

## Performance Review

- The close of 2021's first quarter marks the one-year anniversary of the start of the COVID-19 pandemic. While the line of sight to the end of the pandemic is evident, execution of the largest mass vaccination program in history has not been without its challenges. Events over the quarter proved to be a boon for risk assets and kryptonite to fixed income markets. While most equity markets and many commodity markets closed the quarter at all-time peaks, as did many commodity markets, fixed income suffered the worst quarterly performance on a total return basis in over 40 years.
- Canadian real Gross Domestic Product (GDP) is now only down 2% as of January from a trough of -17% in April 2020. US real GDP also continues to recover, and we suspect that US growth will outperform Canadian economic growth going forward.
- For the quarter, the fund's Series F shares returned 2.28%, and its benchmark, the Custom Franklin Bissett Monthly Income and Growth Fund Index, returned 1.47%.

## QUARTERLY KEY PERFORMANCE DRIVERS

<b>HELPED</b>	On a relative performance basis, strong performance by individual holdings within the fund's Canadian and US fixed income allocations, as well as individual holdings in the Canadian equity allocation, drove overall outperformance in the fund for the quarter.
	In Canadian fixed income, both security selection and asset allocation contributed to outperformance. Relative performance in the non-Canadian fixed income segment was strongly led by security selection as high yield and investment-grade energy holdings outperformed.
	The fund's Canadian equities notably benefitted from strong performance by holdings in the materials and utilities sectors.
<b>HURT</b>	In the US equity allocation, underperformance by individual holdings in industrials, health care and consumer staples sectors had the largest adverse impact.
	In Canadian fixed income, yield curve positioning weighed on results as overweights in the belly of the curve suffered with the sharp move higher in rates.
	Given the strong total return of equity markets, covered call writing on Canadian and US equities detracted from fund performance during the quarter.

- The fund ended the quarter with an asset mix that is slightly overweight equities, as compared to the benchmark weightings. As at March 31, the asset mix was 57.7% equities, 41.7% fixed income and 0.6% cash.

## Outlook & Strategy

- On the equity side, during times like these we are reminded of the importance of not getting too high or too low through varying market regimes. We keep our focus on a long-term view that cuts through the ebb and flow of short-term financial market sentiment. We believe Franklin Bissett's fundamentally strong and consistently applied GARP (growth-at-a-reasonable-price) investment style is well suited to the ongoing and changing dynamics we face with equities. We remain disciplined and true to our investment style, seeking out businesses that can achieve secular growth in intrinsic value driven by advances in sustainable profitability (return on capital relative to cost of capital) through cycles, maintain appropriate capital structures for the industry in which they operate, and allocate capital wisely.
- The fixed income allocation maintained its credit weighting over the quarter as we judged fewer attractive opportunities consistent with our objectives for the portfolio. Given current valuation of government securities and extraordinary support from central banks, we continue to look for relative value opportunities in credit and will maintain a neutral to slightly long duration positioning. Credit valuations are attractive on a spread of a percentage of yield basis, but the speed of recovery in spreads has been remarkable, leaving spreads fairly valued on absolute basis and generally even with pre-COVID levels. We believe it is still prudent to overweight corporate credit and continue to be selective in our holdings and with a preference for higher-quality assets. Given the fund's overweight positioning in corporate credit, we continue to maintain neutral-to slightly longer than-benchmark duration positioning as a hedge against a volatility event.
- The fund ended the quarter with a 29.8% allocation to US equity and US fixed income combined. The managers operate with a longer-term limit to non-Canadian assets of 30%, which is the maximum allowable level for domestic neutral balanced funds. In addition to the benefits of exposure to non-Canadian equity and fixed income strategies from a diversification standpoint, the currency diversification can be a meaningful benefit to the fund over time.

## Fund Details

Inception Date	06/22/2015
Benchmark Name	Custom Franklin Bissett Monthly Income and Growth Fund Index

## Fund Description

The Fund seeks a balance of income and capital appreciation by investing primarily in a diversified portfolio of income-generating Canadian, U.S. and global equities, equity-related securities and fixed income securities.

## Performance Data

Performance (%) as of 03/31/2021

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception	Inception Date
Series A	2.78	2.00	2.00	16.11	5.30	4.64	4.31	06/22/2015
Series F	2.88	2.28	2.28	17.40	6.48	5.78	5.47	06/22/2015
Custom Franklin Bissett Monthly Income and Growth Fund Index	1.22	1.47	1.47	21.68	8.71	8.05	7.03	-

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

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Years Experience 29

**Thomas O'Gorman, CFA**  
Years with Firm 10  
Years Experience 31

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