

## Fund Overview

Total Net Assets (07/31/2021)	\$660,263,664
Inception Date	Series F: 11/14/2016
Number of Holdings	82
Morningstar Category™	Canadian Fixed Income
Benchmark	FTSE Canada All Government Bond Index

## Fund Description

The fund seeks current income, liquidity and modest capital appreciation by investing primarily in bonds issued by Canadian federal, provincial and municipal governments and government agencies, including mortgage-backed securities and real return bonds.

## Fund Management

Brian A. Calder	22 Years, Calgary, AB Canada
Darcy Briggs	27 Years, Calgary, AB Canada

## Risk Classification

Low	Low to Medium	Medium	Medium to High	High
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## Asset Allocation (% Market Value)<sup>4</sup>

07/31/2021	
Provincial Bonds	63.97
Federal Bonds	34.76
Municipal Bonds	1.42
Cash and Equivalents	-0.15

## Fund Codes

	<b>CDNS</b>
Series F	TML3946
Series F ADM	TML3991
Series O	TML3948

<sup>1</sup> Please see detailed definitions on the last page.

<sup>2</sup> The fund may also pay capital gains in December if required.

<sup>3</sup> Sources: S&P and Moody's. Cash includes equivalents, which may be rated.

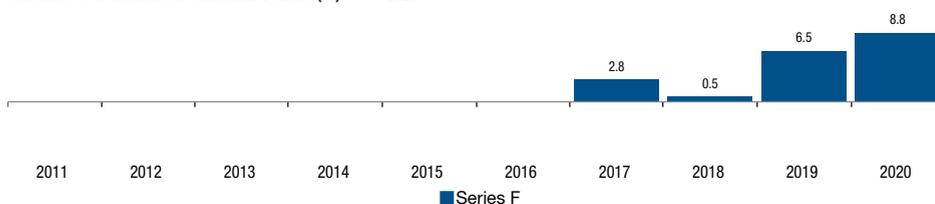
<sup>4</sup> Market value figures reflect the trading value of the investments, may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

## REASONS TO INVEST IN THIS FUND:

- **Diversification.** Low or no correlation between Canadian government bonds and other fixed income and equity securities makes them an ideal choice for managing portfolio risk.
- **Steady Flow of Income.** Despite global market volatility and lower government yields across developed economies, Canadian government bonds have continued to provide competitive yields over the past 10 years.
- **Depth and breadth of research.** In a low government bonds yield environment, our extensive research and fully-integrated risk management approach can help reduce the risk of market pitfalls and benefit from market dislocations.

## Performance

### Calendar Year Returns in Canadian Dollars (%) 07/31/2021



### Compounded Returns in Canadian Dollars (%) 07/31/2021

	YTD	1 Mo	3 Mo	6 Mo	1 Year	3 Years	5 Years	10 years	Since Inc <sup>^</sup>
Series F	-2.77	1.09	2.96	-1.70	-2.88	4.56	n/a	n/a	3.24

<sup>^</sup> Series inception date

<sup>†</sup> Series F is available to investors participating in programs that do not require Franklin Templeton to incur distribution costs in the form of trailing commissions to dealers. As a consequence, the management fee on Series F is lower than on Series A.

## Top Holdings (% of Total)<sup>4</sup>

07/31/2021		
Province of Alberta, 3.90%, 12/01/33		4.90
Omers Finance Trust, Senior Note, Reg S, 2.60%, 5/14/29		4.50
Canada Housing Trust No. 1, second lien, 144A, 1.80%, 12/15/24		3.76
Canada Post Corp., 4.08%, 7/16/25		3.34
Canada Housing Trust No. 1, second lien, 144A, 1.25%, 6/15/26		3.16
Province of Alberta, 3.45%, 12/01/43		2.94
Province of Alberta, 1.65%, 6/01/31		2.64
PSP Capital Inc., Senior Note, Reg S, 3.00%, 11/05/25		2.54
Canada Housing Trust No. 1, Second Lien, 144A, 2.55%, 12/15/23		2.49
Province of Quebec, 8.50%, 4/01/26		2.47

## Fund Facts

Price per Unit (Series F)	\$9.58
Yield to Maturity <sup>1</sup>	1.66%
Average Weighted Maturity <sup>1</sup>	10.9 Years
Average Duration	8.6 Years
Duration to Worst	8.5 Years
Portfolio Turnover Rate (12/31/2020)	109.53%
MER (12/31/2020 incl. HST)	F: 0.48%
Management Fee	F: 0.35%
Yield to Worst <sup>1</sup>	1.66%
Distributions	Income paid monthly <sup>2</sup>

## Composition of Fund

### Top Country Weightings (% of Total)<sup>4</sup>

07/31/2021	
Canada	100.15
Cash & Cash Equivalents	-0.15

### Bond Ratings (% of Fixed Income)<sup>3,4</sup>

07/31/2021			
AAA	34.93	A	16.63
AA	48.43		

### Series F Distribution History

Date	Price	Distr.	Date	Price	Distr.
08/31/2020	\$10.36	\$0.02	02/26/2021	\$9.49	\$0.02
09/30/2020	\$10.41	\$0.03	03/31/2021	\$9.33	\$0.03
10/30/2020	\$10.33	\$0.02	04/30/2021	\$9.36	\$0.02
11/30/2020	\$10.38	\$0.02	05/31/2021	\$9.43	\$0.02
12/31/2020	\$9.99	\$0.45	06/30/2021	\$9.49	\$0.03
01/29/2021	\$9.86	\$0.02	07/30/2021	\$9.58	\$0.02

## Disclaimers

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. The portfolio manager for a Fund reserves the right to withhold release of information with respect to holdings that would otherwise be included in the top 10 holdings list. Series T distributions are automatically reinvested unless otherwise requested. Series T may also pay a distribution that must be reinvested in December, consisting of income and capital gains. Please indicate your preference to receive cash flow immediately on the application form. Fund AUM reported may include fund-on-fund holdings, and assets are therefore reflected in both the top fund and underlying fund AUM. The 'Supranational' geographic designation refers to international financial institutions whereby member states transcend national boundaries and issue debt securities on behalf of the group as a whole.

**Ratings without cash, Market Value or Notional Exposure:** Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ('NRSRO'), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. The NR category consists of ratable securities that have not been rated by an NRSRO. The N/A category consists of nonratable securities (e.g., equities). Cash and equivalents are excluded from this breakdown.

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## Glossary

**Dividend Yield** of a stock is the total amount of dividend per share paid over the previous 12 months, divided by its current price. The dividend yield of a mutual fund is the market-weighted average of the dividend yields of all the stocks in the portfolio. This measure is gross of fees.

**Weighted Yield (Internal Yield)** is a blended measure used for balanced funds, the internal yield is the market-weighted average of the Yield to Maturity of the fund's fixed income component and the Dividend Yield of the fund's equity component. This measure is gross of fees.

**Yield to Maturity (YTM)** is a long-term yield expressed as an annual rate. A bond's YTM is the rate of return anticipated if one assumes the bond is held until its maturity date and all the coupons paid by the bond are reinvested at the same rate of return as the coupons. The calculation takes into account the current market price, par value, coupon interest rate and time to maturity. The YTM of a bond fund is the market-weighted average of the YTM of all the bonds in the portfolio.

**Yield to Worst (YTW)** of a bond is the yield to maturity if the worst possible bond repayment takes place. If market yields are higher than the coupon, the YTW would assume no prepayment. If market yields are below the coupon, the YTW would assume prepayment. The YTW of a fund is the market-weighted average of the YTWs of all the bonds in the portfolio. This measure is gross of fees and excludes yield on cash.



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