FRANKLIN TEMPLETON INVESTMENTS

Dollar Cost Averaging

INVESTOR'S GUIDE

"Dollar cost averaging takes the guesswork out of investing and makes it simple."

Anytime is the right time to invest

Most people are quick to agree that volatile markets present buying opportunities for investors with a long-term investment horizon. But having the discipline to make purchases during a volatile market can be difficult. You can't help wondering, "Is this really the right time to buy?"

Rather than agonizing over the answer, you may want to consider **dollar cost averaging (DCA)**, an investment strategy that takes the guesswork and emotions out of investing and allows you to ease into the market.

DCA helps ensure you don't miss out on the upside potential of the market while maintaining protection against the downside. By investing a fixed amount of money at regular intervals in an investment such as a mutual fund, this monthly amount buys more units when the price is low and fewer when the price increases, smoothing out the ups and downs of unit price changes to provide opportunities for growth in all market environments.

3 keys to effective dollar cost averaging

1. BEGIN INVESTING

Instead of sitting on the sidelines waiting for the right time to invest, commit to investing a fixed amount of money at regular intervals.

2. FOCUS ON ACCUMULATING UNITS, NOT ON UNIT PRICES

A drop in a fund's unit price is bad news for someone who plans to sell, but can be good news if you're accumulating units. That's because lower prices mean you can buy more units with your fixed investment amount—units that have the potential to gain in value when markets move upward.

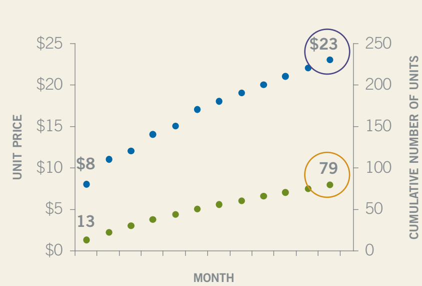
3. PREPARE TO WEATHER MARKET DECLINES

Keep in mind that dollar cost averaging usually works best over long periods of time, so you must be prepared to commit financial resources and have the resolve to make contributions on each appointed date, even during an extended down market.

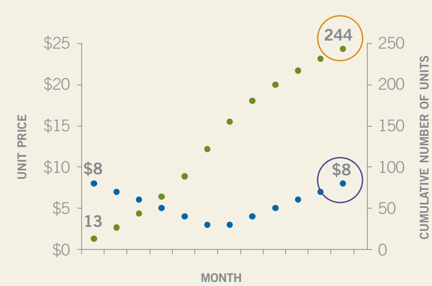
Let's say, for example, that you invest $1,200 at a rate of $100 every month for 12 months. This chart illustrates how your investment could progress through a rising market and a more volatile market with DCA— a "win-win" situation in both scenarios.*

*Returns shown are hypothetical and are intended for illustrative purposes only. Investment results do not represent the future performance of any Franklin Templeton Investments fund. Actual fund returns may differ.

RISING MARKET



VOLATILE MARKET



After 12 months of DCA...

In a rising market environment, your investment is worth $1,819, from 79 units purchased at an average cost of $15.17. That's less than the average unit price of $16.67 over the same time period without using DCA. Over time, you pay less per unit, while your investment continues to grow.

In a more volatile market, you have purchased 244 units at an average cost of $4.93 and your investment is worth $1,949. Over time, your investment value increases using the DCA strategy.

Dollar cost averaging made easy

An essential part of a successful dollar cost averaging plan is maintaining a regular, disciplined flow of money into your investment portfolio. Here are three options for setting up a simple, automated process for regular contributions:

A) A PRE-AUTHORIZED CHEQUING PLAN (FOR ALL ACCOUNT TYPES)

You can make investing more convenient by having a fixed amount from your own savings or chequing account transferred to your portfolio at regular intervals. With Franklin Templeton Investments' Pre-authorized Chequing (PAC) Plan, you can start investing for as little as $50, with additional amounts of $50 or more drawn monthly, quarterly or annually from a designated bank account. If you have an existing account with Franklin Templeton Investments, you can sign up for PAC at any time.

B) LUMP SUM INVESTING – (FOR ALL ACCOUNT TYPES)

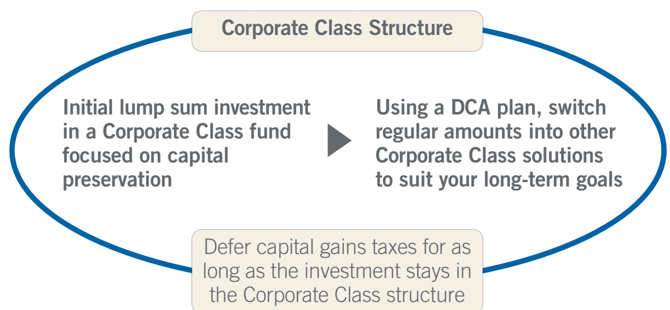
If you want to invest a lump sum amount today, but you are unsure if this is the right time, dollar cost averaging makes that strategy easier. Just invest your lump sum amount and it will be placed in a safe, low-growth money market or domestic bond fund. At the same time you can give instructions for small amounts from your initial investment to be withdrawn regularly, over a 6–12-month period, and placed in investments with greater growth or income potential.

This is an ideal solution for RRSP lump sum contributions. Our dollar cost averaging program means you can make your contribution as usual, but with the additional benefits that come with regular contributions.

C) THE CORPORATE CLASS ADVANTAGE (FOR NON-REGISTERED ACCOUNTS)

Flexibility is an important part of successful investing, but with some traditional mutual funds, you can incur tax consequences by switching between different investments in a non-registered account. However, you can switch between different solutions within Franklin Templeton's Corporate Class structure, without triggering an immediate taxable event. Here's an easy two-step strategy that can make Corporate Class work to your advantage:

1. Invest an initial lump sum (or use an existing investment) in any of our conservative offerings within our Corporate Class structure.
2. Set up a systematic switch program to take a portion of your initial investment at regular intervals and transfer it to other Corporate Class funds or portfolios, according to your long-term investment goals and risk profile.



Get started today

Ask your financial advisor which dollar cost averaging strategy is best for you.

FRANKLIN TEMPLETON INVESTMENTS

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