



**FRANKLIN TEMPLETON  
INVESTMENTS**

# Franklin Bissett Canada Plus Equity Fund

Series A  
Series F  
December 31, 2018

## Fund Commentary

### Performance Review

- For the fourth quarter, three of 11 Global Industry Classification Standard sectors in the Canadian Index posted positive total returns. The three positive sectors were consumer staples (5.7%), communication services (2.0%) and materials (0.9%). Conversely, the worst-performing sectors were health care (-35.3%), followed by energy (-17.3%) and industrials (-13.4%). On the US side, the best-performing sector in the S&P 500 was utilities. The worst performers were more cyclical, including energy, industrials and information technology. The Canadian dollar weakened 5.3% against the US dollar during the quarter, which partially offset the US market decline in local currency terms.
- For the quarter, the fund's Series F shares returned -4.33%, and its benchmark, the Custom Frk. Bissett Canada Plus Equity Benchmark, returned -9.50%.

### QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors
HELPED	Metro Inc.	Health Care (Stock Selection)
	Duke Energy Corp.	Consumer Staples (Overweight)
	Merck & Co., Inc.	Consumer Discretionary (Stock Selection)
HURT	Apple Inc.	Communication Services (Underweight)
	ARC Resources Ltd.	Real Estate (Underweight)
	Peyto Exploration & Development Corp.	---

- The fund performed better than its benchmark in the fourth quarter and for the year. Relative to the benchmark, the fund experienced areas of strong performance from individual holdings in both US and Canadian equity.
- Given the weaker equity markets and heightened volatility, put options contributed significantly to fund performance in the quarter. Put options are expected to be a permanent feature of the fund to further reduce the overall downside risk profile.
- The fund ended the quarter with a 40.0% allocation to US equity, in line with the neutral allocation of 40%. In addition to the benefits of exposure to non-Canadian equities from a diversification standpoint, the currency diversification can be of meaningful benefit to the fund over time.

### Outlook & Strategy

- As was the case going into this most recent correction, we believe now is an important time to be increasingly discerning.
- With our long-term perspective and discerning approach, we will capitalize on equity market dislocations as they present themselves and continue to build on our absolute, relative and risk-adjusted return objectives.

### Fund Details

Inception Date	07/17/2017
Benchmark	Custom Frk. Bissett Canada Plus Equity Benchmark, S&P/TSX Composite Index

### Fund Description

The Fund seeks long-term capital appreciation by investing primarily in a diversified portfolio of Canadian and US equities, with the intent of managing the overall volatility of the portfolio.

### Performance Data

Performance (%) as of 12/31/2018

	1 Month	3 Mths	YTD	1 Yr	Since Inception
Series A	-5.62	-4.61	-3.23	-3.23	-0.26
Series F	-5.53	-4.33	-2.10	-2.10	0.94
Custom Frk. Bissett Canada Plus Equity Benchmark	-5.86	-9.50	-3.87	-3.87	2.95
S&P/TSX Composite Index	-5.40	-10.11	-8.89	-8.89	-0.88

Indicated rates of return include changes in unit or share value and reinvestment of all distributions and dividends 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 refer to the prospectus for further details. **For details on the respective series inception dates, please consult the Fund Facts or simplified prospectus for the fund.** Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. **Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.**

**Investment Team**

**Garey J. Aitken, CFA**  
Years with Firm 20  
Years Experience 27

**Tim Caulfield, CFA**  
Years with Firm 12  
Years Experience 19

**Important Legal Information**

The information presented is considered reliable at the present time; however, we do not represent that it is accurate or complete, or that it should be relied upon as such. Speculation or stated beliefs about future events, such as market or economic conditions, company or security performance, upcoming product offerings or other projections represent the beliefs of the speaker and do not necessarily represent the views of Franklin Templeton Investments Corp. General business, market, economic and political conditions could cause actual results to differ materially. The information presented is not a recommendation or solicitation to buy or sell securities.

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.

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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