



FRANKLIN TEMPLETON INVESTMENTS

Franklin Bissett Dividend Income Fund

December 31, 2018

Product Profile

Product Details¹

Fund Assets	\$564,637,967.35
Fund Inception Date	05/31/1988
Base Currency	CAD
Morningstar Category™	Canadian Equity Balanced
Distribution Frequency	Monthly

Risk Classification²

Low	Low to Medium	Medium	Medium to High	High
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Fund Description

The fund seeks long-term capital appreciation by investing primarily in dividend-paying or income-producing Canadian securities, including common shares, income trust units and preferred shares. Portfolio managers look for quality companies at reasonable prices that have a proven ability to deliver a consistent and growing level of dividends over time.

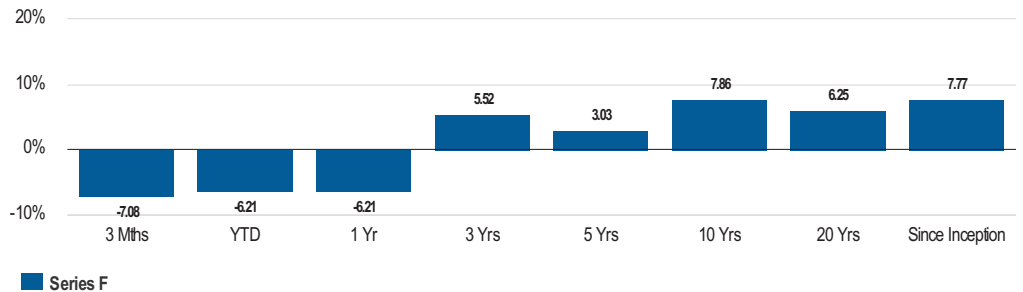
Performance Data

Average Annual Total Returns³ (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Inception (05/31/1988)
Series F	-7.08	-6.21	-6.21	5.52	3.03	7.86	6.25	7.77

Management Expense Ratio (as of 06/30/2018 incl. HST)—1.15%

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	-6.21	4.74	19.62	-6.43	5.61	16.76	8.99	6.53	12.87	20.00

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. 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.

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

Portfolio Manager Insight⁴

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

HELPED	Strong performance from the fund's US equities drove above-benchmark performance for the quarter. For the most part, leadership came from holdings in less-cyclical sectors.
	Notable individual contributors included Pfizer in US equities. Pfizer was among the top-performing stocks for the quarter in the US allocation, and also one of the highest-returning securities in the portfolio for 2018. We took the opportunity to trim the position although Pfizer remains a core holding.
	Security selection in preferred shares also added value, with a number of fixed-rate securities faring better than floating and fixed-floating issues.
HURT	Canadian equities weighed on relative performance, especially from holdings in the utilities, materials and energy sectors.
	Fixed income detracted from relative performance, with certain securities in the energy sector weighing on results.
	Notable individual detractors included ARC Resources. Despite a challenged commodity price environment, ARC remains well capitalized with its strong balance sheet leaving ample room for financial flexibility. We added to our position in ARC during the quarter.

Outlook & Strategy

- Faced with uncertainty around the implications of trade disputes, the risk of softening economic conditions in key regions, and volatile commodity prices, investor sentiment became increasingly cautious throughout the course of the year.
- With heightened volatility in stock prices comes the opportunity to exploit market inefficiencies, which is what our process is designed to do. Through fundamental, cash-flow-based valuation work using a long-term mindset, we will continue to apply our time-tested approach with the goal of optimizing risk-adjusted returns for the fund.

Portfolio Characteristics^{5,6}

	Portfolio	S&P/TSX Composite Index
Market Capitalization (Millions in CAD)	112,237	43,972
Dividend Yield	4.62%	3.36%
		Portfolio
Yield to Worst		4.14%
Average Duration		5.72 Yrs
Average Credit Quality ⁷		BBB+
Average Weighted Maturity		7.88 Yrs
Coupon Rate		4.56%

4. 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 average credit quality (ACQ) rating may change over time. The portfolio itself has not been rated by an independent rating agency. The letter rating, which may be based on bond ratings from different agencies, is provided to indicate the average credit rating of the portfolio's underlying bonds and generally ranges from AAA (highest) to D (lowest). The ACQ is determined by assigning a sequential integer to all credit ratings AAA to D, taking a simple, asset-weighted average of debt holdings by market value and rounding to the nearest rating. The risk of default increases as a bond's rating decreases, so the ACQ provided is not a statistical measurement of the portfolio's default risk because a simple, weighted average does not measure the increasing level of risk from lower rated bonds. The ACQ is provided for informational purposes only. Derivatives are excluded from this breakdown.

Portfolio Diversification^{5,8}

Top Ten Holdings⁹

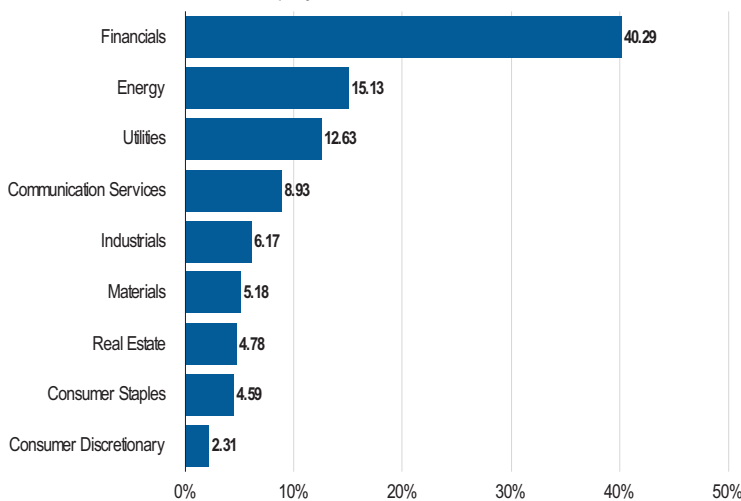
Percent of Total

Top Holdings

	%
Royal Bank of Canada	3.80
Canadian Imperial Bank of Commerce	3.13
Canadian National Railway Company	3.00
Toronto-Dominion Bank	2.82
Enbridge Inc.	2.54
Bank of Nova Scotia	2.44
Rogers Communications Inc. Class B	2.41
Bank of Montreal	2.35
Canadian Utilities Limited Class A	2.00
TELUS Corporation	1.98

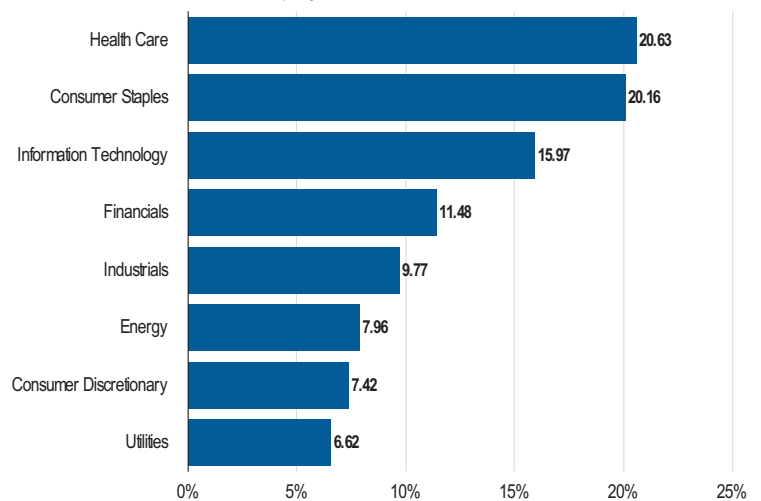
Canadian Sector Allocation¹⁰

Market Value—Percent of Equity



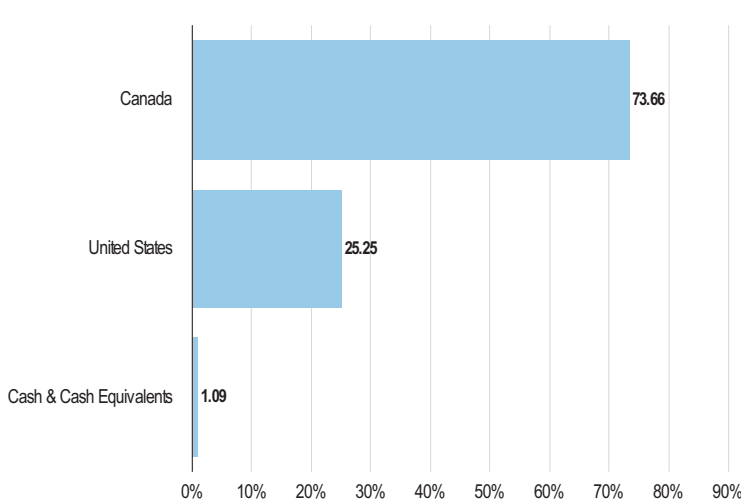
U.S. and Foreign Sector Allocation¹⁰

Market Value—Percent of Equity



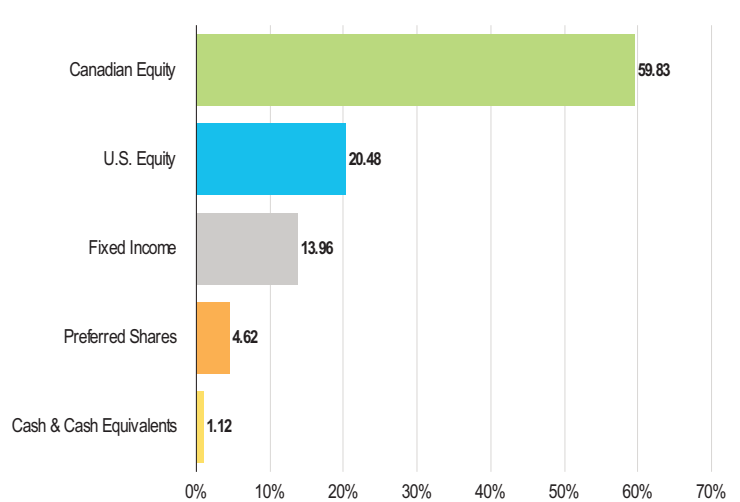
Geographic Allocation¹⁰

Market Value—Percent of Total



Asset Allocation¹⁰

Market Value—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.

Supplemental Performance Statistics

Supplemental Risk Statistics^{11,12}

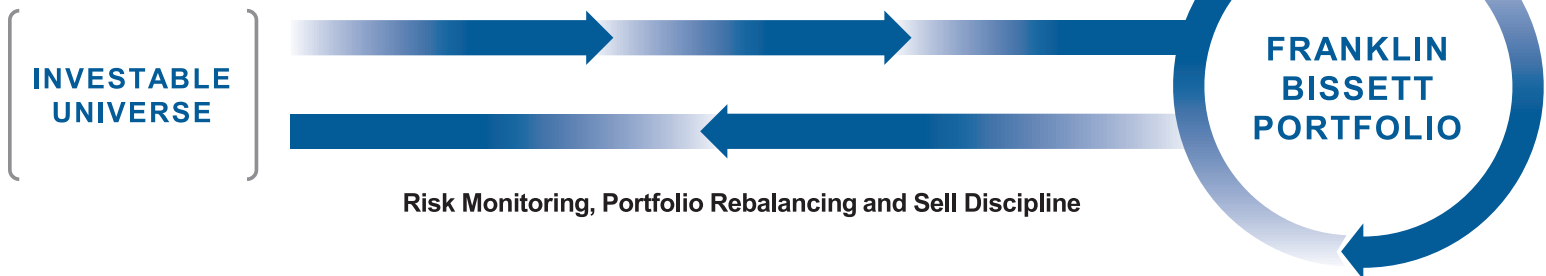
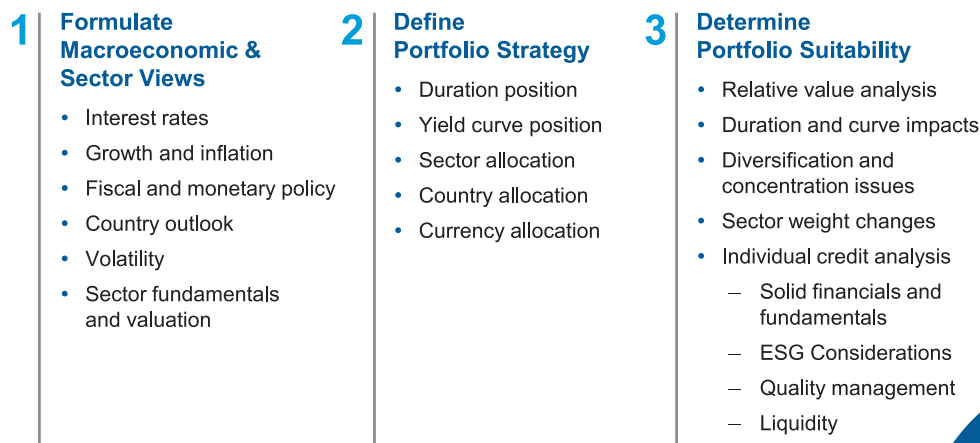
	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)	6.43	6.77	6.99	7.70
Tracking Error (%)	2.57	3.28	4.06	5.44
Information Ratio	-0.25	-0.87	-0.19	-0.03
Beta	0.92	0.92	0.77	0.68
Sharpe Ratio	0.73	0.33	1.01	0.49

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Investment Philosophy and Process

Fixed Income

1. Truly active portfolio management, focusing on Canada with potential for enhanced returns through global diversification
2. Superior long-term performance can be achieved by investing in bonds having favourable risk/return characteristics and backed by quality management with a whole stakeholder approach
3. Focus on interest rate risk alone is insufficient; successful fixed income investors also must be vigilant in managing credit risk and reinvestment risk
4. Consistent, superior absolute, relative and risk-adjusted performance

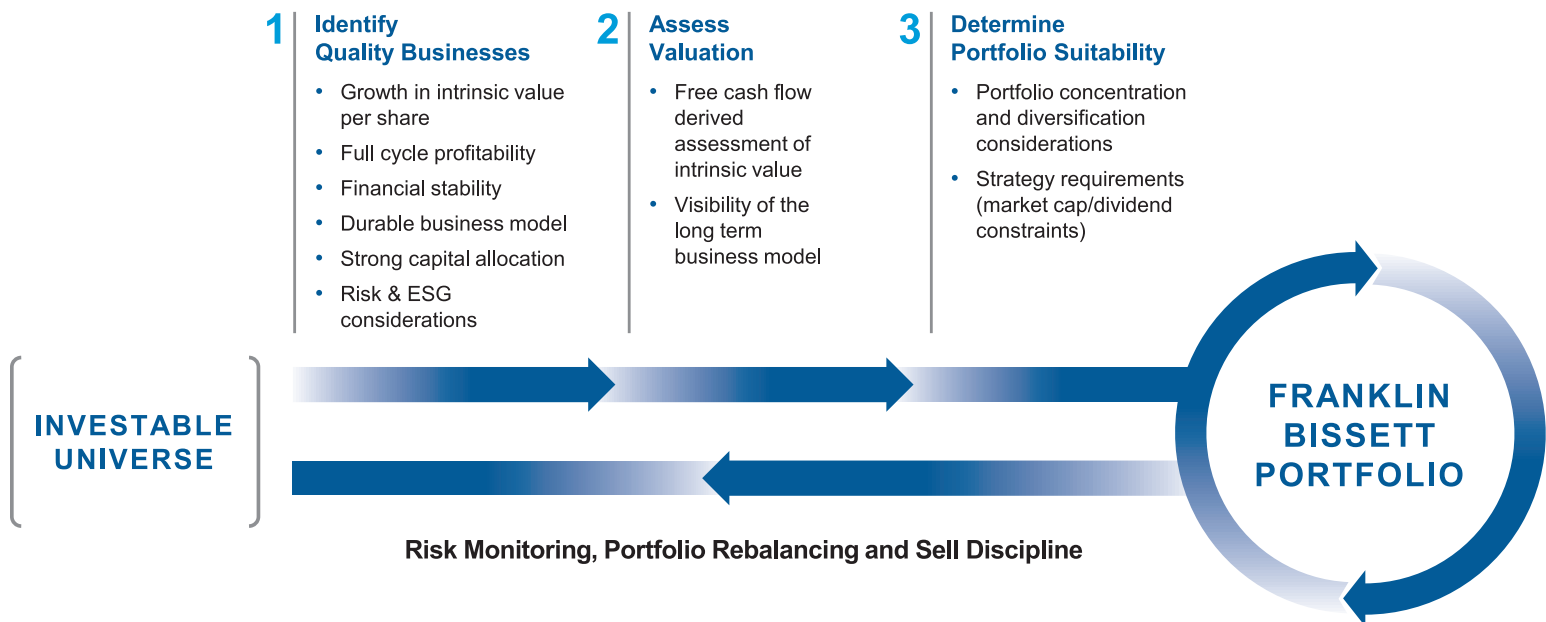


Equity

1. Equity markets can be inefficient, particularly in the short term; price does not necessarily reflect intrinsic value
2. Sustained profitability and effective capital allocation drive intrinsic value growth
3. Achieving our performance objectives requires a high-conviction investment approach

11. Beta, Information Ratio and Tracking Error information are measured against the Custom Franklin Bissett Dividend Income Benchmark.

12. 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).



The above charts are 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.

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Les Stelmach, CFA, Senior Vice President, Portfolio Manager	13	20
Ryan Crowther, CFA, Vice President, Portfolio Manager	10	17

Glossary

Average Coupon: The average interest rate stated on the securities held by a fund.

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.

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%.

Dividend Yield: The annual dividend received on an equity security as a percentage of the price. For a portfolio, the value represents a weighted average of the stocks it holds. It should not be used as an indication of the income received from this portfolio.

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.

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.

Yield to Worst: The yield to maturity if the worst possible bond repayment takes place. If market yields are higher than the coupon, the yield to worst would assume no prepayment. If market yields are below the coupon, the yield to worst would assume prepayment. In other words, yield to worst assumes that market yields are unchanged. Normally this value is not aggregated since it varies but if a weighted average value is used for a Fund then the figure will reflect the values of the underlying issues, based on the size of each holding.

Fund Codes¹³

	Series CAD	Corporate Class CAD
Series A Front	TML203	TML3559
Series A DSC	TML303	TML3561
Series A Low Load	TML519	TML3560
Series F	TML233	TML3562
Series F ADM	TML3995	TML5157
Series I	TML283	TML3563
Series O	TML113	TML3564
Series OT	TML3950	—
Series PA Front	TML5295	TML5289
Series PA DSC	TML5297	TML5291
Series PA Low Load	TML5296	TML5290
Series PF	TML3890	TML3735
Series PF ADM	TML5063	TML5194
Series PFT	TML3891	—
Series PFT ADM	TML5119	—
Series PT Front	TML5298	TML5292
Series PT DSC	TML5300	TML5294
Series PT Low Load	TML5299	TML5293
Series T Front	TML294	TML3565
Series T DSC	TML295	TML3567
Series T Low Load	TML520	TML3566

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.

13. "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 Investments Canada is a business name used by Franklin Templeton Investments Corp.

5. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.

6. Yield to Worst, Average Duration and Average Weighted Maturity reflect certain derivatives held in 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.



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