



FRANKLIN TEMPLETON INVESTMENTS

Franklin Bissett Canadian Balanced Fund

September 30, 2018

Product Profile

Product Details

Fund Assets	\$910,357,165.22
Fund Inception Date	09/06/1991
Base Currency	CAD
Morningstar Category™	Canadian Neutral Balanced
Distribution Frequency	Annually

Risk Classification¹

Low	Low to Medium	Medium	Medium to High	High
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Inception Date

Series O	11/24/2000
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Fund Codes

Series	CAD
Series O	TML130

Corporate Class

Series O	CAD
Series O	TML2060

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.

Fund Description

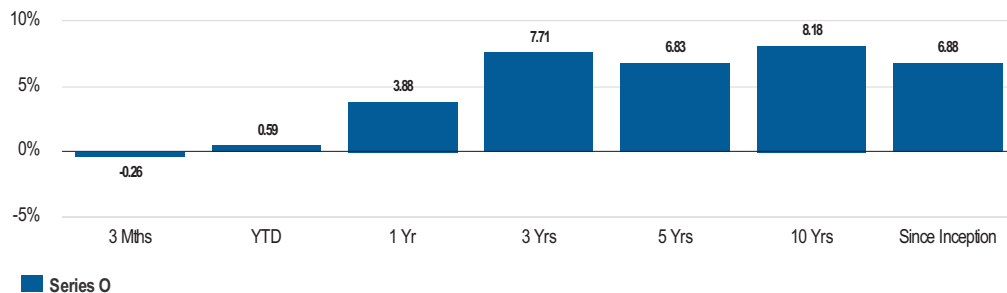
The fund seeks a balance of current income and long-term capital appreciation by investing primarily in a portfolio of Franklin Bissett fixed-income and equity funds. The fund may also invest in foreign securities.

Performance Data²

Average Annual Total Returns³ (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (11/24/2000)
Series O	-0.26	0.59	3.88	7.71	6.83	8.18	6.88

The indicated rates of return are the Series O historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account investment management fees, sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns.



Calendar Year Returns (%)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Series O	7.00	13.91	-1.23	7.55	19.09	12.34	1.06	12.96	22.42	-18.17

Portfolio Manager Insight⁴

Market Review

International trade tensions and the unpredictable nature of US policies and politics failed to derail the US equity bull market in the third quarter of 2018. Canada's equity market underperformed the US market despite finally reaching an agreement on the contentious trilateral United States-Mexico-Canada (USMCA) trade negotiations.

During the quarter, the S&P/TSX Composite Total Return Index (TRI) decreased 0.6%, while the S&P 500 TRI (US-dollar terms) increased 7.7% (6.0% in Canadian-dollar terms) and the MSCI EAFE TRI (US-dollar terms) advanced 1.4% (-0.2% in Canadian dollar terms).

Canadian economic growth slowed further, with year-on-year (YoY) growth decelerating from 4.4% in mid-2017 to only 2.4% in July, but stronger third-quarter activity raised expectations for another rate hike in 2018. US growth climbed from below 2.0% in mid-2017 to 2.9% (YoY) at the end of June 2018, and a rate hike appeared certain. The Canadian dollar strengthened against the US dollar.

1. 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.

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

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

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.

The FTSE TMX Canada Universe Bond Index returned -1.0% for the quarter, while its U.S. counterpart (the Bloomberg Barclays U.S. Aggregate Bond Index) posted a modest increase of 0.02% in US-dollar terms. Within credit markets, corporate spreads compressed slightly over the quarter.

Outlook & Strategy

We continue to believe there is greater longer-term return potential for equities relative to fixed income, although this view has been tempered by the meaningful outperformance of equities versus fixed income over the last several years. In the equity fund allocation, we continue to observe greater risk-adjusted return potential of smaller-capitalization equities and remain meaningfully overweight relative to the small-cap portion of the blended benchmark.

Fixed income allocation remains slightly defensive with regard to duration. Valuations are becoming stretched, in our view. While we believe it remains prudent to allocate fixed income portfolios with an emphasis on credit where there is more yield, less duration, and more cushion against volatility, we maintain a slight preference for higher-quality versus lower-quality assets.

Portfolio Diversification

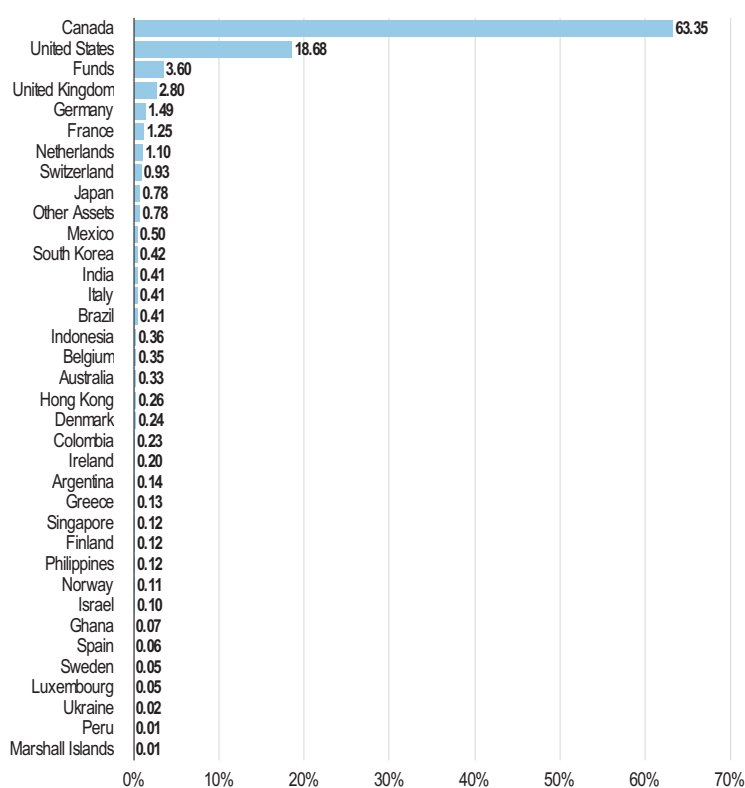
Top Ten Holdings⁵

Percent of Total

Top Holdings	%
FRANKLIN BISSETT CORPORATE BOND FUND	16.19
FRANKLIN BISSETT CANADIAN EQUITY FUND	13.85
FRANKLIN BISSETT MONTHLY INCOME AND GROWTH FUND	7.78
FRANKLIN BISSETT CORE PLUS BOND FUND	7.18
FRANKLIN ACTIVEQUANT CANADIAN FUND	6.37
FRANKLIN BISSETT MICROCAP FUND	6.32
FRANKLIN ACTIVEQUANT U.S. FUND	6.02
FRANKLIN US RISING DIVIDENDS FUND	5.53
FRANKLIN MUTUAL EUROPEAN FUND	5.32
FRANKLIN BISSETT SMALL CAP FUND	5.30

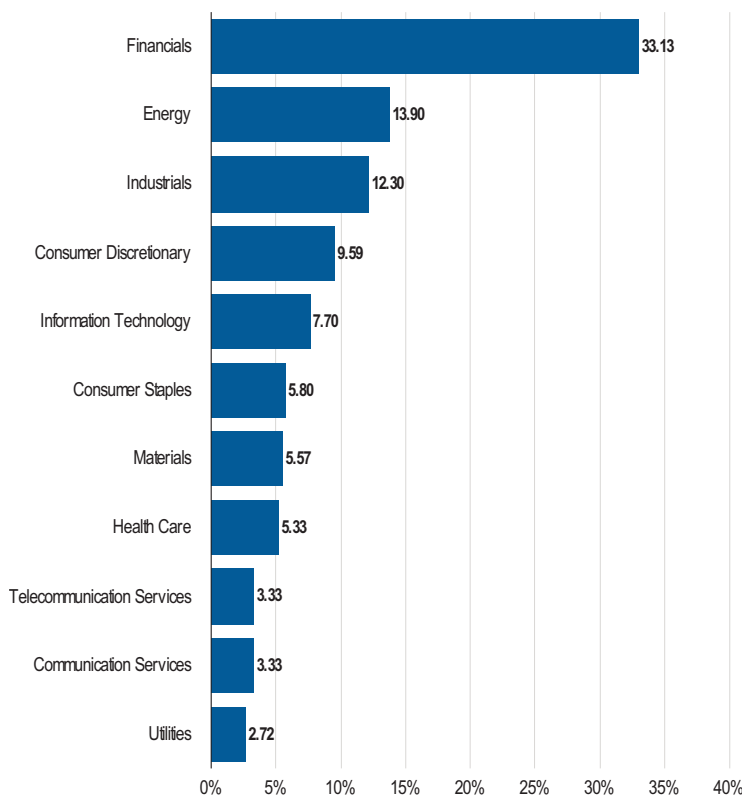
Geographic Allocation^{6,7}

Percent of Total



Sector Allocation^{8,9}

Percent of Total



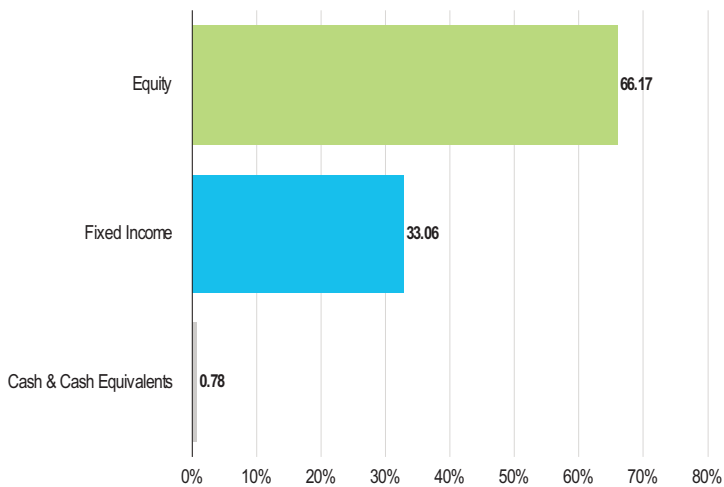
5. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The information provided is not a recommendation to purchase, sell, or hold any particular security. The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

6,8. 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.

7,9. Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

Asset Allocation¹⁰

Percent of Total

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

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)	4.27	4.96	6.96	6.86
Tracking Error (%)	1.78	2.33	2.59	2.52
Information Ratio	0.26	-0.35	0.47	0.50
Beta	0.99	0.92	1.03	0.94
Sharpe Ratio	1.64	1.22	1.05	0.72

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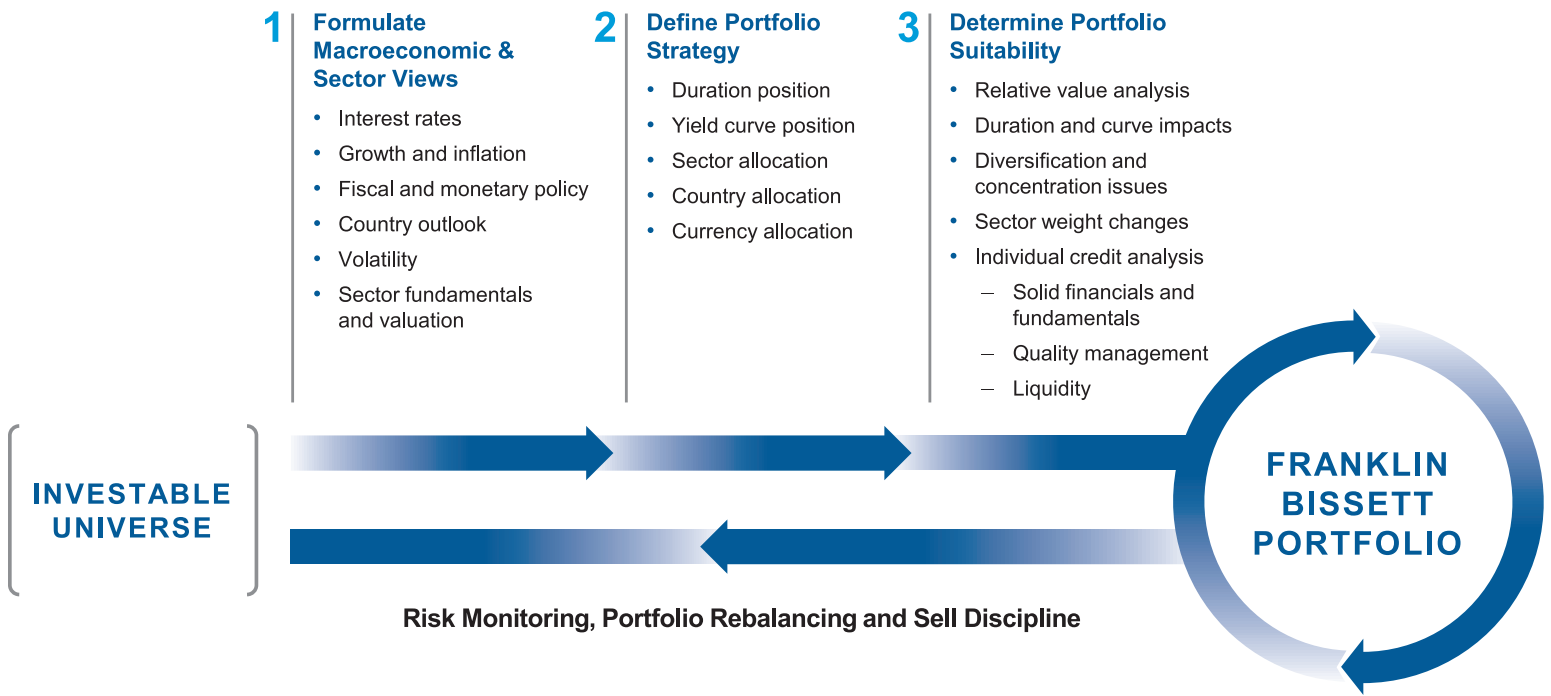
Investment Philosophy and Process**Fixed Income**

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

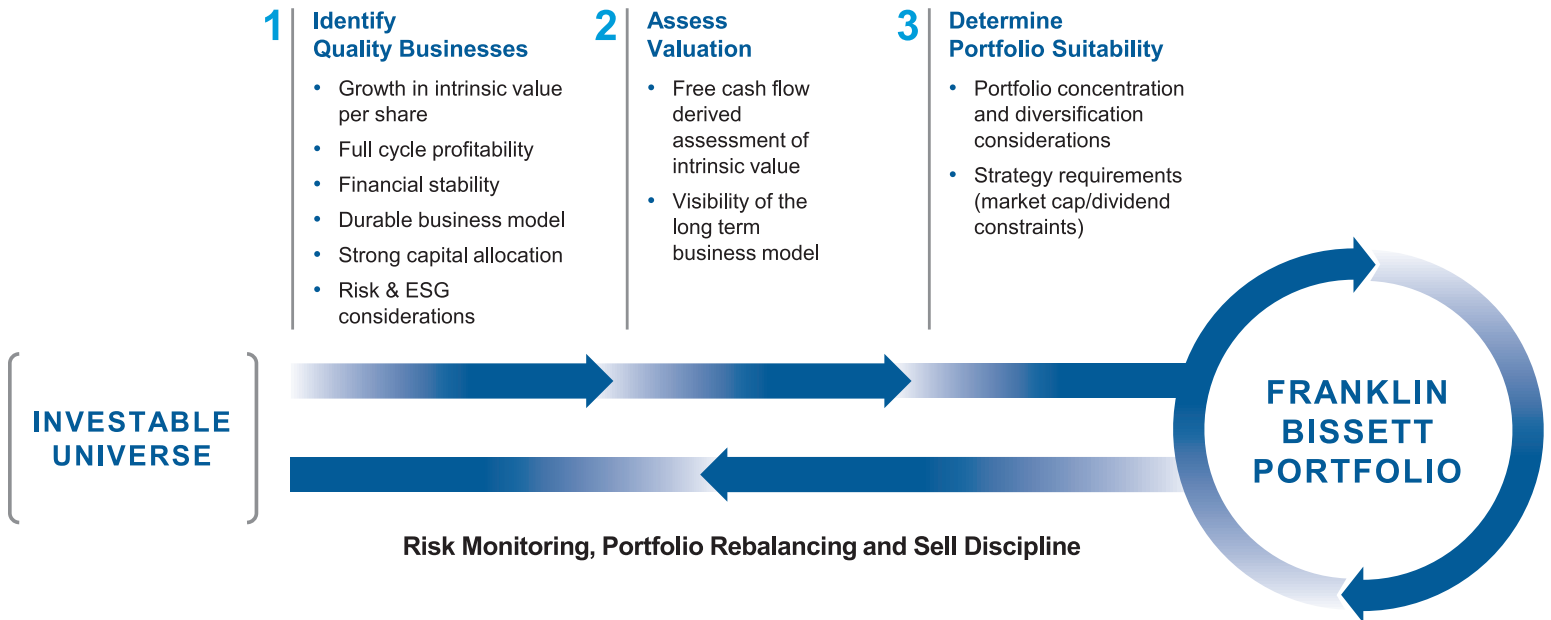
10. Information is historical and may not reflect current or future portfolio characteristics. Percentage may not equal 100% due to rounding. All holdings are subject to change.

11. Beta, Information Ratio and Tracking Error information are measured against the Custom Franklin Bissett Canadian Balanced Benchmark (non-time-linked).

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).



- 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



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
Garey J. Aitken, CFA, Chief Investment Officer	20	26
Thomas O’Gorman, CFA, Senior Vice President, Director of Fixed Income	8	28

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%.

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.

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.

Important Legal Information

All performance data herein is for Series O units.

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Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

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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.

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**FRANKLIN TEMPLETON
INVESTMENTS**

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