

Product Profile

Product Details^{1,2}

Fund Assets	\$186,511,704.99
Fund Inception Date	12/12/2005
Number of Issuers	90
Base Currency	CAD
Morningstar Category™	Tactical Balanced
Distribution Frequency	Annually

Risk Classification³

Low	Low to Medium	Medium	Medium to High	High
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Fund Description

The fund seeks current income while maintaining prospects for capital appreciation by investing primarily in debt and equity securities issued around the world.

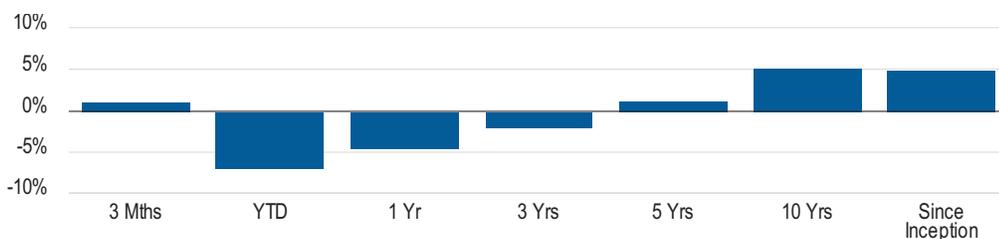
Performance Data⁴

Average Annual Total Returns⁵ (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (12/12/2005)
Series F	1.13	-6.78	-4.60	-1.87	1.30	5.28	4.89

Management Expense Ratio (as of 06/30/2020 incl. HST)—1.21%

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.



● Series F

Calendar Year Returns (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Series F	1.78	-2.31	6.22	2.12	13.38	6.28	21.60	13.78	-2.48	8.31

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

	Equity	Fixed Income
HELPED	Industrials (Stock Selection, Overweight)	Japanese Yen (Net-Positive Position)
	Materials (Stock Selection, Overweight)	Duration Exposure in Argentina
	United States (Stock Selection)	Norwegian Krone
HURT	Germany (Stock Selection)	Argentine Peso
	Health Care (Stock Selection, Overweight)	Indonesian Rupiah
	United Kingdom (Stock Selection, Overweight)	—

- In the equity portfolio, German pharmaceutical and chemical firm Bayer significantly detracted from relative results. The market has remained sceptical about the finality of Bayer's complex US\$12 billion settlement to resolve litigation stemming from its acquisition of Monsanto, manufacturer of the controversial weed-killer Round-Up. Adding to the negative sentiment, management issued a profit warning for 2021 on the final day of the quarter. The disappointing guidance challenges our view that the market will soon begin to look beyond the litigation issues and focus on the fundamentals of the underlying business. More generally, we have reduced overall exposure to health care given political and regulatory concerns in the lead-up to the US presidential election.
- The equity portfolio's top individual contributor was United Parcel Service (UPS), one of the world's largest freight delivery service companies. After numerous years of consolidation and automation investment, the industry has become more rational, focusing on more positive mix and price. The combination of this industry discipline, higher domestic e-commerce volumes and tighter capacity has resulted in better-than expected margin realisation and returns. The market responded enthusiastically to UPS's earnings momentum, leading to positive earnings revisions and multiple expansion during the third quarter. Management changes, higher cash generation and shifts in capital allocation have also fuelled outperformance.
- Developed market sovereign bond yields fluctuated during the quarter, rising in August on reflation expectations but dropping in September as broad risk aversion returned to global financial markets. Yields finished higher in a number of local-currency emerging markets, notably in Latin America. Select duration exposures in Latin America (Argentina) and Asia ex Japan (Indonesia) contributed to the fixed income portfolio's absolute performance. The US dollar broadly weakened against most developed and emerging market currencies during the quarter, but finished on a strengthening trend in September, reversing the weakening pattern that had lasted from mid-May through the end of August. Currency positions in Latin America (the Argentine peso) and Asia ex Japan (the Indonesian rupiah) detracted from the fixed income portfolio's absolute results. However, its net-positive position in the Japanese yen contributed to absolute performance, as did positions in northern European currencies (the Norwegian krone).
- From a positioning standpoint in fixed income, we continue to maintain low portfolio duration. We are significantly underweight developed market duration. We hold no duration exposure in the eurozone. Instead, we continue to emphasise select local-currency positions outside of the major developed markets, in countries that we view as having resilient fundamentals and attractive risk-adjusted yields. We are counter-balancing those various risk exposures with perceived safe-haven investments, such as the Japanese yen, and we are hedging a substantial amount of local-currency risk through direct hedges (Indian rupee, South Korean won, Mexican peso and Brazilian real). We are avoiding credit markets, which we view as significantly overstretched and vulnerable to insolvencies. Overall, we are aiming the strategies to be a portfolio diversifier against overvalued asset classes that remain vulnerable to ongoing economic shocks.

Outlook & Strategy

- From a global equity perspective, our macro view is largely unchanged. Central banks have been working overtime to try to offset the damage done by COVID lockdowns. The global economy will eventually recover, but certain segments of it have been structurally impaired and that does not appear to be adequately discounted in asset prices. We have continued to reposition the portfolio towards what we view as resilient companies with interesting long-term growth opportunities trading at discounted valuations in this environment. Admittedly, it has been challenging to find compelling new investments at reasonable prices recently. Markets have risen strongly from their nadir in March. Stocks that continue to look outright "cheap" on a historical basis tend to have structural headwinds or debt issues, which makes them vulnerable over time.
- Our focus has been on ensuring equity portfolios are broadly diversified across a range of exposures because a balanced portfolio seems best suited for an expensive and uncertain market. This won't always be the case. There will be times when equity valuations aren't as rich and it makes sense to have a more concentrated directional view. But our analysis suggests that now is not one of those times. Valuation excess and investor euphoria raise the market's risk profile, and for us diversification is as much about managing risks as it is enhancing returns. We will continue to seek sensible diversification amongst uncorrelated value exposures in this environment and are prepared to pounce should further market volatility provide opportunities to invest in what we consider genuine bargains.
- From a global fixed income perspective, we remain cautious on the risk profiles across markets as the COVID-19 pandemic continues to impact economic activity around the world. The broad-based selloffs across asset classes in September demonstrate the highly correlated and currently vulnerable state of global financial markets, in our assessment. Several asset classes remain broadly overvalued, in our view, reflecting an underappreciation for the likelihood for successive waves of infections, growing insolvencies and deepening economic hardship. We see elevated risks for a significant correction in financial markets given the extreme dislocations between asset prices and macroeconomic fundamentals.

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.

- Our outlook for emerging markets as a whole remains cautious; however, we see risk-adjusted value in specific countries. It remains crucial to be selective. Tragically we have seen the consequences of weak environmental, social and governance (ESG) factors in specific emerging markets during the pandemic. Countries that were less prepared for a health crisis due to weaker health care systems and less developed infrastructure, and/or less prepared for an economic crisis due to fiscal imbalances, high levels of debt and external dependencies, have suffered greater damage to lives and livelihoods. By contrast, countries that were in stronger fundamental shape before the crisis, with stronger institutions, lower levels of debt and more diversified economies, have generally fared better. Several domestically oriented economies continue to have comparatively better prospects than externally dependent economies, given the collapse in global aggregate demand and diminished levels of trade. We continue to monitor broader conditions and expect that the impacts of the COVID-19 pandemic could persist for multiple quarters, potentially pushing out the timeline for when certain investment opportunities may become suitable.

Portfolio Characteristics^{7,8}

	Portfolio	MSCI All Country World Index
Price to Earnings (12-Month Trailing)	20.58x	24.03x
Price to Book	1.51x	2.48x
Price to Cash Flow	8.21x	13.70x
Weighted Average Market Capitalization (Millions in CAD)	137,334	336,953
		Portfolio
Average Duration		1.32 Yrs
Average Weighted Maturity		1.47 Yrs

Portfolio Diversification⁷

Top Ten Holdings⁹

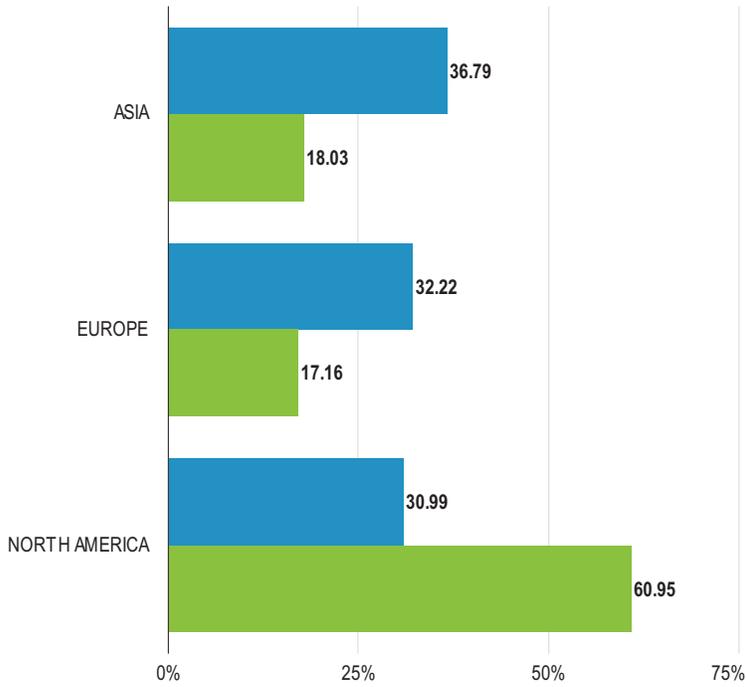
Percent of Total

Top Holdings	Sector	Country	%
Samsung Electronics Co Ltd	Technology Hardware & Equipment	South Korea	1.91
COMCAST CORP	Media & Entertainment	United States	1.69
BAYER AG	Pharmaceuticals, Biotechnology & Life Sciences	Germany	1.64
DEUTSCHE TELEKOM AG	Telecommunication Services	Germany	1.46
ALIBABA GROUP HOLDING LTD	Retailing	China	1.45
NXP SEMICONDUCTORS NV	Semiconductors & Semiconductor Equipment	Netherlands	1.23
TOYOTA INDUSTRIES CORP	Automobiles & Components	Japan	1.23
BERKSHIRE HATHAWAY INC	Diversified Financials	United States	1.21
SUMITOMO METAL MINING CO LTD	Materials	Japan	1.18
E.ON SE	Utilities	Germany	1.15

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 reserves the right to withhold release of information with respect to holdings that would otherwise be included.

Geographic Allocation vs. MSCI All Country World Index¹⁰

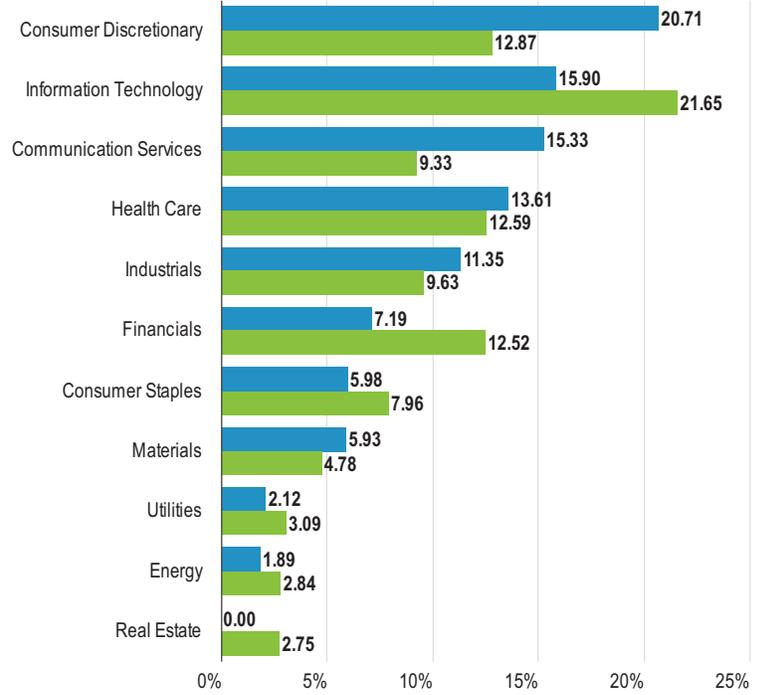
Market Value—Percent of Equity



● Templeton Global Balanced Fund
● MSCI All Country World Index

Sector Allocation vs. MSCI All Country World Index¹⁰

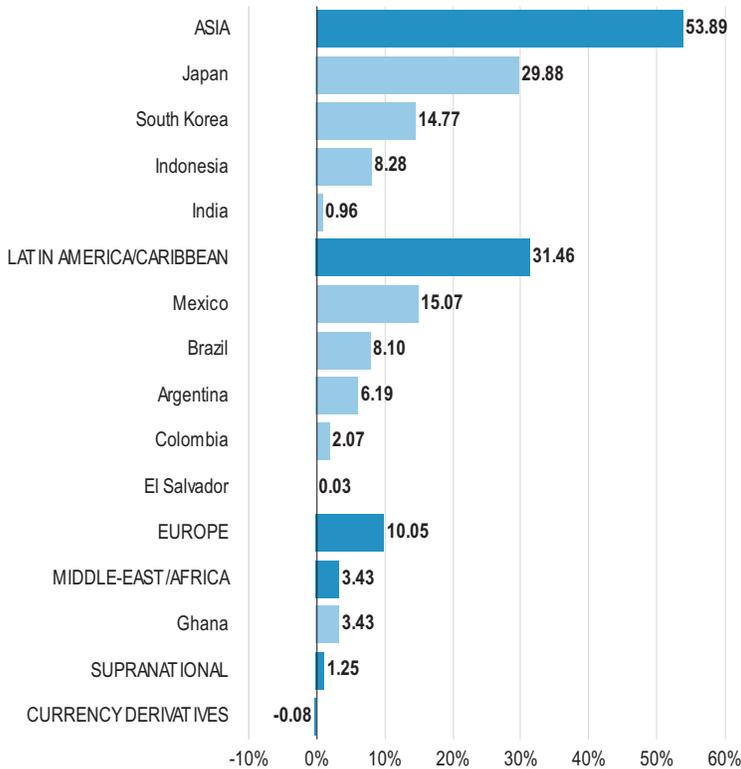
Market Value—Percent of Equity



● Templeton Global Balanced Fund
● MSCI All Country World Index

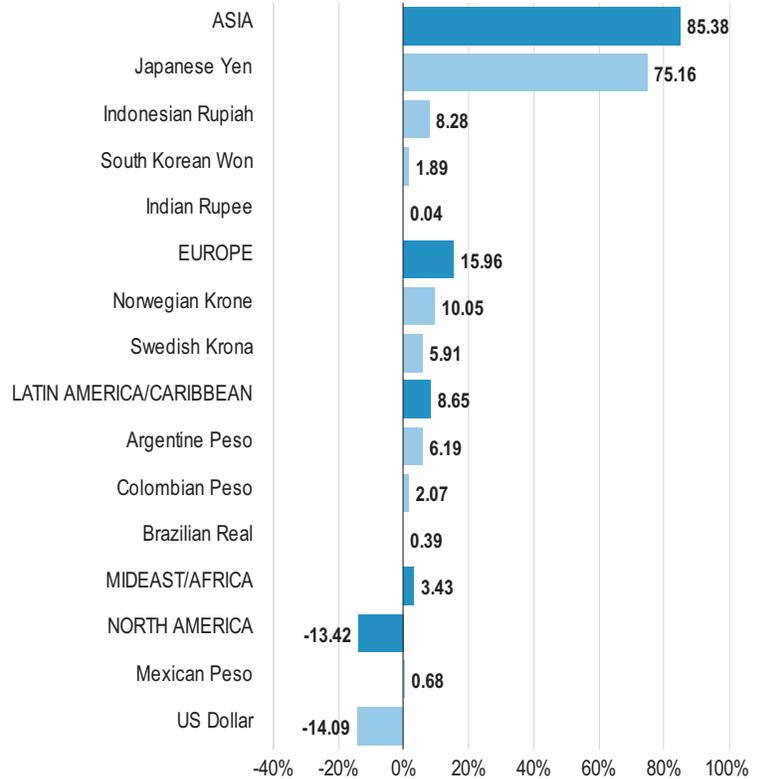
Geographic Allocation¹⁰

Market Value—Percent of Fixed Income



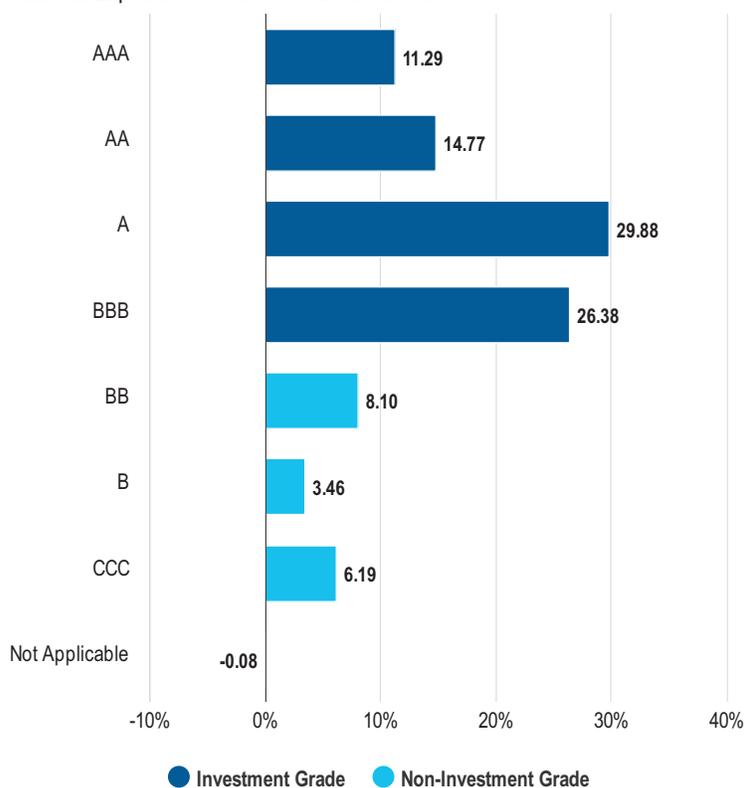
Currency Exposure¹¹

National Exposure—Percent of Fixed Income



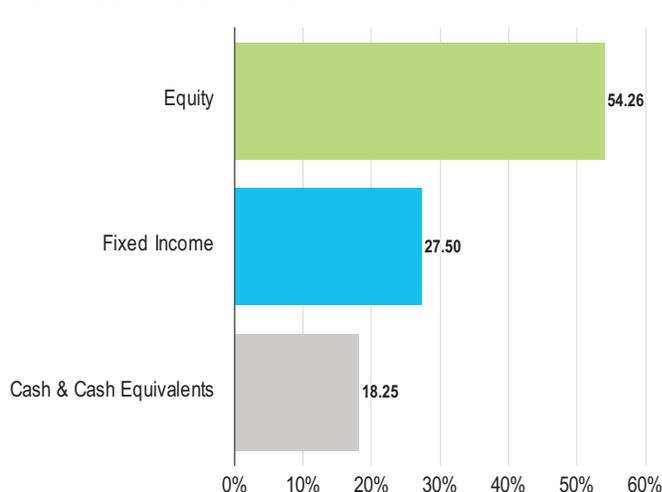
Credit Quality Exposure^{12,13}

National Exposure—Percent of Fixed Income



Asset Allocation¹⁰

Market Value—Percent of Total



Supplemental Performance Statistics

Supplemental Risk Statistics^{14,15}

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)	7.76	8.04	8.42	8.77
Tracking Error (%)	5.46	5.27	5.38	5.22
Information Ratio	-1.90	-1.21	-0.65	-0.36
Beta	0.94	0.94	1.03	0.98
Sharpe Ratio	-0.42	0.04	0.51	0.38

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Investment Philosophy

Templeton Global Balanced Fund combines the global expertise and research resources of two experienced investment teams, Templeton Global Equity Group and Franklin Templeton Fixed Income. The fund’s allocations take into account each group’s bottom-up views of relative opportunities in each asset class. This process ensures that the overall allocation is based on each team’s on-the-ground observations and reflects the team’s highest-conviction ideas.

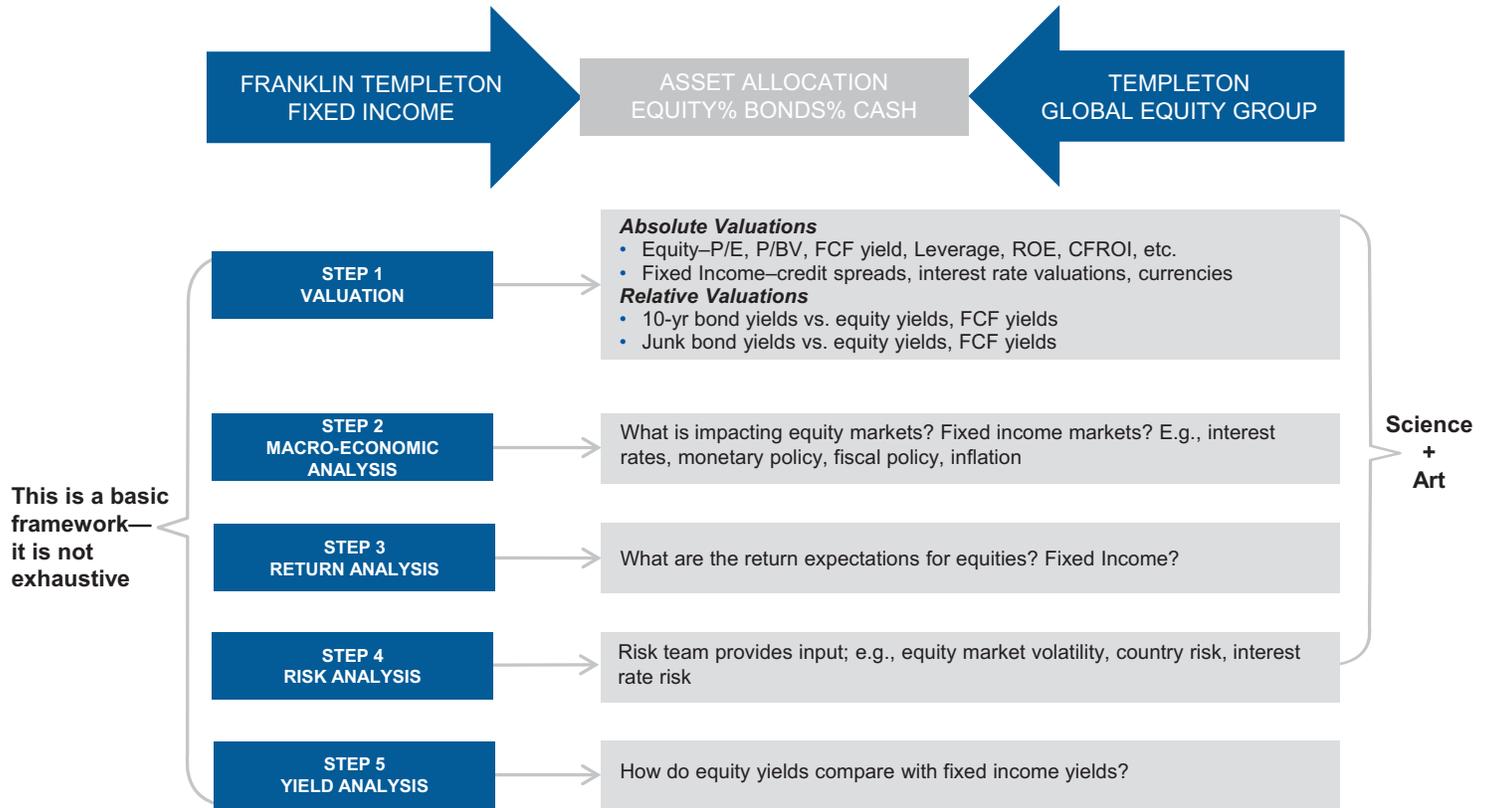
12. Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations (“NRSRO”), such as Standard & Poor’s, Moody’s and Fitch. The ratings are an indication of an issuer’s creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all 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 and equivalents are excluded from this breakdown.

13. Notional exposure figures are intended to estimate the portfolio’s exposure to issuer credit risk, including any hedged or increased exposure through credit derivatives held in the portfolio (or their underlying reference assets). Any credit derivatives are assigned the ratings of 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.

14. Beta, Information Ratio and Tracking Error information are measured against the Blended 50% MSCI All Country World Index + 50% Bloomberg Barclays Multiverse Index.

15. 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).

Investment Process



Investment Team

Portfolio Manager	Years with Firm	Years Experience
Michael Hasenstab, Ph. D.	21	25
Herbert J Arnett Jr.	24	26
Additional Resources		
Global Portfolio Compliance	Global Research Library	Global Sovereign/EMD
Global Trading Platform	Investment Risk Management Group	Junior Research Analysts
Local Asset Management	Research Technology Group	

Glossary

Average Duration: The market-weighted average of the duration of bonds. Duration of each bond is the estimated percentage change in the bond's price for a 1% change in the bond's yield.

Average Weighted Maturity: An estimate of the number of terms to maturity, taking the possibility of early payments into account, for the underlying holdings. Maturity is expressed as a number of years.

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.

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 Trailing): The share price of a stock, divided by its per-share earnings over the past year. 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 Codes¹⁶

	CAD	Series	USD
Series A Front	TML3240		TML3245
Series A DSC	TML3242		TML3247
Series A Low Load	TML3241		TML3246
Series F	TML2039		TML2044
Series F ADM	TML5019		TML5042
Series FT	TML3442		—
Series FT ADM	TML5051		—
Series I	TML3729		TML3730
Series O	TML2040		TML2045
Series PA Front	TML5596		TML5599
Series PA DSC	TML5598		TML5601
Series PA Low Load	TML5597		TML5600
Series PF	TML3731		TML3732
Series PF ADM	TML5090		TML5113
Series PFT	TML3780		—
Series PFT ADM	TML5129		—
Series PT Front	TML5602		TML5605
Series PT DSC	TML5604		TML5607
Series PT Low Load	TML5603		TML5606
Series T Front	TML2036		TML2041
Series T DSC	TML2038		TML2043
Series T Low Load	TML2037		TML2042
Series V	TML3778		—

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

16. "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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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.

Franklin Templeton and Franklin Templeton Canada are business names used by Franklin Templeton Investments Corp.

7. All holdings are subject to change.

8. Average Duration and Average Weighted Maturity reflect certain derivatives held in the portfolio (or their underlying reference assets).

10. 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.

11. 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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