



FRANKLIN TEMPLETON INVESTMENTS

Franklin Mutual Global Discovery Fund

December 31, 2018

Product Profile

Product Details^{1,2}

Fund Assets	\$616,709,636.01
Fund Inception Date	02/17/2003
Number of Issuers	92
Base Currency	CAD
Morningstar Category™	Global Equity
Distribution Frequency	Annually

Risk Classification³

Low	Low to Medium	Medium	Medium to High	High
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Fund Description

This Fund seeks long-term capital appreciation by investing primarily in the equity and debt securities of issuers around the world.

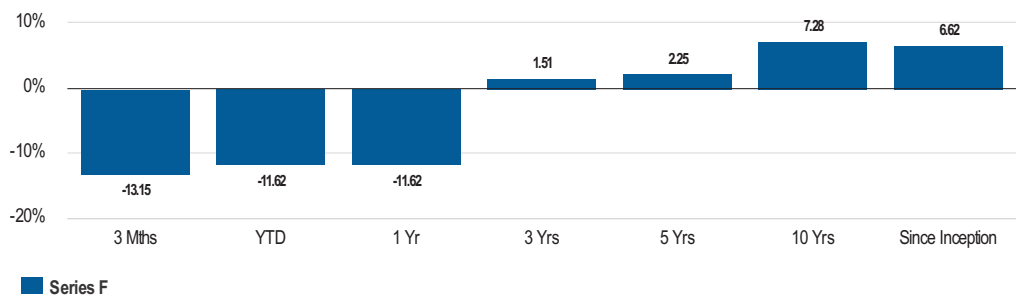
Performance Data⁴

Average Annual Total Returns⁵ (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (02/17/2003)
Series F	-13.15	-11.62	-11.62	1.51	2.25	7.28	6.62

Management Expense Ratio (as of 06/30/2018 incl. HST)—1.45%

The indicated rates of return are the historical annual compounded total returns including changes in share or 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. Please call Franklin Templeton Client Services at 1.800.387.0830 or visit www.franklintempleton.ca for the most recent month-end performance.



Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Series F	-11.62	7.13	9.94	-0.32	7.20	29.49	13.93	-2.30	8.87	15.13

1. 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.

2. All holdings are subject to change. Holdings of the same issuers have been combined.

3. Each fund is assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk. The risk ratings were determined using a methodology that assesses a fund's historical volatility risk as measured by the standard deviation of fund performance. However, just as a fund's historical performance may not be indicative of its future returns, a fund's historical volatility may not be indicative of its future volatility. In addition, other types of risk may exist that can affect a fund's returns. Please read the prospectus for more information on fund risk ratings.

4. The fund offers other series subject to different fees and expenses, which will affect their performance.

5. Periods shorter than one year are shown as cumulative total returns.

Portfolio Manager Insight⁶

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Eli Lilly and Company	—	Italy
	Enel SpA	—	Finland
	Merck & Co., Inc.	—	—
HURT	British American Tobacco p.l.c.	Financials	United States
	Citigroup Inc.	Energy	United Kingdom
	Citizens Financial Group, Inc.	Information Technology	France

- In November, shares of British American Tobacco and industry peers dropped, as the US Food and Drug Administration (FDA) revisited the possibility of banning menthol as a flavour in cigarettes. Any process to ban menthol-flavoured cigarettes would take years with many steps to complete, and in our opinion, an FDA proposal would face litigation from the industry. Industry experts have suggested that it might not survive legal challenges.
- Citizens Financial Group announced solid results in October, but the stock followed the decline in financial sector shares during the quarter, as investors worried that slowing global economic activity could have a negative effect on the US economy and on Citizens' operating results. Investors digested the latest economic data and adjusted their expectations down to reflect a more challenged outlook in terms of lower interest rates, slower revenue growth, and rising credit cost for the industry. On a long-term basis, we believe Citizens remains well positioned to continue to deliver improved results as management continues to invest in new product capabilities and as management pursues a combination of capital deployment, balance sheet optimisation and cost controls.
- In November, Eli Lilly and Company reported quarterly sales and earnings that topped consensus estimates, while management upwardly revised its 2018 full-year earnings guidance. We believe Eli Lilly continues to have a strong product growth story and room for further margin expansion, in addition to having solid research and development capabilities.

Outlook & Strategy

- As we enter 2019, the consensus view is for slower but still positive global economic growth led by the United States, with modest growth in corporate earnings. However, this is a notable slowdown from 2018, and downside risks to the global outlook appear to have risen, while investor sentiment has turned more cautious and the general level of financial market volatility has been on the rise. In our view, 2019 may favour prudent stock pickers with a disciplined approach.
- Policy events are likely to have considerable influence, for better or worse, on economic growth, financial market performance and investor sentiment. We will be closely monitoring US-China trade tensions, the path of monetary policy by major central banks, the possibility of Brexit without an agreement, and the effectiveness of China's fiscal and monetary stimulus measures.
- Market valuations have returned to more attractive levels, in our view. We have used this period of turbulence to seek out stocks we felt had strong corporate fundamentals and valuations whose risk/reward profiles turned more favourable as they became caught up in the broad selloff. Recently, we have been finding more of these within economically sensitive industries.
- From a sector perspective, within energy we have been finding compelling value amongst infrastructure companies, as they benefit from increasing production and are not as affected by swings in oil and gas prices. Information technology (IT) valuations have declined, but so far, compelling opportunities on a risk/reward basis have been limited. Our IT positions are generally amongst larger, mature companies with shareholder-friendly management.
- Value investing often requires an investor to be contrarian in nature. We continue to maintain a bottom-up stock-picking process that is disciplined, driven by rigorous fundamental analysis, and attempts to limit downside risk. In our view, investing in underappreciated and misunderstood companies with identifiable catalysts for unlocking shareholder value can offer meaningful upside potential and a degree of downside protection in periods of financial market turbulence.

Portfolio Characteristics⁷

	Portfolio	MSCI World Index
Price to Earnings (12 Month Trailing)	10.25x	16.09x
Price to Book	1.21x	2.15x
Price to Cash Flow	5.71x	10.32x
Market Capitalization (Millions in CAD)	105,343	165,994

6. 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.

7. The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalisation figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. Source: Factset. Price ratio calculations for weighted average use harmonic means. Any exceptions to this are noted. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.

Portfolio Diversification⁸

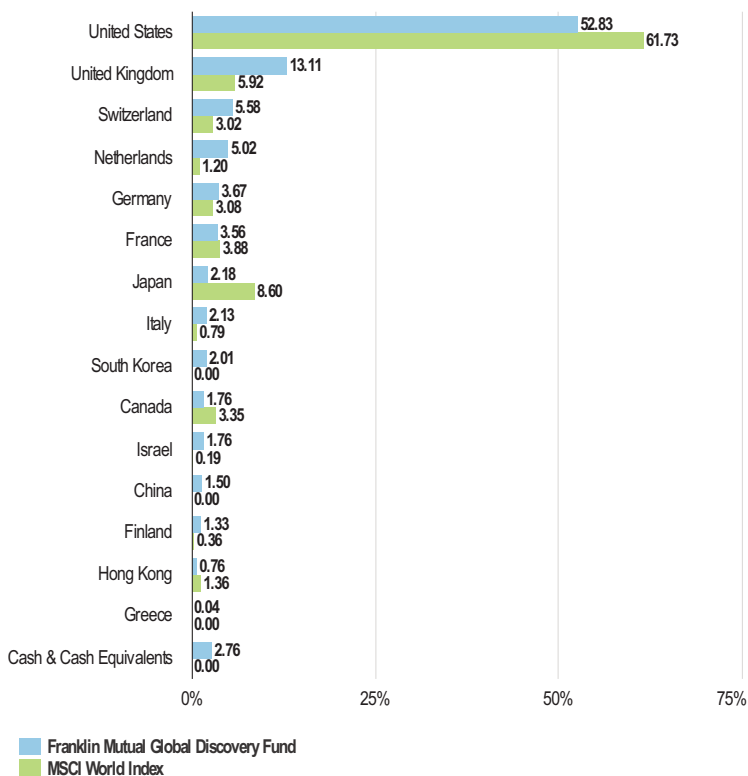
Top Ten Holdings⁹

Percent of Total

Top Holdings	Sector	Country	%
MEDTRONIC PLC	Health Care Equipment & Services	United States	3.39
NOVARTIS AG	Pharmaceuticals, Biotechnology & Life Sciences	Switzerland	3.38
WALT DISNEY CO	Media & Entertainment	United States	2.72
ROYAL DUTCH SHELL PLC	Energy	United Kingdom	2.49
GLAXOSMITHKLINE PLC	Pharmaceuticals, Biotechnology & Life Sciences	United Kingdom	2.39
NN GROUP NV	Insurance	Netherlands	2.29
ELI LILLY & CO	Pharmaceuticals, Biotechnology & Life Sciences	United States	2.17
ENEL SPA	Utilities	Italy	2.13
SAMSUNG ELECTRONICS CO LTD	Technology Hardware & Equipment	South Korea	2.01
BRITISH AMERICAN TOBACCO PLC	Food, Beverage & Tobacco	United Kingdom	1.98

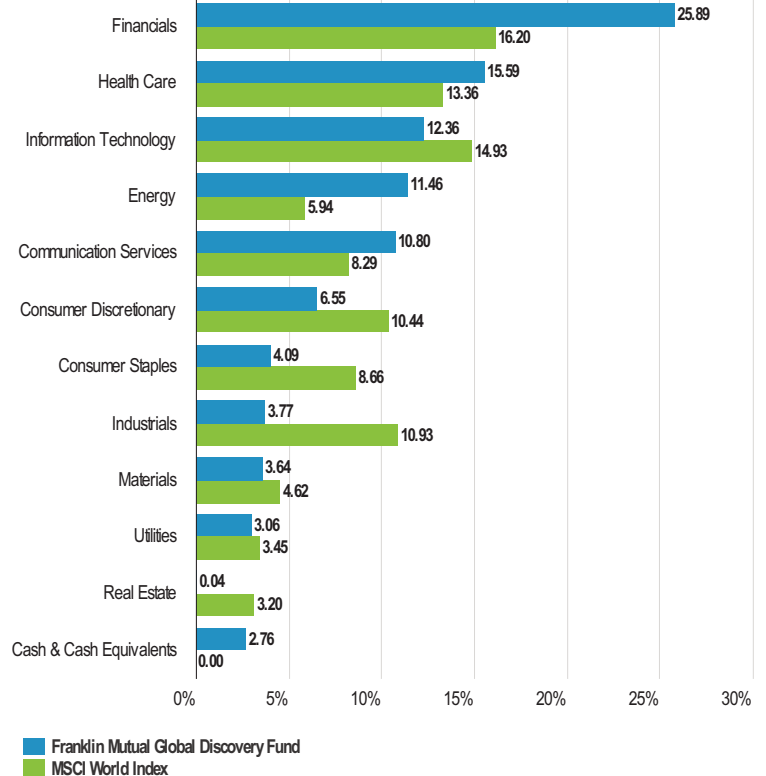
Geographic Weightings vs. MSCI World Index¹⁰

Percent of Total



Sector Weightings vs. MSCI World Index¹¹

Percent of Total



8. Please note that the definition of cash in this document may not match the definition of "cash and cash equivalents" listed in the fund facts or management reports of fund performance for the fund, which includes bonds that have a remaining term to maturity of 365 days or less that are issued by certain governments, supranational agencies or financial institutions and have a "designated rating" (as defined in Canadian securities law). As such, the cash amounts listed may differ.

9. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The information provided is not a recommendation to purchase, sell, or hold any particular security. The securities identified do not represent the fund's entire holdings and in the aggregate may represent only a small percentage of such holdings. There is no assurance that securities purchased will remain in the fund, or that securities sold will not be repurchased. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.

10,11. Information is historical and may not reflect current or future portfolio characteristics. Percentage may not equal 100% due to rounding. All holdings are subject to change.

Supplemental Performance Statistics

Supplemental Risk Statistics^{12,13}

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)	9.60	9.79	9.86	9.58
Tracking Error (%)	8.11	7.92	7.19	6.61
Information Ratio	-0.61	-1.05	-0.60	-0.20
Beta	0.64	0.66	0.70	0.70
Sharpe Ratio	0.07	0.15	0.66	0.53

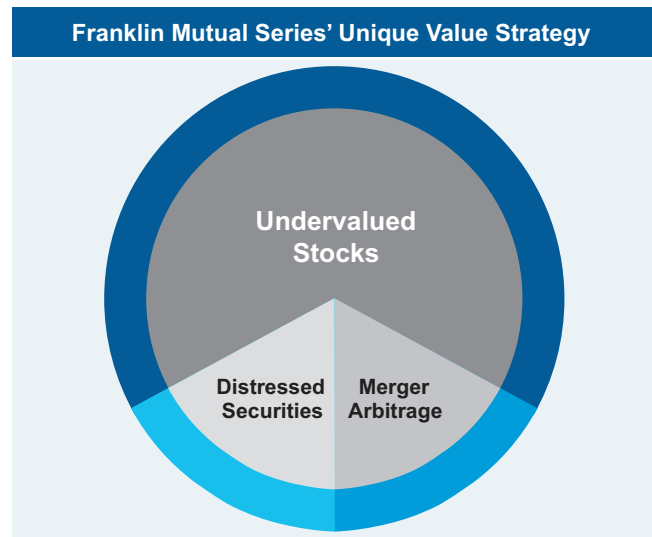
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Investment Philosophy and Process

Bottom-Up Value Approach

- We seek to buy companies at a significant discount to their intrinsic value.
- We seek to understand and limit downside risk.
- We think and act like owners of the business.
- Undervalued stocks comprise the bulk of our portfolios.
- We search for catalysts to unlock value:
 - Corporate restructuring
 - Spin-offs
 - Share buybacks
 - Our own initiatives

Franklin Mutual Series' Unique Value Strategy



Investment Team

Portfolio Manager	Years with Firm	Years Experience
Peter Langerman, Chief Executive Officer	29	33
Christian Correa, CFA, Director of Research	15	17
Tim Rankin, CFA, Portfolio Manager/Research Analyst	15	27
	Number of Members	Average Years Experience
Franklin Mutual Series	20	16

Glossary

Beta: A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.

Information Ratio: In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.

Market Capitalization: A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share. Market capitalization is expressed in millions of CAD.

Price to Book Value: The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the value represents a weighted average of the stocks it holds.

12. Beta, Information Ratio and Tracking Error information are measured against the MSCI World Index.

13. Information Ratio is a way to evaluate a manager's ability to outperform a benchmark in relation to the risk that manager is assuming, with risk defined as deviation from the benchmark. This measure is calculated by dividing the portfolio's excess return (portfolio return less the benchmark return) by the tracking error (derived by taking the standard deviation of the monthly differences between the portfolio return and the benchmark return over time).

Price to Cash Flow: Supplements price/earnings ratio as a measure of relative value for a stock. For a portfolio, the value represents a weighted average of the stocks it holds.

Price to Earnings (12-mo Forward): A measure of the price to earnings ratio (P/E) using the forecasted earnings for the next 12 months.

Return on Equity: A measure of a corporation's profitability that reveals how much profit a company generates with the money shareholders have invested. For a portfolio, the value represents a weighted average of the stocks it holds.

Sharpe Ratio: To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.

Standard Deviation: A measure of the degree to which returns vary from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that performance will fluctuate from the average return.

Tracking Error: Measure of the deviation of the return of a product compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment is managed, the smaller the tracking error.

Fund Codes¹⁴

	Series		Corporate Class	
	CAD	USD	CAD	USD
Series A Front	TML180	TML181	TML370	TML371
Series A DSC	TML182	TML183	TML372	TML373
Series A Low Load	TML184	TML185	TML374	TML375
Series F	TML225	TML261	TML376	TML377
Series F ADM	TML5004	TML5028	TML5143	TML5166
Series I	TML3255	TML3363	TML3259	TML3362
Series O	TML106	TML145	TML119	TML147
Series PA Front	TML5373	TML5376	TML5361	TML5364
Series PA DSC	TML5375	TML5378	TML5363	TML5366
Series PA Low Load	TML5374	TML5377	TML5362	TML5365
Series PF	TML3895	TML3896	TML3736	TML3737
Series PF ADM	TML5072	TML5099	TML5184	TML5199
Series PFT	TML3897	—	—	—
Series PFT ADM	TML5121	—	—	—
Series PT Front	TML5379	TML5382	TML5367	TML5370
Series PT DSC	TML5381	TML5384	TML5369	TML5372
Series PT Low Load	TML5380	TML5383	TML5368	TML5371
Series T Front	TML3059	TML3256	TML3161	TML3260
Series T DSC	TML3061	TML3258	TML3163	TML3262
Series T Low Load	TML3060	TML3257	TML3162	TML3261

Series I and V closed to new investors as of November 22, 2016.

Beginning in January 2017, investors switching between Corporate Class funds will trigger a capital gain or loss at the time of the switch due to certain changes in the income tax laws made by the federal government in 2016.

14. "ADM" refers to the Investment Advisory Services Fee purchase option for series F, FT, PF, PF(Hedged), and PFT. Please see the simplified prospectus for further details.

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

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. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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**FRANKLIN TEMPLETON
INVESTMENTS**

Franklin Templeton Investments Canada
200 King Street West, Suite 1500
Toronto, ON M5H 3T4
Tel: 800.387.0830
Fax: 866.850.8241
franklintempleton.ca