



FRANKLIN TEMPLETON INVESTMENTS

Franklin ActiveQuant U.S. Corporate Class

December 31, 2018

Product Profile

Product Details¹

Fund Assets	\$87,114,176.94
Fund Inception Date	03/03/2008
Base Currency	CAD
Morningstar Category™	US Equity
Distribution Frequency	Annually

Risk Classification²

Low	Low to Medium	Medium	Medium to High	High
-----	---------------	---------------	----------------	------

Fund Description

Long-term capital appreciation by investing substantially all of its assets in units of Franklin ActiveQuant U.S. Fund. The Fund seeks long-term capital appreciation by investing primarily in a diversified portfolio of U.S. securities, utilizing a quantitative model selection process.

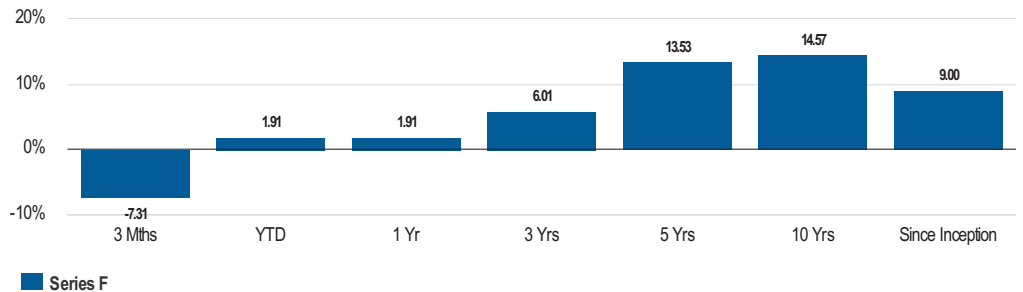
Performance Data³

Average Annual Total Returns⁴ (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (03/03/2008)
Series F	-7.31	1.91	1.91	6.01	13.53	14.57	9.00

Management Expense Ratio (as of 06/30/2018 incl. HST)—1.02%

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	1.91	10.76	5.55	20.44	31.44	41.18	5.06	9.20	5.71	20.66

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

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

Portfolio Manager Insight⁵

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors
Helped	Aetna Inc.	Health Care (Stock Selection)
	NextEra Energy, Inc.	Information Technology (Stock Selection)
	—	Consumer Discretionary (Underweight)
Hurt	Raytheon Company	Industrials (Stock Selection)
	Constellation Brands, Inc. Class A	—
	HollyFrontier Corporation	—

- The Fund enjoyed positive returns in the Health Care, Communication Services and Information Technology sectors.

Outlook & Strategy

- Talks about increased tariffs between the US and China have added to heightening concerns about an economic recession in 2019 or 2020.
- We remain comfortable with the current holdings of the portfolio given our emphasis on holding equities with a combination of value, growth and lower levels of volatility.

Portfolio Characteristics⁶

	Portfolio	S&P 500 Index
Price to Earnings (12 Month Trailing)	14.09x	19.13x
Market Capitalization (Millions in CAD)	286,593	274,023
Return on Equity	21.32%	19.79%
Dividend Yield	2.49%	2.21%

Portfolio Diversification

Top Ten Holdings⁷

Percent of Total

Top Holdings	Sector	%
NEXTERA ENERGY INC	Utilities	3.36
NIKE INC	Consumer Durables & Apparel	2.92
VISA INC	Software & Services	2.89
UNITEDHEALTH GROUP INC	Health Care Equipment & Services	2.79
ALPHABET INC	Media & Entertainment	2.76
BERKSHIRE HATHAWAY INC	Diversified Financials	2.69
INTEL CORP	Semiconductors & Semiconductor Equipment	2.68
PFIZER INC	Pharmaceuticals, Biotechnology & Life Sciences	2.65
VERIZON COMMUNICATIONS INC	Telecommunication Services	2.63
MICROSOFT CORP	Software & Services	2.59

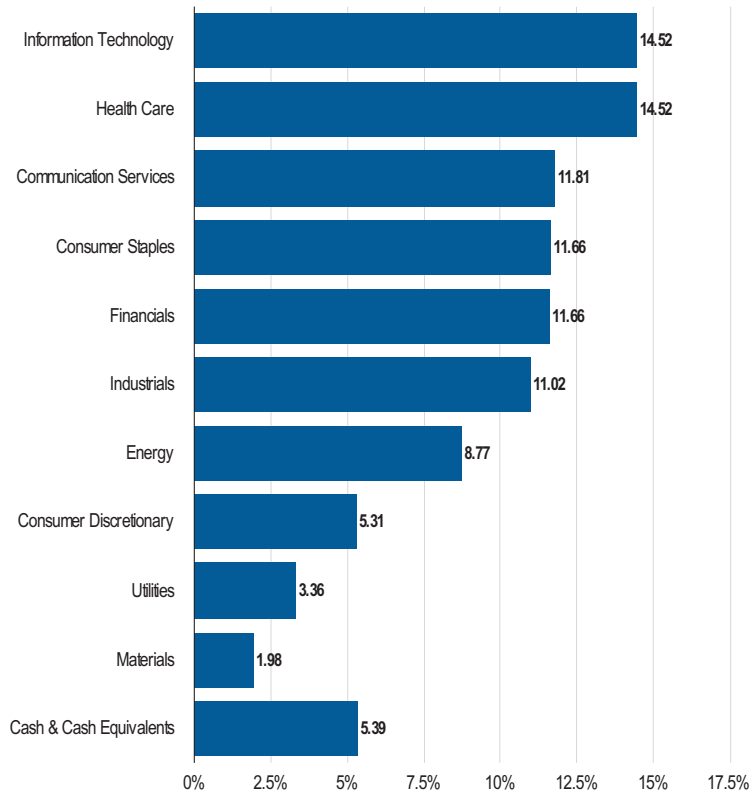
5. The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. 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.

6. 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. The Estimated 3-5 Year EPS Growth uses simple weighted average means. There can be no assurance that the Estimated 3-5 Year EPS Growth will be realized. Information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change.

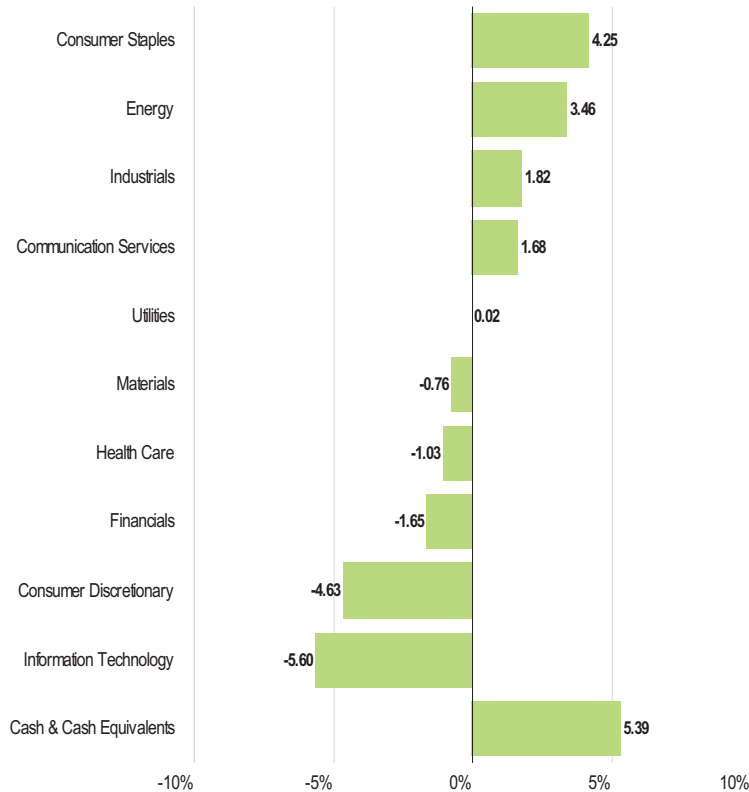
7. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The information provided is not a recommendation to purchase, sell, or hold any particular security. The 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.

Sector Allocation⁸

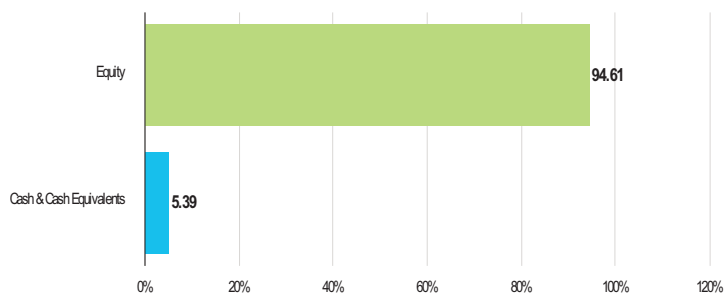
Percent of Total

**Sector Overweight/Underweight⁹**

Percent of Total

**Asset Allocation¹⁰**

Percent of Total

**Supplemental Performance Statistics****Supplemental Risk Statistics^{11,12}**

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)	10.62	11.36	10.60	13.86
Tracking Error (%)	2.59	3.05	5.65	8.67
Information Ratio	-1.07	-0.18	0.03	-0.20
Beta	0.95	1.02	0.84	0.94
Sharpe Ratio	0.49	1.12	1.30	0.62

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.

8,9,10. 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.

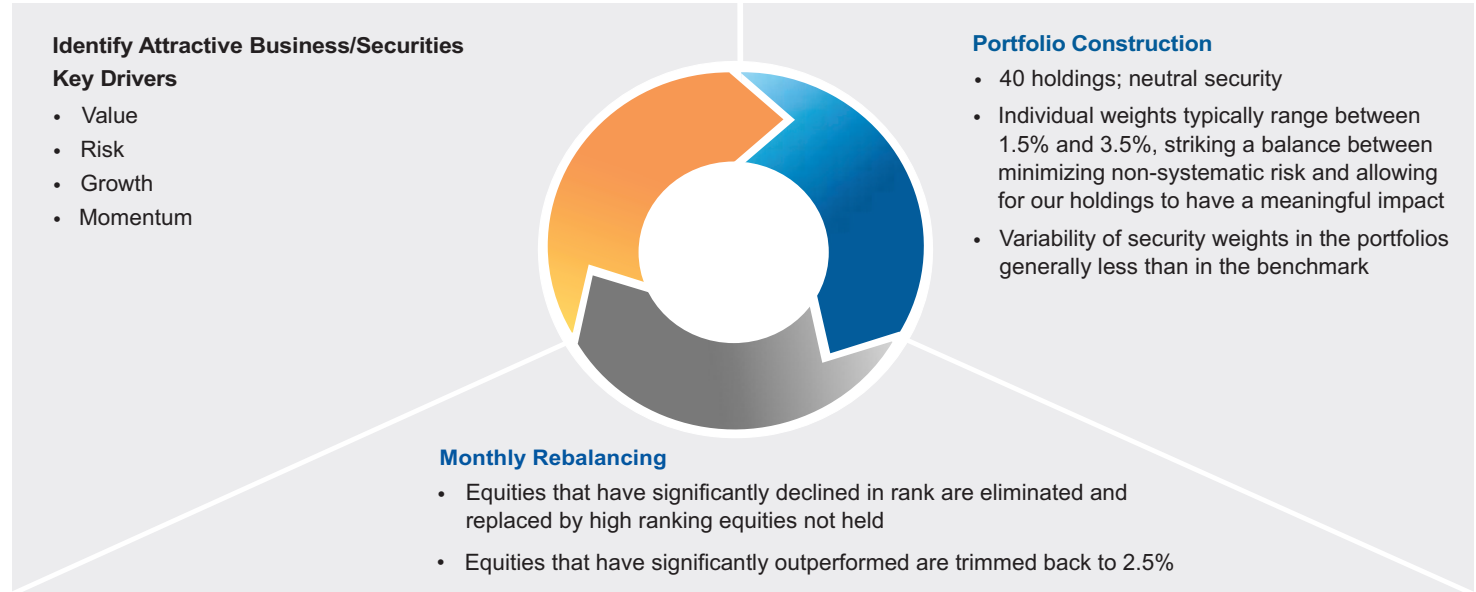
11. Beta, Information Ratio and Tracking Error information are measured against the S&P 500 Index.

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).

Investment Philosophy and Process

A Distinctive Approach to Quantitative Investing

- Franklin ActiveQuant team uses a rigorous quantitative investment process to identify the best opportunities within each strategy's investment universe.
- The strength of the process lies in its objectivity and rigor. Factors and scoring are not modified based on business or market cycle.
- As part of the investment team's active approach, the strategies are continually evaluated and refined over time.



Investment Team

Portfolio Manager	Years with Firm	Years Experience
Garey J. Aitken, CFA, Chief Investment Officer	20	27
Jason Hornett, CFA, Vice President, Portfolio Manager	21	23
Izabel Flis, CFA, Vice President, Portfolio Manager	17	17

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%.

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.

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.

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 Codes¹³

	Series		Corporate Class	
	CAD	USD	CAD	USD
Series A Front	TML3970	—	TML3230	TML3235
Series A DSC	TML3972	—	TML3232	TML3237
Series A Low Load	TML3971	—	TML3231	TML3236
Series F	TML3973	—	TML3233	TML3238
Series F ADM	TML3985	—	TML5137	TML5161
Series O	TML3228	TML3229	TML3234	TML3239
Series PA Front	TML5244	—	TML5238	TML5241
Series PA DSC	TML5246	—	TML5240	TML5243
Series PA Low Load	TML5245	—	TML5239	TML5242
Series PF	TML3974	—	TML3819	TML3820
Series PF ADM	TML5053	—	TML5182	TML5197

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.

Important Legal Information

CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

Standard & Poor's®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC. S&P does not sponsor, endorse, sell or promote and S&P index-based product.

Important data provider notices and terms available at: www.franklintempletondatasources.com

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.

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



**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