portfolios. The team draws from over 80 proprietary funds from Canadian mutual funds, sub-advised funds, Luxembourg-based SICAVs⁷ and ETFs for targeted allocation exposure. The range offers a wide selection of investment mandates with unique investment-style expertise and experience.



7. FTIF (SICAV) Funds are not available for direct purchase in Canada. Société d'investissement à capital variable (SICAV) is an open-end investment company governed by the laws of Luxembourg.

8. Franklin Templeton Fixed Income Group, a business unit of Franklin Templeton Investments Corp., combines the expertise of the Franklin Advisors, Inc. and Fiduciary Trust Company International fixed income teams.

THE FRANKLIN QUOTENTIAL PORTFOLIOS

Portfolios Designed to Meet Investors' Needs

Fixed Income

0% Equity, 100% Fixed Income

Inception date: 11/14/16

Risk classification: Low

High current income by investing primarily in a diversified mix of bond funds. Active adjustments to allocations and currency exposures aim to capitalize on short-term opportunities and manage risk in shifting environments.



Canadian Fixed Income Funds	61.61%
Global Fixed Income Funds	33.59%
Cash & Other Net Assets	4.80%

Diversified Income

20% Equity, 80% Fixed Income

Inception date: 2/17/03

Risk classification: Low

High current income and some long-term capital appreciation by investing primarily in a diversified mix of income and bond mutual funds.



Canadian Equity	9.41%	Japanese Equity	1.27%
U.S. Equity	7.74%	Canadian Fixed Income	49.86%
Global Equity	2.55%	Global Fixed Income	21.81%
European Equity Ex UK	1.54%	Cash & Other Net Assets	4.30%
Emerging Markets Equity	1.53%		

Balanced Income

40% Equity, 60% Fixed Income

Inception date: 8/19/02

Risk classification: Low to Medium

A balance of current income and long-term capital appreciation by investing in a diversified mix of equity and income mutual funds, with a bias towards income.



Canadian Equity	15.25%	Canadian Fixed Income	44.64%
U.S. Equity	15.21%	Global Fixed Income	11.42%
European Equity Ex UK	4.28%	Cash & Other Net Assets	3.18%
Emerging Markets Equity	3.02%		
Japanese Equity	3.00%		

Balanced Growth

60% Equity, 40% Fixed Income

Inception date: 8/19/02

Risk classification: Low to Medium

A balance of current income and long-term capital appreciation by investing in a diversified mix of equity and income mutual funds, with a bias towards capital appreciation.



Canadian Equity	20.28%	Canadian Fixed Income	29.21%
U.S. Equity	23.99%	Global Fixed Income	7.52%
European Equity Ex UK	6.83%	Cash & Other Net Assets	2.86%
Emerging Markets Equity	4.81%		
Japanese Equity	4.49%		

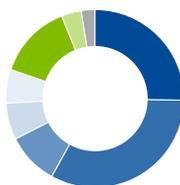
Growth

80% Equity, 20% Fixed Income

Inception date: 8/19/02

Risk classification: Low to Medium

Long-term capital appreciation by investing primarily in a diversified mix of equity mutual funds, with additional stability derived from investing in income mutual funds.



Canadian Equity	25.38%	Canadian Fixed Income	13.60%
U.S. Equity	32.76%	Global Fixed Income	3.54%
European Equity Ex UK	9.59%	Cash & Other Net Assets	2.32%
Emerging Markets Equity	6.57%		
Japanese Equity	6.24%		

Diversified Equity

100% Equity, 0% Fixed Income

Inception date: 6/9/03

Risk classification: Medium

Long-term capital appreciation by investing primarily in a diversified mix of equity mutual funds.



Canadian Equity	18.79%	Japanese Equity	7.54%
U.S. Equity	42.28%	Cash & Other Net Assets	1.68%
European Equity Ex UK	10.58%		
Global Equity	9.08%		
Emerging Markets Equity	10.05%		

Source: FactSet as of December 31, 2018. Important data provider notices and terms available at www.franklintempletondatasources.com.

FRANKLIN QUOTENTIAL EVOLVES WITH YOUR NEEDS

Three Easy Steps

To enjoy all the benefits of Franklin Quotential, simply work with your financial advisor to take the following three steps.

STEP 1

Use the BestFit questionnaire to determine which Franklin Quotential Portfolio best matches your goals and risk profile

STEP 2

Review the Investment Policy Statement with your advisor to ensure agreement on the investment objective and strategy of your selected portfolio

STEP 3

Begin enjoying the ongoing updates to your portfolio with:

- Access to monthly market commentary featuring rear-view and forward-looking insights
- Quarterly portfolio updates that illustrate the multi-level diversification and ongoing active management of your portfolio

For more than six decades, individuals and institutions around the world have viewed Franklin Templeton Investments as a trusted partner in asset management. We leverage multiple independent investment teams to deliver truly specialized expertise across a wide range of styles and asset classes—from traditional to alternative strategies and multi-asset solutions. Our investment professionals are on the ground across the globe, spotting investment ideas and potential risks firsthand. Collectively, they allow us to offer clients a unique investment perspective shaped by local insight, global context and a long-term investment horizon.

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

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. Franklin Templeton 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 FT Multi-Asset Solutions mandates is Fiduciary Trust Company of Canada. Important data provider notices and terms available at www.franklintempletondatasources.com. Franklin Quotential® is a registered trademark owned by Franklin Templeton Investments Corp.



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