

## Product Profile

### Product Details<sup>1</sup>

Fund Assets	\$197,398,156.37
Fund Inception Date	12/11/2012
Base Currency	CAD
Benchmark Name	Bloomberg Barclays Multiverse Index
Distribution Frequency	Annually

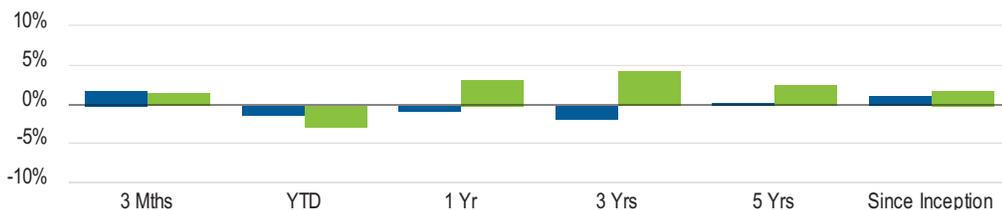
### Fund Description<sup>a</sup>

High alpha-seeking multi-sector global fixed income strategy that may invest across the entire global fixed income opportunity set, including government, securitized and corporate sectors. Below investment-grade exposure is limited to no more than 50% of portfolio net assets at the time of investment.

### Performance Data<sup>b</sup>

#### Average Annual Total Returns<sup>2</sup> (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	Since Inception (12/11/2012)
Series O (CAD)	1.80	-1.24	-0.74	-1.75	0.30	1.12
Bloomberg Barclays Multiverse Index (USD)	1.45	-2.95	3.19	4.34	2.57	1.87



- Series O (CAD)
- Bloomberg Barclays Multiverse Index (USD)

#### Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015	2014	2013
Series O (CAD)	-6.49	0.14	-0.16	3.17	7.85	-1.46	1.49	5.91
Bloomberg Barclays Multiverse Index (USD)	9.02	7.13	-1.36	7.69	2.84	-3.29	0.47	-2.19

### Portfolio Manager Insight<sup>3</sup>

#### Market Review

After sovereign bond yields broadly increased in 2021's first quarter, much of Asia and the Americas saw yields begin to pull back in April. The yield on the 10-year US Treasury note finished the second quarter 27 basis points lower at 1.47%. It had previously reached its highest level (1.74%) since January 2020 at the end of March. Inflation figures surged higher in many countries during the second quarter, driven by a combination of factors that included cyclical upswings associated with resurgent economic activity, supply bottlenecks in certain sectors and base effects off of the pandemic shocks in 2020.

#### Performance Review

In the second quarter of 2021, the portfolio's relative outperformance was primarily attributable to interest-rate strategies, followed by overall credit exposures. Currency positions detracted from relative results.

1. All holdings are subject to change.
2. Periods shorter than one year are shown as cumulative total returns.
3. The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

The portfolio maintained a defensive approach regarding interest rates in developed markets, while holding duration exposures in select emerging markets. Select overweighted duration exposures in Latin America (Argentina) and Asia ex Japan (Indonesia) contributed to relative performance.

Amongst credit exposures, overweighted exposure to subinvestment-grade sovereign credits contributed to relative return, while underweighted exposure to investment-grade corporate bonds detracted.

Amongst currencies, overweighted positions in Latin America detracted from relative performance (the Argentine peso detracted, while the Brazilian real contributed). The portfolio's underweighted exposure to the euro also detracted from relative performance. However, its overweighted position in the Japanese yen contributed to relative results, as did its overweighted positions in the Chinese yuan and the Russian ruble.

The Canadian dollar appreciated 1.36% against the US dollar in the second quarter.

### Outlook & Strategy

We expect broadly improving macroeconomic conditions as vaccines are progressively distributed around the world. It will take time to achieve critical immunity levels in many regions, but we expect a continued surge in economic activity in the second half of 2021. Economic recoveries are likely to remain uneven as countries are at different stages of containing the pandemic. Additionally, regional risks have resurfaced with the proliferation of various COVID variants, such as the delta variant. We remain optimistic but continue to monitor ongoing risks.

We anticipate global growth above 6% in 2021, with emerging markets outpacing developed markets. World GDP (gross domestic product) is likely to moderate from that pace in 2022 and 2023 but remain around or above its historical average of the past decade as the post-pandemic surge reverts to more normalised growth patterns. (Note, there is no assurance that any estimate, forecast or projection will be realised.)

We expect inflation figures to remain elevated in 2021 in many countries, largely on base effects off of the pandemic shocks in 2020 as well as the sharp cyclical upswing this year.

We continue to be constructive in a number of regions, with a particular focus on areas of Asia that have addressed the health and economic crises more effectively. However, it remains crucial to be highly selective. We expect staggered timelines for specific investment opportunities given the divergent conditions in regional and local markets.

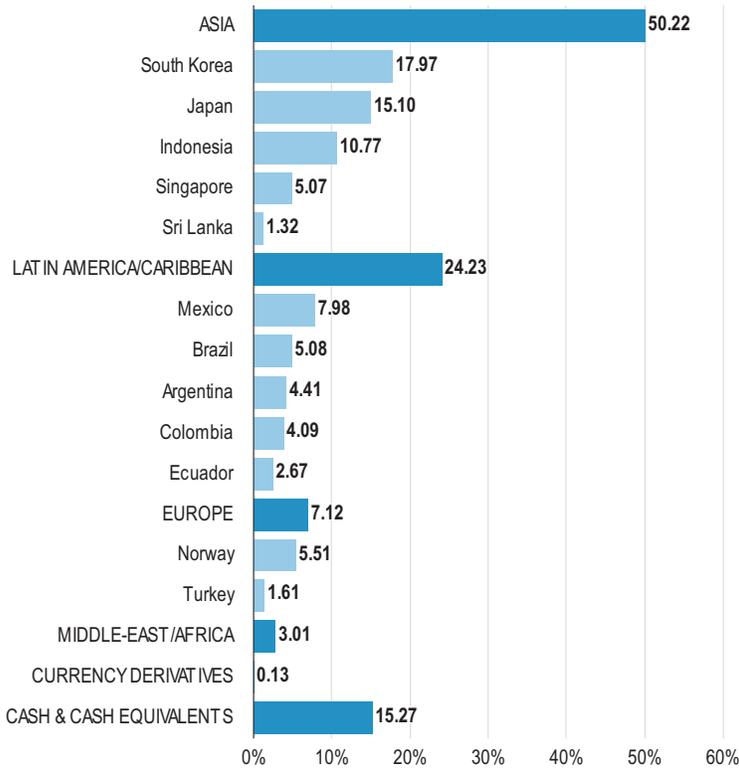
### Portfolio Characteristics<sup>c,d,e</sup>

	<b>Portfolio</b>
Yield to Maturity	4.57%
Average Duration	1.62 Yrs
Average Weighted Maturity	1.90 Yrs

**Portfolio Diversification<sup>c</sup>**

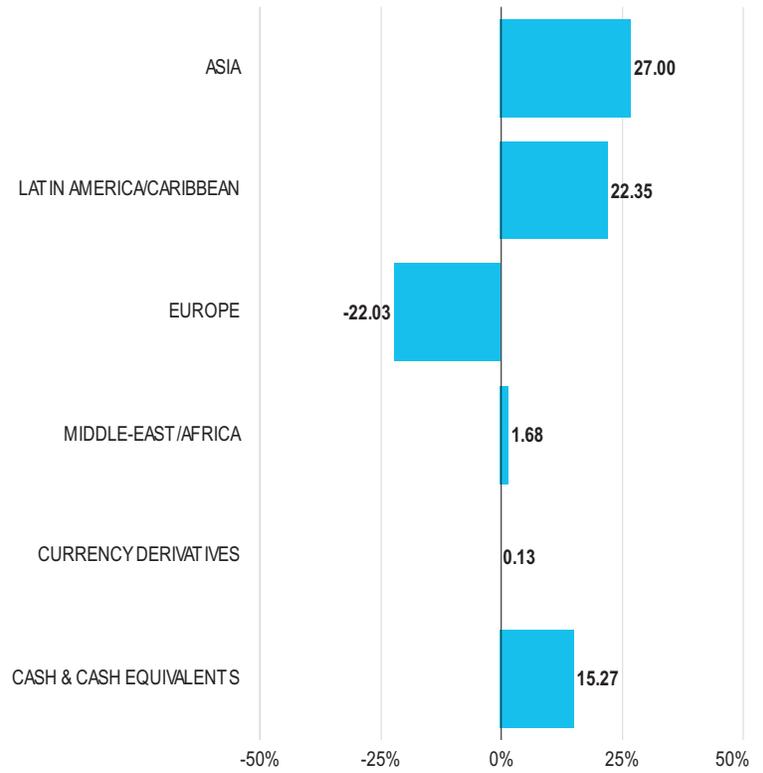
**Geographic Allocation<sup>f</sup>**

Market Value—Percent of Total



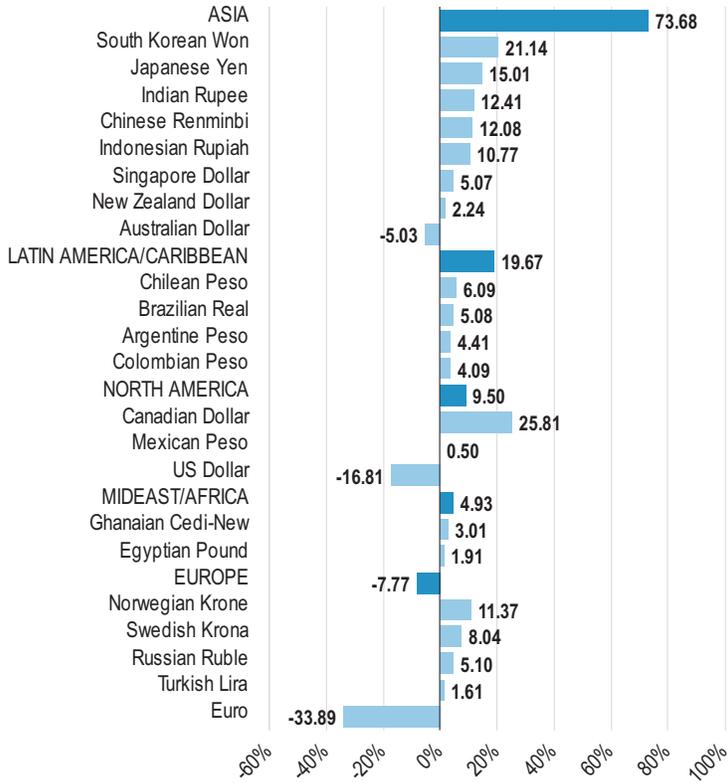
**Geographic Allocation Overweight/Underweight vs. Bloomberg Barclays Multiverse Index<sup>f</sup>**

Market Value—Percent of Total



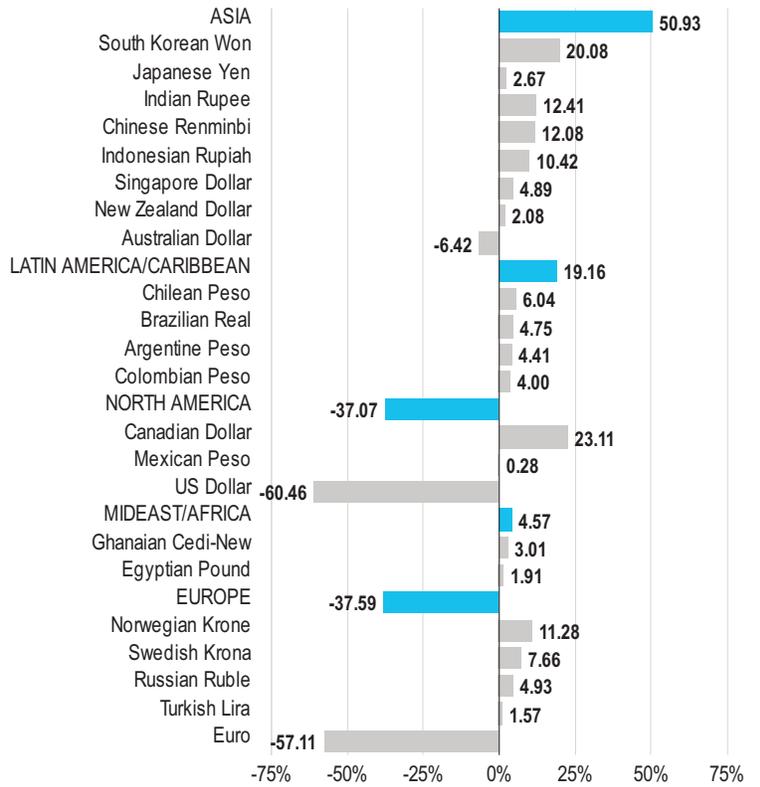
**Currency Exposure<sup>9</sup>**

Notional Exposure—Percent of Total



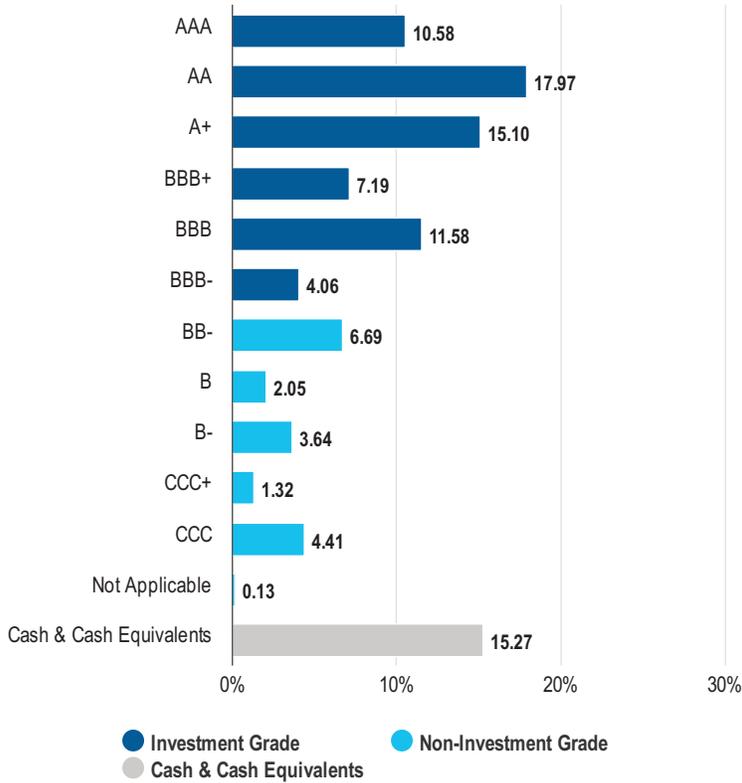
**Currency Exposure Overweight/Underweight vs. Bloomberg Barclays Multiverse Index<sup>9</sup>**

Notional Exposure—Percent of Total



**Credit Quality Allocations<sup>4</sup>**

Market Value—Percent of Total



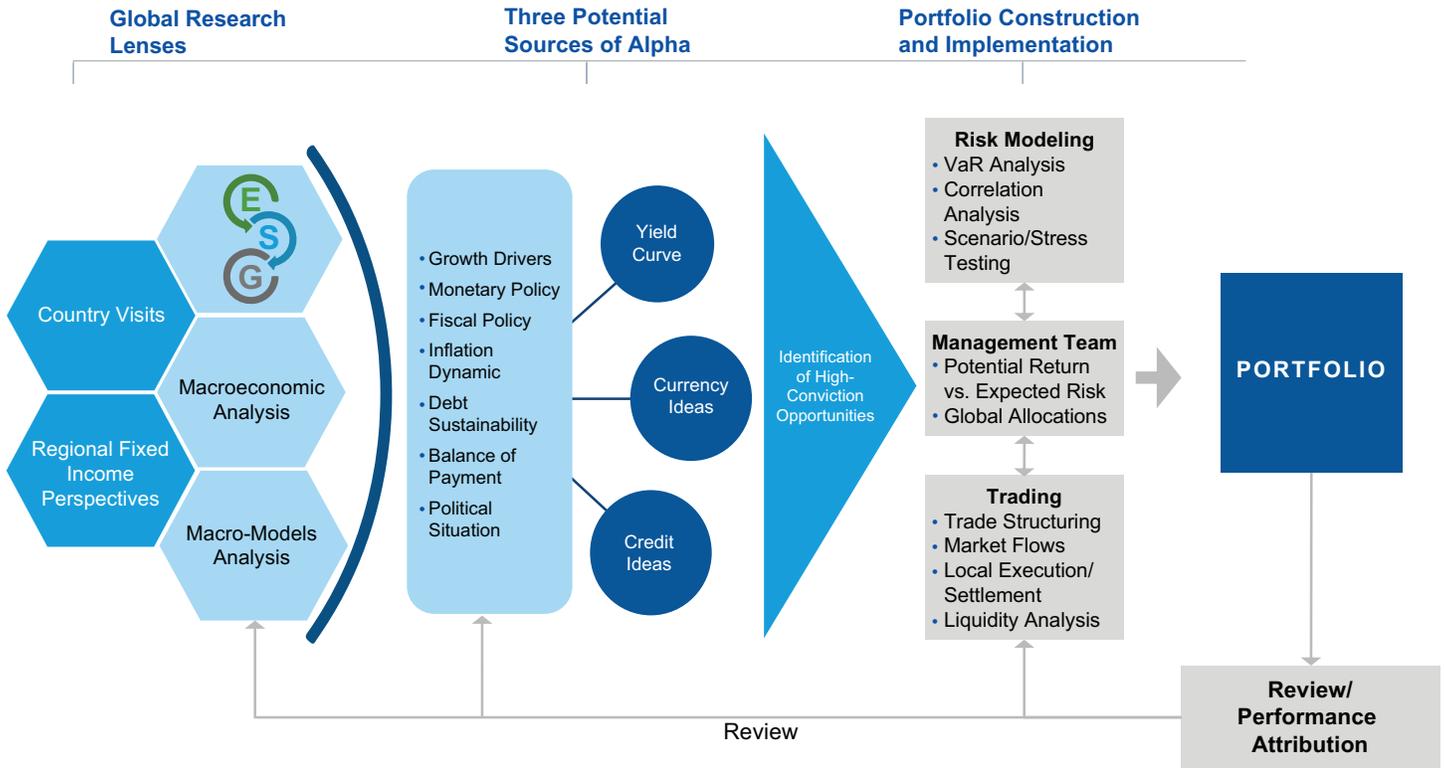
**Investment Philosophy**

We believe that a portfolio built around a diversified set of active management positions has the potential to generate the most attractive information ratios over a full market cycle. We seek to accomplish this by implementing a large number of small, low-correlated active positions, in order to reduce the risk of poor performance from any single active position. We look to keep this strategy benchmark aware but unconstrained, seeking to reap the full benefits of our global fixed income expertise. Our global framework, significant bottom-up resources and integrated quantitative group allow us to identify market inefficiencies which we seek to exploit while utilising a disciplined risk management process.

4. 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 Not Rated category consists of ratable securities that have not been rated by an NRSRO. The Not Applicable category consists of nonratable securities (e.g., equities). Cash includes equivalents, which may be rated.

**Investment Process**

Multiple Research Lenses Can Lead to High-Conviction Opportunities<sup>5,6</sup>



**Investment Team**

Portfolio Manager	Years with Firm	Years Experience
Michael Hasenstab, Ph. D.	22	26
Christine Yuhui Zhu	14	18
Additional Resources		
Bank Loans	Local Asset Management	MBS
Municipals		

**Glossary**

**Average Credit Quality:** The credit rating of a bond is an assessment of the creditworthiness of individuals and corporations. It is based upon the history of borrowing and repayment, as well as the availability of assets and extent of liabilities. The average credit quality of a fund reflects the holdings of the underlying issues, based on the size of each holding. Usually we quote the average credit quality as per Standard & Poor’s or Moody’s credit rating agencies.

**Average Duration:** A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

**Yield to Maturity:** Yield to Maturity (‘YTM’) also known as the ‘Gross Redemption Yield’ or ‘Redemption Yield’. The rate of return anticipated on a bond if it is held until the maturity date. YTM is considered a long-term bond yield expressed as an annual rate. The calculation of YTM takes into account the current market price, par value, coupon interest rate and time to maturity. It is also assumed that all coupons are reinvested at the same rate.

5. The above chart is for illustrative and discussion purposes only. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions.

6. Regional Fixed Income is comprised of investment professionals located in affiliates of and joint venture partners with Franklin Templeton.

**Summary of Key Terms**

<b>Structure</b>	Open-end mutual fund trust
<b>Trustee, Manager and Distributor</b>	Franklin Templeton Investments Corp. ("FTIC")
<b>Portfolio Manager</b>	Franklin Templeton Advisers, Inc. (an affiliate of FTIC)
<b>Custodian</b>	J.P. Morgan Bank Canada
<b>Auditor</b>	PricewaterhouseCoopers LLP
<b>Jurisdiction</b>	Fund available for sale only in Canada to accredited investors
<b>Minimum Investment</b>	CAD \$1,000,000
<b>Management Fee</b>	Negotiated directly between the investor and FTIC
<b>Registered Plan Eligibility</b>	Fund units not qualified for registered plans
<b>Fund Distributions</b>	Annual distribution of any income and realized net capital gains paid in December and automatically reinvested

**Important Legal Information**

This document does not constitute an offering of any security, product, service or fund, including interests in the Templeton Global Multisector Plus Institutional Fund (the "Fund") which can only be made to qualified investors by the Fund's Confidential Private Placement Memorandum (the "Memorandum"), nor does it constitute any type of investment advice. This document is for informational purposes only and may not be relied upon by you in evaluating the merits of investing in the Fund. It is qualified in its entirety by the Memorandum and no offering of interests in the Fund may be made by any literature, advertising or document in whatever form other than the Memorandum, which supersedes and may qualify, and differ from, the information and opinions contained herein. The Memorandum contains important information regarding the Fund's investment objectives, risks, fees, liquidity and other matters of interest and should be carefully read prior to an investment in the Fund. There are no assurances that the stated investment objectives of the Fund will be met.

An investment in the Fund involves a high degree of risk and is suitable only for investors who can afford to risk the loss of all or substantially all of such investment. The Fund may only be offered for sale in Canada in reliance on prospectus exemptions. The Fund may not be appropriate for all investors and involve important legal and tax consequences and investment risks that should be discussed with your professional financial, legal and tax advisers prior to investing. **Please read the Fund's Memorandum for a more complete description of the Fund's investment terms and conditions.**

**Portfolio Currency Hedge** Forward currency contracts hedge the Fund's portfolio back into Canadian dollars. The hedge is typically maintained at 97% of the portfolio's value, to translate the total return of the Fund (managed as if denominated in U.S. dollars) to similar total return performance in Canadian dollars. This hedge is operational and passively managed as part of the investment strategy.

The foregoing information reflects our analysis, opinions and portfolio information as of 06/30/2021, and may change without notice. The views expressed are those of the individual portfolio managers only and may vary from the views expressed by portfolio managers representing other investment platforms or strategies within Franklin Templeton Investments. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or portfolio. Statements of fact are from sources considered to be reliable, but no representation or warranty is made as to their completeness or accuracy. Because market and economic conditions are subject to rapid change, opinions provided are valid only as of the date indicated. References to particular securities are only for the limited purpose of illustrating general market or economic conditions, and are not recommendations to buy or sell a security or an indication of any actual portfolio's holdings.

Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

Source: FactSet. Important data provider notices and terms available at: [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com).

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a. There is no assurance that the strategy will achieve its investment objectives. The strategy is managed in a benchmark-unconstrained manner, so the target risk profile is provided solely to illustrate the manager's expectations with respect to strategy characteristics, based on the strategy's historical experience during normal market conditions. Past performance does not guarantee future results. Thus, the characteristics do not take into account future market risks or changing economic conditions and are not a prediction or guarantee of future performance. An investor in the Fund may experience significantly different risk and return characteristics including greater volatility, higher tracking error and lower returns than the expected characteristics, including the potential for loss of principal amounts invested. Risk and return characteristics do not take into account management fees or other expenses an investor would incur, which would reduce any returns and affect the risk characteristic measurements.

b. The Fund utilizes forward currency contracts to hedge its portfolio back into Canadian dollars. This hedge is designed to translate the total return of the portfolio (which is managed as if it was denominated in U.S. dollars) to similar total return performance in Canadian dollars. Consequently, this means the Fund's Canadian dollar returns may be more comparable to a U.S. dollar benchmark. Hedged portfolios will incur hedging costs and will not result in the impact of currency fluctuations being eliminated altogether which can impact performance over time. Therefore the performance of the U.S. dollar benchmark will not compare exactly to the Fund's Canadian dollar returns. Performance data is shown rounded to the nearest hundredth, net of operating expenses. Negotiated investment management fees are paid directly by the investor to Franklin Templeton Investments Corp. every quarter. Total returns are presented in Canadian dollars gross of investment management fees and assume reinvestment of any distributions. Past performance does not guarantee future results and results may differ over future time periods.

c. All holdings are subject to change.

d. Yield to Maturity, Average Duration and Average Weighted Maturity reflect certain derivatives held in Portfolio (or their underlying reference assets).

e. Yield figures quoted should not be used as an indication of the income that has or will be received. Yield figures are based on the portfolio's underlying holdings and do not represent a payout of the portfolio. Past performance is not an indicator or a guarantee of future performance.

f. Market value figures reflect the trading value of the investments. Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

g. Notional exposure figures are intended to estimate the portfolio's exposure, including any hedged or increased exposure through certain derivatives held in the portfolio (or their underlying reference assets). Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.



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