

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

December 31, 2019



FRANKLIN
TEMPLETON®

This annual management report of fund performance contains financial highlights but does not contain the complete financial statements of the investment fund. If you have not received a copy of the annual financial statements with this report, you can get a copy of the annual financial statements at your request, and at no cost, by calling 1.800.387.0830, by writing to us at 200 King Street West, Suite 1500, Toronto ON M5H 3T4, or by visiting our website at www.franklintempleton.ca or SEDAR at www.sedar.com. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Co-Lead Portfolio Manager

Ian M. Riach, CFA

Fiduciary Trust Company of Canada

Location: Toronto, ON

Co-Lead Portfolio Manager

Scott Guitard, CFA

Fiduciary Trust Company of Canada

Location: Calgary, AB

INVESTMENT OBJECTIVE AND STRATEGIES

A balance of current income and long-term capital appreciation by investing in a diversified mix of equity and income securities, with a bias towards capital appreciation.

The FT Balanced Growth Private Wealth Pool (the “Fund”) has, under normal market conditions, an optimal asset mix of 20-60% fixed income and 40-80% equities. The portfolio advisor may review and adjust the optimal asset mix, in its sole discretion, depending on economic conditions and relative value of income and equity securities. May also invest in mutual funds managed by the Manager. The portfolio advisor may, in its sole discretion, modify the optimal asset mix, change the percentage holdings of any fund, remove any fund or add other funds.

May invest up to 20% of the Fund’s net assets in exchange-traded funds and may engage, from time to time, in currency management strategies to hedge the risk of changes in currency exchange rates. May, from time to time, invest in bond and equity futures, for non-hedging purposes, to obtain exposure to financial markets and for hedging purposes, to reduce the risk position of the Fund. May hold a portion of its assets in cash, money market securities or money market mutual funds while seeking investment opportunities or for defensive purposes.

May engage in securities lending, repurchase and reverse repurchase transactions as well as invest in derivatives including forward contracts, futures contracts, options contracts (calls or puts) and swaps. These transactions and investments in derivatives will be used in conjunction with the Fund’s other investment strategies in a manner considered most appropriate to achieving the Fund’s overall investment objectives and enhancing the Fund’s returns. Such investments are permitted by securities regulations and the exemption from certain derivative rules received by the Fund.

RISK

The risks of investing in the Fund remain as stated in the prospectus. The Fund is suitable for investors who are willing to accept low investment risk, with a medium- to long-term investment horizon.

RESULTS OF OPERATIONS

As at December 31, 2019, total net asset value of the Fund was \$25.3 million, an increase of 14.8% from December 31, 2018. This was primarily driven by an increase of \$3.1 million in net assets from operations and \$153,000 in net subscriptions.

During the past 12 months, the Fund’s Series O units generated total returns of 13.8%. Over the same period, the Fund’s benchmark, the Custom FT Balanced Growth Private Wealth Benchmark (the “Benchmark”) advanced 15.5%, while the FTSE Canada Universe Bond Index returned 6.9%. The performance of the Fund’s other series is similar to that of its Series O units, except for differences in the expense structure. For the return of the Fund’s other series (if applicable) please refer to the “Past Performance” section.

Index performance comparison information is provided for reference only. It is important to note that the Fund’s return reflects the effect of fees and expenses for professional management, while an index does not have such costs.

Underweight allocation to equities detracted from relative results, as did a balancing overweight to cash, during a ‘risk-on’ period for global equity markets. The detraction from the underweight equity and overweight cash was slightly tempered by an underweight to fixed income as equities struggled in the first quarter of the year.

Stock selection within U.S. equities added significant value, benefitting from exposure to Financials and technology. This was offset by selection within international equities, as two underlying funds suffered from overweight allocation to the Energy sector, and cash exposure, plus selection within consumer and Health Care stocks.

Fixed income fund selection also detracted from relative performance, hurt by short-duration bonds, which underperformed their longer-dated counterparts during a period of yield-curve compression. An underlying global bond fund also held back relative results, affected by underweight duration exposure in the United States.

This was offset somewhat by holdings of lower-rated Canadian investment-grade corporate credit, which outperformed government bonds in 2019.

Expenses have remained relatively flat for the year ended December 31, 2019, due to fluctuations in average net assets of those series that bear expenses. Income received from investments held, excluding net realized and/or unrealized gain (loss) on investments and derivatives, as applicable, increased due to the results of the Fund’s investment activities, including, but not limited to, those previously discussed for the period in review.

RECENT DEVELOPMENTS

The Bank of Canada used selective data to support neutral positioning over 2019, as it looked to benefit from the global easing cycle without taking policy action. Despite this, the balance of risks support interest-rate cuts in 2020, so the portfolio managers expect the Canadian yield curve to follow the lead of other global yield curves and likely steepen over the near term. Canadian bonds yields should, however, remain largely range-bound as macro-fundamentals do not support significantly higher interest rates. The portfolio managers expect Canadian duration to outperform U.S. duration over 2020, just as U.S. duration significantly outperformed Canadian duration in 2019.

Regarding risk assets, the portfolio managers retain a cautious approach against a backdrop of slower global growth and ongoing trade tensions. They are carefully monitoring the potential for renewed market volatility, but these concerns are offset for now by supportive liquidity conditions and are reflected in more positivity towards global equities.

FORWARD-LOOKING STATEMENTS

Investors should take note that certain statements in this report about a fund, including its strategy and expected future performance, are forward-looking. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “intend,” “plan,” “believe,” or “estimate” or other similar expressions. Any statement that is made concerning future strategies or performance is also a forward-looking statement. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the forward-looking statements.

The forward-looking statements are by their nature based on numerous assumptions, which include, amongst other things, that (i) the Fund can attract and maintain investors and has sufficient capital under management to effect its investment strategies, (ii) the investment strategies will produce the results intended by the portfolio manager, and (iii) the markets will react and perform in a manner consistent with the investment strategies. Although the forward-looking statements contained herein are based upon what the portfolio manager believes to be reasonable assumptions, the portfolio manager cannot assure that actual results will be consistent with these forward-looking statements.

Forward-looking statements are not guarantees of future performance. Any number of factors could contribute to differing results, including, among other things, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings and catastrophic events. This list of factors is not exhaustive. Investors should not place undue reliance on forward-looking information and should be aware that the Fund may not update any forward-looking statements, whether as a result of new information, future events or otherwise.

RELATED PARTY TRANSACTIONS

The Manager is an indirect wholly-owned subsidiary of Franklin Resources, Inc., a global investment management organization known as Franklin Templeton. The Manager is the manager, registrar and transfer agent and a principal distributor of the Fund. The Manager provides or arranges for the provision of these services for day-to-day Fund operations, including the marketing, promotion and distribution of the Fund and portfolio advisory services. In consideration of these management and portfolio advisory services, the Fund pays the Manager a monthly management fee plus applicable taxes, based on the average net asset value of each series of the Fund (except Series O

and OT, as applicable), calculated daily, as set out under Management Fees below. During the year ended December 31, 2019, the Fund paid management fees of \$1,000 (2018–\$1,000).

Franklin Templeton Services, LLC (FTS) provides the Manager with fund accounting and portfolio valuation services in connection with the Fund, and provides certain back office administration services to the Manager. The Administration Fee, as discussed below, covers the cost of the services provided by FTS.

The Manager pays the operating expenses of the Fund, other than certain fund costs—which include, but are not limited to, the cost of compliance with new governmental and regulatory requirements, fees and expenses of the Fund’s Independent Review Committee (IRC), borrowing and interest costs and investor meeting costs (as permitted by Canadian securities regulation)—in exchange for the payment by the Fund of an annual fixed-rate administration fee of 0.15% plus applicable taxes, applied against the average daily net assets of the Fund (“Administration Fee”), except for Series O and OT, as applicable, which have no annual Administration Fee. The Manager will pay all operating expenses of Series O and OT, as applicable, as part of its agreement with each investor. The Manager may, at its discretion, waive a portion of a series’ Administration Fee or absorb certain fund costs.

During the year ended December 31, 2019, the Manager waived fund costs of \$1,000 (2018–\$1,000).

Portfolio Advisor

The Manager has engaged Fiduciary Trust Company of Canada, a wholly owned subsidiary of the Manager, as the portfolio advisor (“Portfolio Advisor”). The Portfolio Advisor has engaged Franklin Bissett Investment Management (part of the Manager) as a sub-advisor for the Canadian fixed income and equity portion of the Fund, and Fiduciary Trust Company International as a sub-advisor for the U.S. equity portion of the Fund (each a “Sub-Advisor”). The Sub-Advisors provide investment analysis and recommendations and execute or arrange for brokers to execute portfolio transactions. A portion of the management fee payable by the Fund to the Manager is paid to portfolio and sub-advisor(s) with respect to their advisory services, as applicable.

Principal Distributor

As a principal distributor of the Fund, the Manager markets the Fund and arranges for the sale of the Fund through dealers across Canada. The Manager may retain companies to assist in the sale of certain series of shares the Fund.

The Manager’s affiliate, FTC Investor Services Inc. (“FTC ISI”), also acts as a principal distributor for Series F, O, OT and FT shares of the Fund, as applicable.

For acting as a principal distributor of the applicable series, FTC ISI receives an intercompany service fee of 0.20% of the assets under management of the applicable.

Registrar and Transfer Agent

In addition to its management and portfolio advisory services, the Manager acts as the registrar and transfer agent of the Fund. These services are provided by the Manager in the normal course of operations and are part of the services provided by the Manager in exchange for the Administration Fee paid by the Fund to the Manager.

Independent Review Committee

As required by National Instrument 81-107- Independent Review Committee for Investment Funds (“NI 81-107”), the Manager has established the IRC to review all conflict of interest matters identified and referred to the IRC by the Manager and to give its approval or recommendation, depending on the nature of the conflict of interest matter. Additional information about the IRC is available in the prospectus.

MANAGEMENT FEES

A portion of the management fee paid by the Fund to the Manager is for trail fees and sales commissions the Manager pays to dealers (“Dealer Compensation”). The trail fees are a percentage of the daily average net asset value of each series of the Fund, which is held by the dealer’s clients. The remaining portion of the management fee is used to pay for portfolio advisory and administrative services related to the provision of portfolio advisory services. The following table outlines the Fund’s annual management fee, as well as the portion of the management fee used to pay for Dealer Compensation and for portfolio advisory services as an approximate percentage of the management fee for each series:

Series	Management Fee (%)	Dealer Compensation (%)*	Investment management, investment management expenses, and other (%)
PF	0.70	–	100.00

* Dealer compensation may include other fees related to distribution, which are not payable directly to dealers.

The management and administration fee for Series O is paid for by the unitholder to the Manager as follows:

- First C\$200,000 to under \$2.5 million—0.85%
- Next C\$2.5 million to under \$5 million—0.75%
- C\$5 million and over—0.65%

Certain institutional investors may negotiate the management and administration fees by written agreement with Franklin Templeton Investments.

MANAGEMENT REPORT OF FUND PERFORMANCE

Summary of Investment Portfolio (AS AT DECEMBER 31, 2019)

REGIONAL WEIGHTINGS (%)*

North America	97.35
Europe	1.06
Australia & New Zealand	0.83

INDUSTRY WEIGHTINGS (%)*

Diversified Financial Services	31.32
Banks	5.11
Oil, Gas & Consumable Fuels	3.39
Capital Markets	2.50
Software	2.47
Road & Rail	1.73
Semiconductors & Semiconductor Equipment	1.38
IT Services	1.33
Food & Staples Retailing	1.17
Pharmaceuticals	1.14
Beverages	1.11
Interactive Media & Services	1.05
Technology Hardware, Storage & Peripherals	0.99
Electric Utilities	0.95
Insurance	0.94
Equity Real Estate Investment Trusts (REITs)	0.92
Food Products	0.88
Chemicals	0.84
Health Care Equipment & Supplies	0.81
Health Care Providers & Services	0.74
Internet & Direct Marketing Retail	0.74
Media	0.71
Specialty Retail	0.70
Industrial Conglomerates	0.62
Aerospace & Defense	0.61
Metals & Mining	0.61
Diversified Telecommunication Services	0.58
Entertainment	0.50
Trading Companies & Distributors	0.49
Multiline Retail	0.45
Biotechnology	0.41
Multi-Utilities	0.40
Hotels, Restaurants & Leisure	0.38
Machinery	0.36
Wireless Telecommunication Services	0.28
Textiles, Apparel & Luxury Goods	0.26

ASSET CLASS WEIGHTINGS (%)

Common Stocks	38.25
Underlying Funds	30.62
Canadian Government Bonds	19.07
Canadian Corporate Bonds	8.45
Foreign Corporate Bonds	2.85
Short-term securities and all other assets, net	0.76

TOP 25 HOLDINGS (%)

Templeton International Stock Fund, Series O	12.41
Franklin International Core Equity Fund, Series O	5.79
Franklin Bissett Money Market Fund, Series O	4.39
Templeton Global Bond Fund, Series O	3.84
Templeton Emerging Markets Fund, Series O	2.28
Province of Ontario, 6.50%, 3/8/2029	2.18
PSP Capital Inc., Senior Note, 3.29%, 4/4/2024	2.06
Province of Alberta, 3.90%, 12/1/2033	1.97
Franklin Bissett Short Duration Bond Fund, Series O	1.90
Canada Post Corp., Senior Bond, 4.36%, 7/16/2040	1.76
Province of Ontario, 3.15%, 6/2/2022	1.41
Province of New Brunswick, 4.55%, 3/26/2037	1.38
Brookfield Asset Management Inc., A	1.23
Province of Manitoba, 6.30%, 3/5/2031	1.11
CPPIB Capital Inc., Senior Note, 1.95%, 9/30/2029	1.09
Microsoft Corp.	1.05
Apple Inc.	0.99
Royal Bank of Canada	0.97
Canadian National Railway Co.	0.95
Alphabet Inc., C	0.92
City of Montreal Canada, 3.50%, 12/1/2038	0.92
Province of Ontario, 2.60%, 6/2/2027	0.91
Labrador-Island Link Funding Trust, 3.76%, 6/1/2033	0.90
JPMorgan Chase & Co.	0.84
Merck & Co. Inc.	0.83

TOTAL NET ASSET VALUE: \$25,295,000

* Excluding short-term securities and all other assets, net.

Above is an outline of the investments held in the Fund as a percentage of the Fund's net assets. Due to ongoing portfolio transactions, the investments and percentages may have changed by the time you purchase units of the Fund. The top 25 holdings are made available quarterly, 60 days after the quarter-end. To obtain a copy, please contact a member of our client services team at 1.800.387.0830 or visit www.franklintempleton.ca.

MANAGEMENT REPORT OF FUND PERFORMANCE

Series 0 (AS AT DECEMBER 31, 2019)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2019	2018	2017
Net assets – beginning of period	\$10.06	\$10.61	\$10.00
Increase (decrease) from operations:			
Total revenue	0.28	0.26	0.36
Total expenses	–	–	–
Realized gains (losses) for the period	0.04	(0.13)	(0.01)
Unrealized gains (losses) for the period	1.07	(0.46)	0.19
Total increase (decrease) from operations (2)	1.39	(0.33)	0.54
Distributions:			
From income (excluding dividends)	(0.14)	(0.12)	(0.03)
From dividends	(0.14)	(0.11)	(0.09)
From capital gains	–	–	–
Returns of capital	–	–	–
Total annual distributions (3)	(0.28)	(0.23)	(0.12)
Net assets – end of period	\$11.17	\$10.06	\$10.61
Ratios and supplemental data:	2019	2018	2017
Total net asset value (\$ millions) (1)	\$25.13	\$21.93	\$18.74
Number of units outstanding	2,249,070	2,179,186	1,766,737
Management expense ratio (2)	–	–	–
Management expense ratio before waivers or absorptions	–	0.01%	0.02%
Trading expense ratio (3)	0.03%	0.03%	0.09%
Portfolio turnover rate (4)	41.01%	84.41%	5.24%
Net asset value per unit	\$11.17	\$10.06	\$10.61

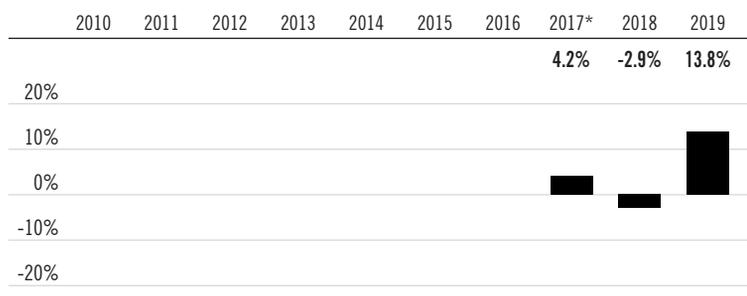
For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section

PAST PERFORMANCE

The following information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



*2017 Series 0 return: April 24 to December 31

Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2019. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series 0 Units	13.8%	N/A	N/A	N/A	6.5%
Custom FT Balanced Growth Private Wealth Benchmark	15.5%	N/A	N/A	N/A	6.8%
FTSE Canada Universe Bond Index	6.9%	N/A	N/A	N/A	3.1%

‡ For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

MANAGEMENT REPORT OF FUND PERFORMANCE

Series PF (AS AT DECEMBER 31, 2019)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods ended December 31.

Net assets per unit (1)	2019	2018	2017
Net assets – beginning of period	\$9.33	\$9.93	\$10.00
Increase (decrease) from operations:			
Total revenue	0.25	0.23	0.20
Total expenses	(0.10)	(0.10)	(0.06)
Realized gains (losses) for the period	0.04	(0.13)	(0.01)
Unrealized gains (losses) for the period	0.85	(0.39)	0.37
Total increase (decrease) from operations (2)	1.04	(0.39)	0.50
Distributions:			
From income (excluding dividends)	(0.13)	(0.11)	(0.03)
From dividends	(0.13)	(0.10)	(0.09)
From capital gains	–	–	–
Returns of capital	–	–	–
Total annual distributions (3)	(0.26)	(0.21)	(0.12)
Net assets – end of period	\$10.26	\$9.33	\$9.93
Ratios and supplemental data:	2019	2018	2017
Total net asset value (\$ millions) (1)	\$0.17	\$0.11	\$0.11
Number of units outstanding	16,344	11,204	10,958
Management expense ratio (2)	0.96%	0.97%	0.99%
Management expense ratio before waivers or absorptions	0.96%	0.97%	0.99%
Trading expense ratio (3)	0.03%	0.03%	0.09%
Portfolio turnover rate (4)	41.01%	84.41%	5.24%
Net asset value per unit	\$10.26	\$9.33	\$9.93

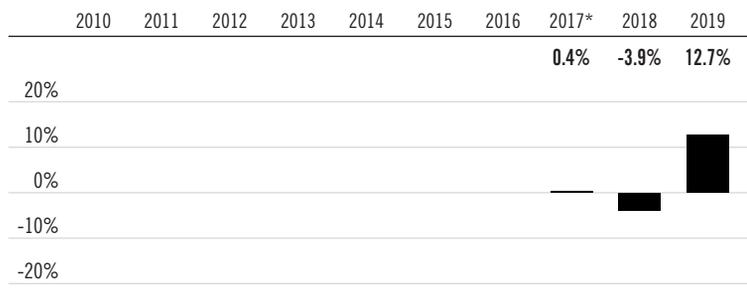
For explanatory notes, please refer to “Explanatory Notes to Financial Highlights” at the end of the section

PAST PERFORMANCE

The following information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and does not take into account sales, redemption, distribution or other optional charges that would have reduced returns. Past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the investment Fund's performance has changed from year to year. In percentage terms, the bar chart indicates how much an investment made on January 1 would have grown or decreased by the December 31 of each year shown.



*2017 Series PF return: June 1 to December 31

Annual Compound Returns

The table shows the annual compound total returns for each of the periods shown ended December 31, 2019. The returns are compared against the benchmark(s) over the same period.‡

	1 Year	3 Years	5 Years	10 Years	Since Inception
Series PF Units	12.7%	N/A	N/A	N/A	3.3%
Custom FT Balanced Growth Private Wealth Benchmark	15.5%	N/A	N/A	N/A	5.9%
FTSE Canada Universe Bond Index	6.9%	N/A	N/A	N/A	2.7%

‡ For a definition of the benchmark(s), please refer to “Benchmark(s) Information” at the end of the section.

NOTES TO FINANCIAL HIGHLIGHTS

Net Assets per Unit:

- (1) This information is derived from the Fund's audited annual financial statements. In the period a fund or series is established, the financial information is provided from the date of inception to the end of the period. In cases where the net assets per unit presented in the financial statements differ from the net asset value calculated for Fund pricing purposes, an explanation of these differences can be found in the notes to the financial statements.
- (2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/(decrease) in net assets from operations is based on the weighted average number of units outstanding over the fiscal period. This table is not intended to be a reconciliation of opening and closing net assets per unit.
- (3) Distributions were paid in cash or reinvested in additional units of the Fund or both, and exclude distributions of management fee reductions to unitholders.

Ratios and Supplemental Data:

- (1) This information is provided as at the period-end of the year shown.
- (2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
- (3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of net asset value during the period. For funds that invest in multiple Underlying Funds, the trading expense ratio represents the Fund's proportionate share of total commissions and other portfolio costs of the Underlying Fund as an annualized percentage of its daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling each security in its portfolio once in the course of the relevant period. The higher the portfolio turnover rate in the period, the greater the trading costs payable by the Fund and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

OTHER FUND INFORMATION

Reported year-by-year returns for past years may be revised, based on the results of recalculations, audits and/or other historical review processes. Such revisions are considered immaterial to performance disclosure unless otherwise stated.

Series I and V, as applicable, are presently capped (closed to new investors). Investors who currently own units of Series I and Series V may continue to purchase additional units in those series. These series may become available for purchase by new investors at the discretion of the Manager.

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BENCHMARK(S) INFORMATION

Custom FT Balanced Growth Private Wealth Benchmark is a customized benchmark made up of the FTSE Canada Universe Bond Index (38%), MSCI EAFE TR Index (20%), S&P/TSX Composite TR Index (20%), S&P 500 TR Index (20%) and FTSE Canada 91-Day T-Bill Index (2%).

FTSE Canada Universe Bond Index tracks the total return for all Canadian provincial, municipal and corporate issues that have a maturity of over one year.