

Product Profile

Product Details^{1,2,3}

Fund Assets	\$213,870,345.32
Fund Inception Date	08/30/1993
Number of Issuers	52
Base Currency	CAD
Morningstar Category™	-
Distribution Frequency	Annually

Risk Classification⁴

Low	Low to Medium	Medium	Medium to High	High
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Fund Description

The fund seeks long-term capital appreciation by investing primarily in a diversified portfolio of small-capitalization Canadian equities that have proven management and long-term growth plans. The fund may also invest in foreign securities.

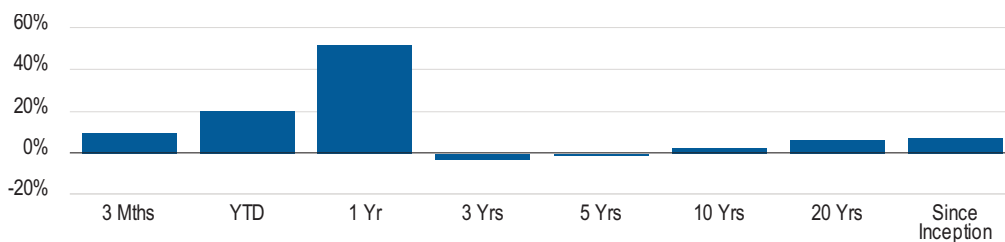
Performance Data⁵

Average Annual Total Returns⁶ (%)

	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Inception (08/30/1993)
Series F	9.86	20.45	51.82	-3.01	-0.63	2.35	6.16	7.24

Management Expense Ratio (as of 12/31/2020 incl. HST)—1.75%

The indicated rates of return are the historical annual compounded total returns including changes in share or unit value and reinvestment of all distributions 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 call Franklin Templeton Client Services at 1.800.387.0830 or visit www.franklintempleton.ca for the most recent month-end performance.



● Series F

Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Series F	1.72	-1.97	-27.89	-0.79	29.98	-19.00	-4.09	35.08	22.29	-11.83

1. 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.

2. All holdings are subject to change. Holdings of the same issuers have been combined.

3. Custom Franklin Bissett Small Cap Benchmark is a blended index composed of the S&P/TSX Small Cap TR Index on and after April 1, 2012 and the BMO Nesbitt Burns Canadian Small Cap Index prior to April 1, 2012.

4. 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.

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

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

Portfolio Manager Insight⁷

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors
HELPED	Storm Resources Ltd.	Health Care (underweight)
	Photon Control Inc.	Information Technology (security selection)
	Trican Well Service Ltd.	Consumer Staples (security selection)
HURT	DRI Healthcare Trust	Materials (underweight + security selection)
	Methanex Corporation	Consumer Discretionary (security selection)
	Sylogist Ltd.	Financials (security selection)

- Relative to the benchmark, security selection and interaction effect had a positive impact on fund performance in the second quarter, slightly offset by negative allocation effect. Positive security selection and interaction was primarily driven by individual holdings in energy, information technology and consumer staples. Negative sector allocation was driven by being overweight in the underperforming information technology and industrials sectors.

Outlook & Strategy

- We believe Franklin Bissett's GARP (growth-at-a-reasonable-price) investment style rooted in operating fundamentals and rigorous valuation work is well suited to the ongoing and changing dynamics we face with Canadian equities. Disciplined decision making and a focus on businesses that are expected to achieve secular growth in intrinsic value through cycles while maintaining an appropriate capital structure and wise capital allocation will serve the fund well.
- As risks and uncertainties remain, we can be certain that the future will bring threats and opportunities on which we can capitalize. We will continuously prepare for dislocations in the equity market and act decisively when warranted.

Portfolio Characteristics⁸

	Portfolio	Custom Franklin Bissett Small Cap Benchmark
Weighted Average Market Capitalization (Millions in CAD)	2,479	1,062

Portfolio Diversification

Top Ten Holdings⁹

Percent of Total

Top Holdings	Sector	%
TRICAN WELL SERVICE LTD	Energy	3.83
HEADWATER EXPLORATION INC	Energy	3.15
INTERTAPE POLYMER GROUP INC	Materials	2.76
STORM RESOURCES LTD	Energy	2.66
BOYD GROUP SERVICES INC	Commercial & Professional Services	2.62
EQUITABLE GROUP INC	Banks	2.61
TOPAZ ENERGY CORP	Energy	2.61
FIRSTSERVICE CORP	Real Estate	2.58
CORBY SPIRIT AND WINE LTD	Food, Beverage & Tobacco	2.54
CANADIAN WESTERN BANK	Banks	2.48

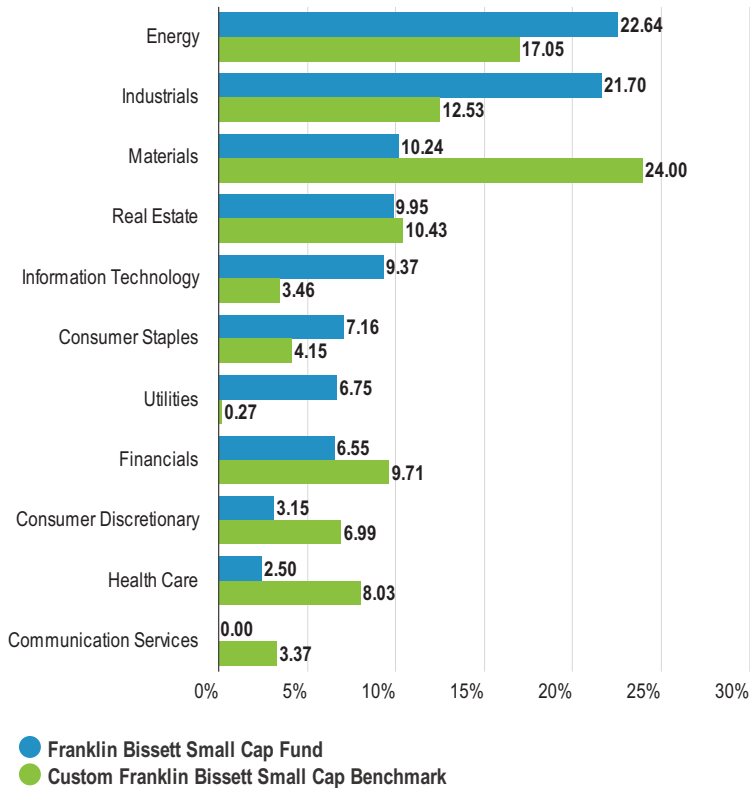
7. The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. 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.

8. The portfolio characteristics listed are based on the fund's underlying holdings, and do not necessarily reflect the fund's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalisation figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. Source: FactSet. All holdings are subject to change.

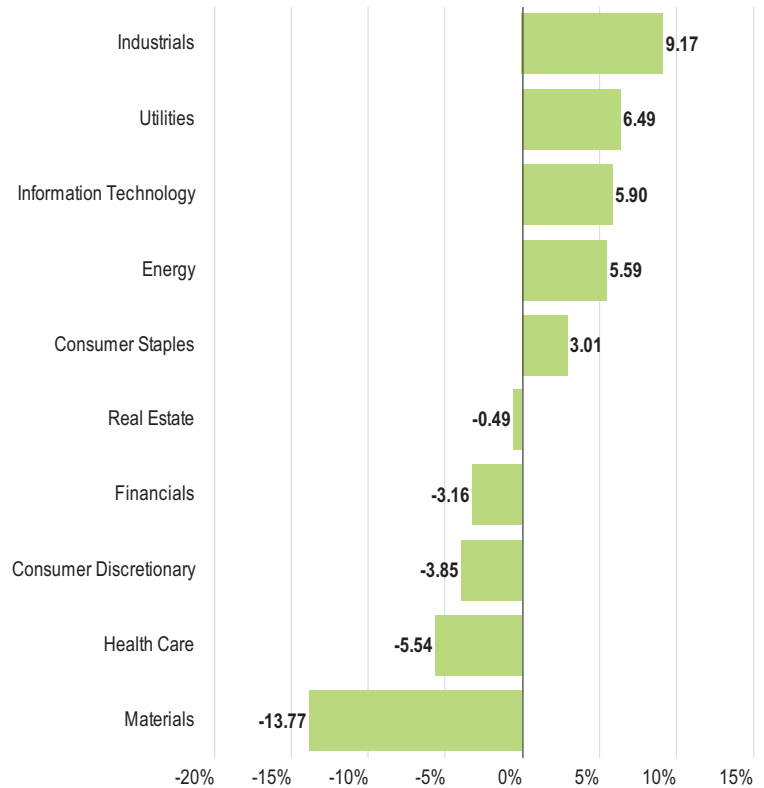
9. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The information provided is not a recommendation to purchase, sell, or hold any particular security. The 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 reserves the right to withhold release of information with respect to holdings that would otherwise be included.

Sector Weightings vs. Custom Franklin Bissett Small Cap Benchmark¹⁰

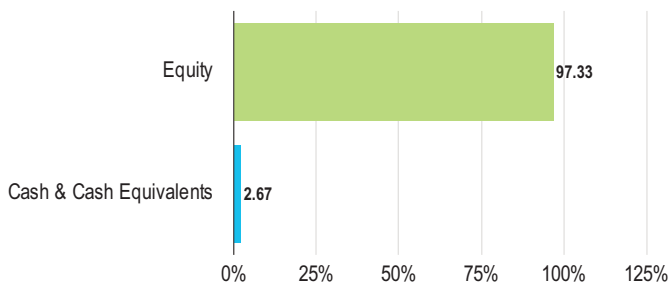
Percent of Equity

**Sector Overweight/Underweight¹¹**

Percent of Equity

**Asset Allocation¹²**

Percent of Total

**Supplemental Performance Statistics****Supplemental Risk Statistics^{13,14}**

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)	24.72	20.07	17.52	17.71
Tracking Error (%)	9.48	9.82	10.02	9.06
Information Ratio	-1.29	-0.81	-0.16	0.00
Beta	0.82	0.80	0.77	0.83
Sharpe Ratio	-0.17	-0.08	0.08	0.26

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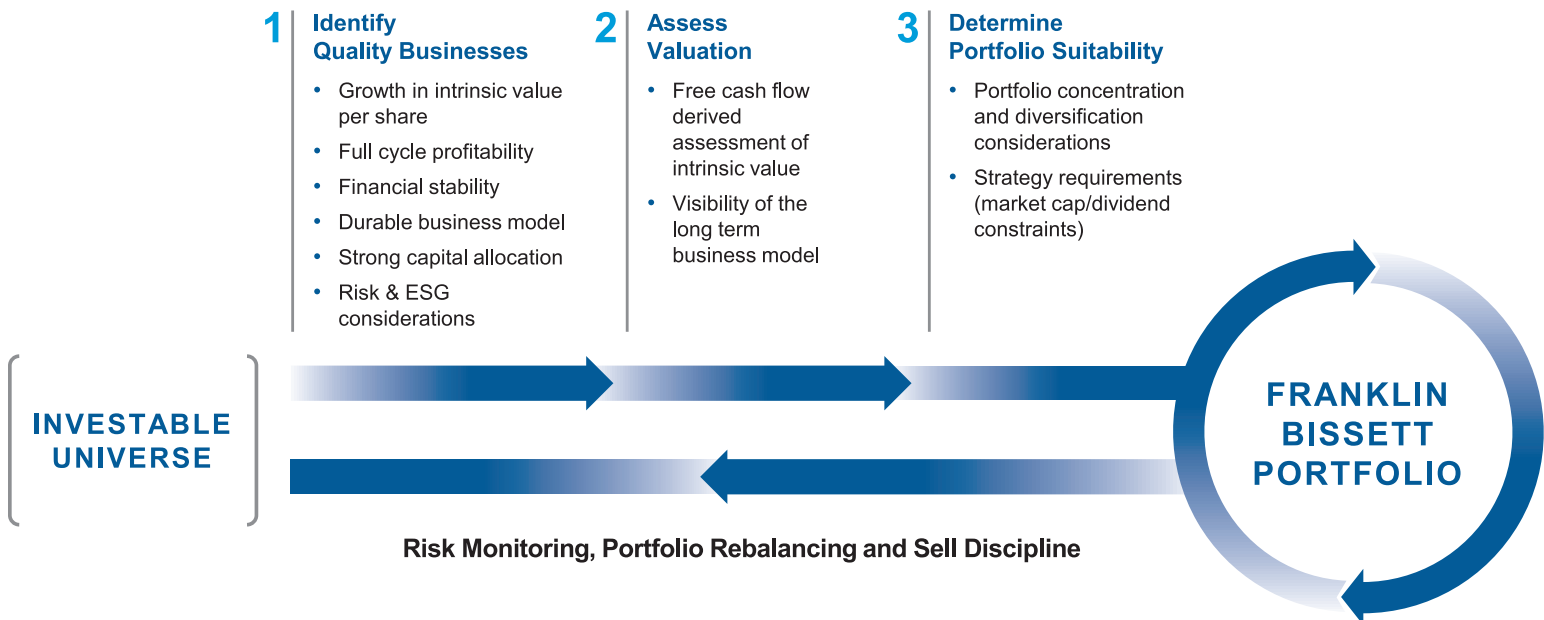
10,11,12. Percentage may not equal 100% due to rounding. All holdings are subject to change.

13. Beta, Information Ratio and Tracking Error information are measured against the Custom Franklin Bissett Small Cap Benchmark.

14. 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).

Investment Philosophy and Process

- Equity markets can be inefficient, particularly in the short term; price does not necessarily reflect intrinsic value
- Sustained profitability and effective capital allocation drive intrinsic value growth
- Achieving our performance objectives requires a high-conviction investment approach



The above chart is 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	23	29
Michael Edward Richmond, CFA	7	19

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.

Market Capitalization: A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share. Market capitalization is expressed in millions of CAD.

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.

Fund Codes

	CAD	Series	USD
Series A Front	TML223		—
Series A DSC	TML323		—
Series A Low Load	TML598		—
Series F	TML253		—
Series F ADM	TML3999		—
Series PA Front	TML5322		—
Series PA DSC	TML5324		—
Series PA Low Load	TML5323		—
Series PF	TML3812		—
Series PF ADM	TML5067		—

Series I closed to new investors as of November 22, 2016.

Important Legal Information

On November 22, 2019, Franklin Bissett Microcap Fund and Franklin Bissett Small Cap Corporate Class merged into Franklin Bissett Small Cap Fund. *CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.*

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.

Source: FactSet. Important data provider notices and terms available at: www.franklintempletondatasources.com.

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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