

December 31, 2019

Dear Securityholder:

Enclosed is our thirteen report to securityholders (the "Report") as the independent review committee (the "IRC") for the investment funds (collectively, the "Funds") managed by Franklin Templeton Investments Corp. (the "Manager"). A list of the Funds is included in the Report.

The IRC was formed pursuant to National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("NI 81-107"). IRC members have experience in a variety of areas, including public accounting, banking and investment fund management. The IRC also serves as the independent review committee for the Franklin Liberty Exchange-Traded Funds (the "Franklin LibertyShares"). Gary Norton's term as an IRC member expired in 2019, but he was re-appointed for an additional three year term by the other IRC members.

NI 81-107 requires that conflict of interest matters (the "Conflicts") identified by the Manager be referred to the IRC for its recommendation or approval, depending on the nature of the Conflict. Conflicts generally arise when the interests of the Manager and those of the Funds are not (or are not necessarily) the same.

In most circumstances, the Manager is required to establish policies and procedures (the "Policies") that will ensure that any potential Conflicts will be appropriately resolved so that the Manager will act in the best interests of the Funds. In such circumstances, the Manager is required to refer the Conflict and the Policies to the IRC, which is then responsible for reviewing the Policies to determine if they will achieve a fair and reasonable result for the Funds. If the IRC determines that such a result will be achieved, it can issue standing instructions ("Standing Instructions") to the Manager. The Manager is not required to refer Conflicts covered by Standing Instructions to the IRC each time the Conflict arises, so long as it complies with the terms of Standing Instructions that are then in effect.

In other circumstances, an unanticipated Conflict may arise for which the Manager has no Policy. In these circumstances, the Manager must present details of the Conflict to the IRC along with the action(s) the Manager proposes to take in order to achieve a fair and reasonable result for the Funds. The IRC's responsibility is to provide a positive or negative recommendation or approval or disapproval, depending on the nature of the Conflict, in respect of the Manager's proposed action in resolving the Conflict.

The IRC conducted its twelfth annual assessment at its September 2019 meeting (the "Annual Assessment"), at which the IRC reviewed its independence, compensation and effectiveness. After its review, the IRC confirmed that each of its members was still independent and concluded that the committee as a whole, and each of its members, was functioning in a positive and effective manner. After reviewing various factors, the IRC determined that its compensation should not change. At the Annual Assessment, the IRC also reviewed the written charter it had previously adopted and approved certain minor changes.

As noted above, NI 81-107 allows the IRC to provide Standing Instructions to the Manager so that the Manager is not required to refer a Conflict to the IRC for its review and recommendation or approval each and every time it arises. The IRC has previously provided the Manager with Standing Instructions, allowing the Manager to act in respect of Conflicts as long as it complied with its Policies. At its Annual Assessment, the IRC reviewed both the Standing Instructions that it had previously provided to the Manager, as well as reports provided by the Manager describing instances when it acted in reliance on the Standing Instructions. After reviewing the Standing Instructions and related reports, the IRC agreed to reaffirm its Standing Instructions.

The IRC looks forward to continuing to work with the Manager in order to serve in the best interests of the Funds.



Gary Norton
Chair, Independent Review Committee

2019 IRC Report to Securityholders

FRANKLIN TEMPLETON MUTUAL FUNDS AND FRANKLIN QUOTENTIAL PORTFOLIOS



The independent review committee (the “IRC”) for the investment funds included in this report (collectively, the “Funds”) managed by Franklin Templeton Investments Corp. (“FTIC” or the “Manager”) was formed pursuant to National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”) and became operational on November 1, 2007. The information in this report is for the period from January 1, 2019 to December 31, 2019, the financial year-end of the Funds.

IRC MEMBERS

Name	Residence
Gary Norton, Chair	Barrie, Ontario
Bruce Galloway	Oakville, Ontario
Stuart Douglas	Toronto, Ontario

The IRC also serves as the independent review committee for: (i) the Franklin Liberty Exchange-Traded Funds, (the “Franklin LibertyShares”); and (ii) certain pooled funds managed by the Manager for the limited purpose of approving inter-fund trades. None of the IRC members serves on the independent review committee for any other investment fund family.

Mr. Galloway and Mr. Douglas also serve as independent directors of Franklin Templeton Corporate Class Ltd. (“FTCCL”). FTCCL is a mutual fund corporation managed by FTIC and certain of the Funds are classes of FTCCL. Mr. Norton, Mr. Galloway and Mr. Douglas also serve as independent directors of Templeton Growth Fund, Ltd., a mutual fund corporation managed by FTIC.

Mr. Galloway was appointed to the IRC on April 30, 2007. Mr. Norton was appointed to the IRC on April 30, 2013. Mr. Douglas was appointed to the IRC on May 1, 2017. There have been no other changes in the composition or membership of the IRC.

HOLDINGS OF SECURITIES

Funds

As at December 31, 2019, the percentage of securities of each series of each of the Funds beneficially owned, directly or indirectly, in aggregate, by members of the IRC did not exceed 10 percent.

Manager

FTIC is an indirect wholly owned subsidiary of Franklin Resources, Inc. (“FRI”), a U.S. public company. As at December 31, 2019, no IRC member beneficially owned, directly or indirectly, any class or series of voting or equity securities of FRI.

Service Providers

As at December 31, 2019, no IRC member beneficially owned, directly or indirectly, a material amount of any class or series of voting or equity securities of a person or company that provides material services to the Funds, the Franklin LibertyShares or the Manager.

IRC COMPENSATION AND INDEMNITIES

The aggregate compensation paid by the Funds and Franklin LibertyShares to IRC members in their capacity as the IRC members for the Funds and Franklin LibertyShares for the period from January 1, 2019 to December 31, 2019 was \$135,100. This amount was allocated among the Funds and Franklin LibertyShares in a manner that is considered to be equitable and reasonable.

No indemnities were paid to the IRC members by the Funds during the period.

In accordance with its Charter, at least annually, the IRC must review its compensation, giving consideration to the following factors:

1. the best interests of the Funds and Franklin LibertyShares;
2. the number, nature, size and complexity of the Funds and Franklin LibertyShares;
3. the nature and extent of the workload of each IRC member, including the commitment expected from each IRC member;
4. industry best practices, including industry averages and trends in the compensation of independent review committee members;
5. the IRC’s most recent assessment of its members’ compensation and expenses;
6. the aggregate compensation paid to each IRC member; and
7. the recommendations of the Manager.

At its annual assessment in September 2019, the IRC reviewed its compensation and, after considering the above-noted factors, the IRC determined that its compensation should not change.

CONFLICT OF INTEREST MATTERS

When a conflict of interest matter (a “Conflict”) arises, the Manager must refer the Conflict, along with its proposed action, to the IRC for its review and recommendation or approval, depending on the nature of the Conflict.

Recommendations and Standing Instructions

The Conflicts identified by the Manager that were referred to the IRC for its review, and for which the IRC provided recommendations and standing instructions to the Manager, based on the policies and procedures, where applicable, presented by the Manager, were:

1. Gifts and Entertainment
2. Code of Ethics/Personal Trading
3. Proxy Voting
4. Client Commission Arrangements
5. Trade Error Correction
6. Portfolio Holdings Release
7. Fair Value Pricing
8. Net Asset Value Error Correction

9. Equity Trade Allocation
10. Frequent Trading
11. Transfer Agency Error Correction
12. Use of Unaffiliated Sub-Advisors
13. Fund Operating Expense Allocation
14. Administration Errors
15. Fixed Income Trade Allocation
16. Outside Board Service
17. Manager Research Policy
18. Fund Mergers
19. Re-Allocation of Assets Resulting from Fund Termination

The standing instructions provided by the IRC for each of the above-noted Conflicts require the Manager to comply with the policies and procedures, where applicable, presented to the IRC in respect of those Conflicts and to provide periodic written reports to the IRC in accordance with NI 81-107. The Manager provided a written report to the IRC in September 2019 regarding its reliance on the standing instructions for those Conflicts referred to the IRC as of that date.

Approvals and Standing Instructions

The Conflict identified by the Manager that was referred to the IRC for its review, and for which the IRC provided its approval and standing instructions to the Manager, based on the policies and procedures presented by the Manager, was:

1. Inter-Fund Trades

The standing instructions provided by the IRC for the above-noted Conflict require the Manager to comply with the policies and procedures presented to the IRC in respect of the Conflict and to provide periodic written reports to the IRC in accordance with NI 81-107. The Manager provided a written report to the IRC in September 2019 regarding its reliance on the standing instructions for the above-noted Conflict referred to the IRC as of that date.

Compliance

The IRC is aware of two instances where the Manager acted in a Conflict referred by the Manager to the IRC, but did not meet a condition imposed by the IRC in its recommendation or approval. In both instances, the Manager advised the IRC that certain inter-fund trades were not completed in accordance with the Manager's inter-fund trading policy (the "Inter-Fund Policy").

Between October 2017 and April 2019, several inter-fund trades in the securities of Franklin LibertyShares occurred between various Funds and/or pooled funds managed by the Manager. The Manager advised the IRC of the inter-fund trading errors once they were detected and investigated. The Manager believes no harm was suffered by the Funds because of the inter-fund trading errors. Based on the information provided by the Manager, the IRC is satisfied that: (i) no harm was suffered by the Funds because of the inter-fund trading errors; and (ii) the Manager has taken corrective measures designed to ensure that future inter-fund trades by the Funds in Franklin LibertyShares comply with the Inter-Fund Policy.

In January 2019, an inter-fund trade in the security of an issuer occurred

between the Templeton Frontier Markets Fund ("TFMF") and an investment fund managed by an affiliate of the Manager. The Manager advised the IRC of the inter-fund trading error once it was detected and investigated. The Manager has reimbursed TFMF for transaction costs incurred in respect of the inter-fund trading error. Based on the information provided by the Manager, the IRC is satisfied that: (i) no harm was suffered by TFMF because of the inter-fund trading error; and (ii) the Manager has taken corrective measures design to prevent such trading errors in the future.

The IRC is not aware of any instance when the Manager acted in a Conflict referred by the Manager to the IRC with respect to a Fund, for which the IRC did not give a positive recommendation.

LIST OF FUNDS AS OF DECEMBER 31, 2019

TEMPLETON

Templeton EAFE Developed Markets Fund
Templeton Emerging Markets Fund
Templeton Emerging Markets Corporate Class
Templeton Global Balanced Fund
Templeton Global Bond Fund
Templeton Global Bond Fund (Hedged)
Templeton Global Smaller Companies Fund
Templeton Global Smaller Companies
Corporate Class
Templeton Growth Corporate Class
Templeton International Stock Fund
Templeton International Stock Corporate Class

FRANKLIN

Franklin Global Growth Fund
Franklin Global Growth Corporate Class
Franklin High Income Fund
Franklin Strategic Income Fund
Franklin U.S. Monthly Income Fund
Franklin U.S. Monthly Income Corporate Class
Franklin U.S. Monthly Income Hedged
Corporate Class
Franklin U.S. Opportunities Fund
Franklin U.S. Opportunities Corporate Class
Franklin U.S. Rising Dividends Fund
Franklin U.S. Rising Dividends Corporate
Class
Franklin U.S. Rising Dividends Hedged
Corporate Class

FRANKLIN BISSETT

Franklin Bissett Canadian Balanced Fund
Franklin Bissett Canadian Balanced Corporate
Class
Franklin Bissett Canadian Bond Fund
Franklin Bissett Canadian Dividend Fund
Franklin Bissett Canadian Dividend Corporate
Class
Franklin Bissett Canada Plus Equity Fund
Franklin Bissett Canadian Equity Fund
Franklin Bissett Canadian Equity Corporate
Class
Franklin Bissett Canadian Government Bond
Fund
Franklin Bissett Short Duration Bond Fund
Franklin Bissett Core Plus Bond Fund
Franklin Bissett Corporate Bond Fund
Franklin Bissett Dividend Income Fund

Franklin Bissett Dividend Income Corporate
Class
Franklin Bissett Money Market Fund
Franklin Bissett Money Market Corporate
Class
Franklin Bissett Monthly Income and Growth
Fund
Franklin Bissett Small Cap Fund

FRANKLIN ACTIVEQUANT

Franklin ActiveQuant Canadian Fund
Franklin ActiveQuant Canadian Corporate
Class
Franklin ActiveQuant U.S. Fund
Franklin ActiveQuant U.S. Corporate Class

FRANKLIN MUTUAL SERIES

Franklin Mutual Global Discovery Fund
Franklin Mutual Global Discovery Corporate
Class

**FRANKLIN TEMPLETON MULTI-ASSET
SOLUTIONS**

Franklin Quotential Balanced Growth Portfolio
Franklin Quotential Balanced Growth
Corporate Class Portfolio
Franklin Quotential Balanced Income Portfolio
Franklin Quotential Balanced Income
Corporate Class Portfolio
Franklin Quotential Diversified Equity Portfolio
Franklin Quotential Diversified Equity
Corporate Class Portfolio
Franklin Quotential Diversified Income
Portfolio
Franklin Quotential Diversified Income
Corporate Class Portfolio
Franklin Quotential Growth Portfolio
Franklin Quotential Growth Corporate Class
Portfolio

PRIVATE WEALTH POOLS

FT Balanced Growth Private Wealth Pool
FT Balanced Income Private Wealth Pool
FT Growth Private Wealth Pool

FRANKLIN TEMPLETON

Franklin Templeton Canadian Large Cap Fund

**FRANKLIN MULTI-ASSET ETF
PORTFOLIOS**

Franklin Conservative Income ETF Portfolio
Franklin Core ETF Portfolio
Franklin Growth ETF Portfolio

**FRANKLIN CORE REGIONAL EQUITY
FUNDS**

Franklin Canadian Core Equity Fund
Franklin U.S. Core Equity Fund
Franklin International Core Equity Fund
Franklin Emerging Markets Core Equity Fund

ALTERNATIVE MUTUAL FUND

Franklin K2 Alternatives Fund