



ADMINISTERED FEE SERVICE (ADM) Q&A

A New Purchase Option on Series F, FT, PF, PF (Hedged) & PFT

August 7, 2018

KEY DATES

Available for Sale Dates:

Aug. 7, 2018

ADM – Trusts Funds

Oct. 1, 2018

ADM – Corporate Class Portfolios

NOTABLES

- New purchase option offered on fee-based series
- Program branded as “Administered Fee Service” (ADM)
- Staggered launch dates for Trusts and Corporate Class
- Investment Advisory Services Fee (negotiated trail) is administered by Franklin Templeton Investments, not the dealer
- Fees accrued daily and redeemed out of client accounts monthly
- Same MER & performance as traditional series F, FT, PF, PF (Hedged) and PFT
- Fee percentages can be submitted via Fundserv or sent directly to Franklin Templeton Investments using the Simplicity Pricing Administered Fee Service (ADM) Acknowledgement Form

OVERVIEW

1. What you need to know

Franklin Templeton Investments Corp. will be launching the **Administered Fee Service (ADM)** purchase option on Series F, FT, PF, PF (Hedged) and PFT on:

August 7, 2018 – Trust Funds

October 1, 2018 – Corporate Class Portfolios

The introduction of the ADM purchase option will see the launch of over 230 new fund codes. To access the Point of Sale Fund Facts for Series F, FT, PF, PF (Hedged) and PFT with ADM disclosure, [click here](#).

ADM – ADMINISTERED FEE SERVICE

2. What is ADM?

ADM is a **new purchase option** added to our Series F line of products. New fund codes will be added to our Series F lineup to differentiate the ADM purchase option from the existing purchase option.

Franklin Bissett Canadian Balanced Fund

ADM (New) Fund Codes	F-ADM CAD	F-ADM USD	FT-ADM CAD	PF-ADM CAD	PF-ADM USD	PFT-ADM CAD
	TML3987	—	—	TML5055	—	TML5118
Existing Fund Codes	F CAD	F USD	FT CAD	PF CAD	PF USD	PFT USD
	TML252	—	—	TML3884	—	TML3885

Franklin Quotential Balanced Growth Portfolio

ADM (New) Fund Codes	F-ADM CAD	F-ADM USD	FT-ADM CAD	PF-ADM CAD	PF-ADM USD	PFT-ADM USD
	TML5005	TML5029	TML5047	TML5073	TML5100	TML5122
Existing Fund Codes	F CAD	F USD	FT CAD	PF CAD	PF USD	PFT USD
	TML671	TML3855	TML5501	TML3871	TML3872	TML3923

The new ADM purchase option is not considered a separate “series”. As with Series F, FT, PF, PF (Hedged) and PFT the ADM purchase option:

- Has the same fees, distribution policy and investment minimum
- Has the same NAV;
- Has the same MER;
- Appears on the Series F, FT, PF, PF (Hedged) and PFT of Sale Fund Facts; and
- Is not reported in the Management Report of Fund Performance (MRFP).

However, the administration of the investment advisory services fee (“advisory fee”) is done in-house by Franklin Templeton Investments and not the dealer.

3. How does Series F-ADM differ from the existing Series F?

Both are fee-for-service solutions. Our traditional Series F lineup is intended for those looking to use a *dealer administered* fee-for-service solution. But ADM turns Series F from a dealer administered product to a **manufacturer-administered** product. Basically, Franklin Templeton will calculate and charge the advisory fee on behalf of the dealer.

4. Does ADM have different MERs?

No, ADM is just a new purchase option that overlays our existing fee-based funds. Whichever purchase option you use to buy our fee-based products, the MERs remain the same.

5. Why are we introducing ADM?

To help dealers and advisors meet increasing demand from investors seeking fee-for-service models. ADM gives advisors a new way to use Series F, while taking the burden of fee administration off of dealer back offices.

6. Who is ADM for?

ADM is intended for advisors who want a fee-for-service solution held *outside* of a dealer fee-based platform.

Advisors who do not have a dealer fee-based platform

- The ADM purchase option can be used by advisors who don't have access to a fee-based platform through their dealer. Previously, the use of our Series F products were contingent on dealers having the necessary fee-based platform in order to administer and collect advisory fees.
- The ADM purchase option removes the burden of fee administration from the dealer. *We take on the process of applying and collecting advisory fees on the dealer's behalf.*

Advisors who do have a dealer fee-based platform, but prefer not to use it

- Advisors who currently *have* a dealer fee-based platform may still elect to use the ADM purchase option. Some dealer platforms are designed with specific parameters in place. If your fee-based platform is not suitable for all of your clients, consider ours. The ADM purchase option has low minimums and is available across all account types and designations. Whatever the reason, we invite you to use ADM if its features are preferred.

7. Is ADM subject to dealer approval?

Yes, dealers must approve and onboard ADM fund codes before you'll be able to sell them. Even where they've been approved we advise that you consult with your dealer regarding any business rules that govern how you should be using negotiable fee products administered by manufacturers.

8. What are the benefits of ADM?

Ease of Advisor Access: Because our firm is assuming fee administration, advisors who don't have a dealer fee-based platform to support Series F can now access it using the ADM purchase option. If permitted by their dealer, advisors *with* a dealer fee-based platform may also utilize ADM if they prefer our administration over their dealer's.

Simplicity Pricing: Because ADM overlays our existing fee-based line up, advisors are able to capitalize on the benefits of Simplicity Pricing:

- **Auto Switching** - We'll automatically switch clients into the lowest fee products as their AUM grows. Series F investors are moved into PF, and FT investors are moved into PFT.
- **Accessible Preferred Pricing** - Gain access to our preferred pricing at \$100k.
- **Flexible Account Linking** - Use our [Account Linking Form](#) to aggregate related accounts beyond the parameters of a traditional household. This lets your clients qualify for preferred pricing, sooner.

Negotiable and Transparent Fee: Advisory fees are negotiable up to a maximum of 1.50% allowing for a customized fee structure that works for your client. Fees can be applied at either the account or the fund level.

Fees (and taxes) are charged within the client's account via redemption of units. This means clients can see an 'out of pocket' cost for the services they're receiving. All fees and related taxes are captured on statements.

Monthly Advisory Fee Payments: Most advisors are accustomed to receiving monthly trail payments from embedded fee products, such as Series A. ADM is designed to mimic that experience, paying advisory fees to dealers on a monthly basis.

Easy to Distinguish: ADM has its own fund codes and naming conventions. This means that, when you're purchasing our fee-based funds, it's easy for you to know which version is dealer administered and which version is administered by Franklin Templeton Investments.

9. What are the Dealer Obligations?

Before a client buys (or switches into) the ADM purchase option, they will need to receive the latest Point of Sale Fund Facts for the Series: F, FT, PF, PF (Hedged) or PFT. To access the Point of Sale Fund Facts, [click here](#).

We will collect taxes associated with advisory fees and send them to the dealer. The dealer is responsible for remitting them to the CRA.

INVESTMENT ADVISORY SERVICES FEES (“ADVISORY FEES”)

10. Is there a cap on the investment advisory services fees on ADM purchase options?

Yes, the advisory fees are negotiated up to a maximum of 1.50%. Advisors may choose to apply a flat fee rate for all holdings in an account or arrange to charge customized rates for each individual fund.

11. How does FTI receive advisory fee instructions?

Advisory fee rates can be submitted to us via Fundserv, or through the submission of the Simplicity Pricing Administered Fee Service (ADM) Acknowledgement Form. Fee rates can also be changed using either method. The form can be found on the [Applications and Forms section](#) of our website.

12. How are advisory fees calculated?

The advisory fee is calculated based on the average daily net asset value of the applicable Series F, FT, PF, PF (Hedged) or PFT securities held in the client’s account at the end of each business day. The fees will accrue daily.

Note that fees are calculated, accrued, collected, and administered at the fund level – even when a flat rate has been applied to the entire account.

13. How often are advisory fees (and taxes) collected from investors, and paid out to dealers?

Advisory fees (and taxes) are collected **monthly** via a redemption of units from the client’s account. This generally happens on the last business day of the month. However, some transaction activity may result in fees (and taxes) being collected *at the time of the transaction*. This typically occurs in relation to redemptions, switches, or transfers of individual Series F, FT, PF, PF (Hedged) or PFT holdings or in relation to a change of dealership.

For transactions resulting in a negligible remaining balance after fees, Franklin Templeton may elect to include the proceeds of the remaining fractional shares in the original transaction request.

Advisory fees (and taxes) collected in any given month are paid to the dealer on a monthly or quarterly basis (depending on their pre-defined preferences for these kind of payments). The dealer is responsible for remitting taxes to the CRA.

14. How will a switch from Series A into Series F-ADM within the same fund be treated?

This is an intra-fund switch. Since assets are remaining within the same fund it won’t be considered a taxable disposition. If any deferred sales charge funds are still on a schedule, applicable fees will be incurred.

For additional information, please contact us at (800) 387-0830.



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