

Product Profile

Product Details¹

Fund Assets	\$409,821,041.58
Fund Inception Date	04/14/1997
Number of Issuers	101
Base Currency	CAD
Benchmark Name	Russell 3000 Growth Index
Benchmark Currency	CAD
Distribution Frequency	Annually

Fund Description

The fund seeks capital appreciation by investing primarily in U.S. equities demonstrating accelerating growth, increasing profitability or above-average growth or growth potential compared to the overall economy. The fund may also invest up to 25% of total assets in other countries.

Performance Data²

Average Annual Total Returns³ (%)

	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Inception (11/24/2000)
Series O	10.36	10.68	6.48	25.13	21.18	22.20	18.28	8.52	7.25
Russell 3000 Growth Index	9.07	9.89	9.84	30.58	22.07	22.30	20.53	8.62	7.06

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.



- Series O
- Russell 3000 Growth Index

Calendar Year Returns (%)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Series O	42.46	27.69	8.23	21.64	-5.31	24.85	16.73	47.33	7.13	-1.22
Russell 3000 Growth Index	35.44	29.24	6.28	21.32	4.25	25.19	22.93	43.54	12.28	4.43

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

Portfolio Manager Insight⁴

Performance Review

QUARTERLY KEY PERFORMANCE DRIVERS

	Stock	Sectors
HELPED	FIGS, Inc. Class A	Health Care (Stock Selection)
	West Pharmaceutical Services, Inc.	Consumer Discretionary (Stock Selection)
	Wuxi Biologics (Cayman) Inc.	Information Technology (Stock Selection)
HURT	Mastercard Incorporated Class A	Industrials (Stock Selection)
	CoStar Group, Inc.	Communication Services (Underweight)
	Facebook, Inc. Class A	Materials

- In the consumer discretionary sector, vertically integrated e-commerce health care apparel company FIGS went public in May and we benefitted from our participation in the initial public offering (IPO) as the stock rallied following its debut. The company has done a great job establishing itself as a lifestyle brand for professional uniforms and taking share in the medical scrubs category that was prime for disruption. The overall business model is also attractive with recurring revenue characteristics and strong profitability allowing FIGS to stand out relative to apparel peers.
- In the health care sector, West Pharmaceutical Services is a leading manufacturer of packaging components and delivery systems for injectable drugs and healthcare products. Strong organic sales growth and accelerating demand for products associated with COVID-19 have been a tailwind for the stock.
- In contrast, payment processor Mastercard (MA) underperformed the benchmark, which hurt our relative returns, although absolute results were positive. The company reported strong first-quarter financial results that included strengthening domestic and cross-border volumes. We continue to be constructive on the secular trends driving MA's growth over the long term and expect the business to be in a structurally stronger position post-pandemic given opportunities in accelerated e-commerce adoption, new payment flows, and digital currencies.

Outlook & Strategy

- The US recovery has been gaining momentum as the country reopens parts of its economy—boosted by pent up demand, government stimulus and vaccine rollouts. Reopening is ultimately leading to better-than-expected earnings growth for companies represented across the broader equity market. Many US companies continue to have very strong balance sheets and appear well-positioned to invest for the future.
- We expect the general recovery direction to continue even though the pace may not be linear as inflation and interest rate increases have become a concern. However, our investment strategy remains unchanged. We continue to focus on bottom-up stock selection of companies based on our assessment of quality, sustainability and growth potential.
- We are finding opportunities across a broad range of sectors. In the industrial sector, there is digitalisation and automation as well as an increased adoption of greener infrastructure initiatives, in particular renewable energy, efficient buildings, high-speed rail and electric vehicles. Investment in e-commerce also is likely to continue at a rapid pace, while select brick-and-mortar retail can also thrive—while consumers want the flexibility of online shopping, many still value in-store experiences as well.
- Further developments are also likely in the digitalisation of healthcare. This can take the shape of telemedicine advancements, efficiency in managing low-acuity patients, and greater usage of remote monitoring devices.
- Despite the continued risk of bumps along the road, we retain our longer-term optimism as the expansion evolves. We continue to believe that navigating the challenges presented in the months ahead will require nimble management. We seek companies offering good valuations that we can hold over the long term. We are looking at businesses that we believe display innovation in technology or market approach and that can generate sustainable earnings and cashflow.

Portfolio Characteristics⁵

	Portfolio	Russell 3000 Growth Index
Price to Earnings (12-Month Trailing)	54.61x	38.06x
Price to Book	10.55x	12.89x
Price to Cash Flow	34.38x	24.30x
Weighted Average Market Capitalization (Millions in CAD)	604,794	918,666

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.

5. 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.

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Portfolio Diversification

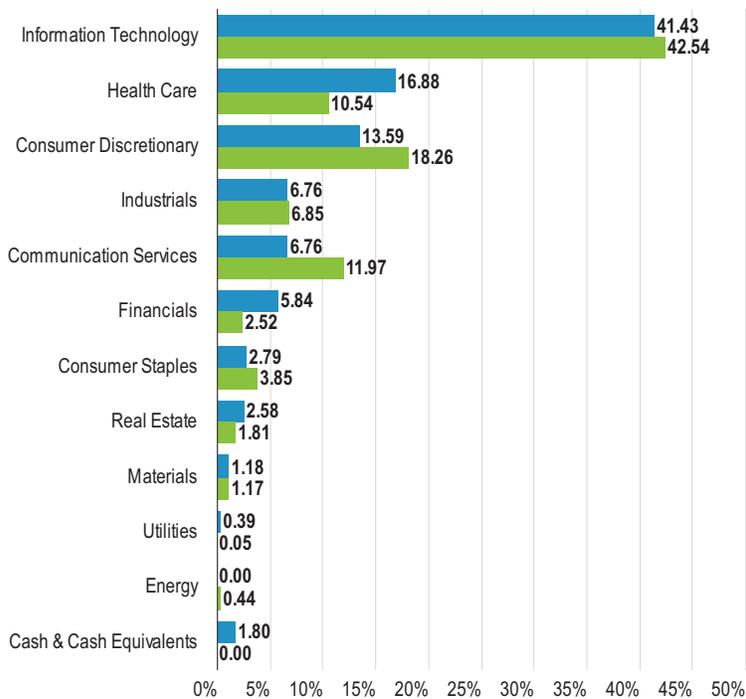
Top Ten Holdings⁶

Percent of Total

Top Holdings	Sector	Country	%
AMAZON.COM INC	Retailing	United States	8.00
MICROSOFT CORP	Software & Services	United States	4.25
MASTERCARD INC	Software & Services	United States	3.99
APPLE INC	Technology Hardware & Equipment	United States	3.55
VISA INC	Software & Services	United States	3.36
NVIDIA CORP	Semiconductors & Semiconductor Equipment	United States	2.87
ALPHABET INC	Media & Entertainment	United States	2.74
SERVICENOW INC	Software & Services	United States	2.73
PAYPAL HOLDINGS INC	Software & Services	United States	2.26
SBA COMMUNICATIONS CORP	Real Estate	United States	2.08

Sector Weightings vs. Russell 3000 Growth Index⁷

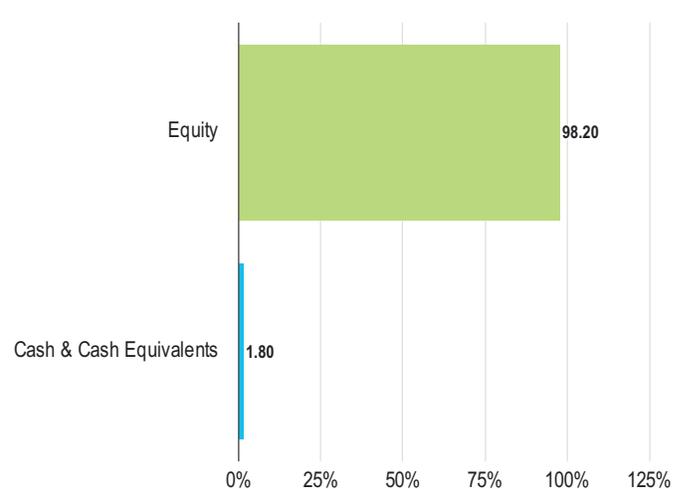
Percent of Total



● Franklin U.S. Opportunities Fund
 ● Russell 3000 Growth Index

Asset Allocation⁸

Percent of Total



6. 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 portfolio manager reserves the right to withhold release of information with respect to holdings that would otherwise be included.

7,8. Percentage may not equal 100% due to rounding. All holdings are subject to change.

Supplemental Performance Statistics

Supplemental Risk Statistics^{9,10}

	3 Yrs	5 Yrs	10 Yrs	Since Inception
Standard Deviation (%)	17.39	15.05	14.31	16.56
Tracking Error (%)	4.36	4.31	4.48	6.28
Information Ratio	-0.20	-0.02	-0.50	0.07
Beta	1.04	1.03	1.08	1.07
Sharpe Ratio	1.15	1.41	1.21	0.36

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Investment Philosophy

The Franklin Equity Group philosophy holds that companies with the potential for long-term sustainable growth can provide significant opportunities for investors. Market participants can have a short-term perspective and may under appreciate the potential for value created by sustainable growth. We believe that we have the potential to deliver attractive risk-adjusted returns by identifying companies with potential for sustainable growth which we believe is not reflected in current prices.

Investment Process

Within a collaborative environment, our team utilises fundamental, bottom-up research to focus on companies that we believe have sustainable growth characteristics—meeting our criteria of Growth, Quality and Valuation.

Our analysis includes an assessment of any material Environmental, Social and Governance (ESG) factors on the long-term risk and return profile of a company.

Growth

- Focus on companies with potential to produce sustainable earnings and cash flow growth
- Evaluate the long-term market opportunity and competitive structure of the industry seeking to identify target leaders and emerging leaders

Quality

- Seek companies with strong and improving competitive positions in attractive markets
- Identify experienced and talented management teams as well as financial strength reflected in the capital structure, gross and operating margins, free cash flow generation, and returns on capital

Valuation

- Consider a range of potential outcomes based on an assessment of multiple scenarios
- Evaluate whether, in our view, security prices fully reflect the balance of the sustainable growth opportunities relative to the business and financial risks

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Grant Bowers	27	27
Sara Araghi, CFA	17	17

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%.

Historical 3-Year EPS Growth: A measure of the growth of earnings per share over a trailing 3 year period. For a portfolio, the value represents a weighted average of the stocks it holds.

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.

Price to Earnings Growth Ratio: A ratio used to determine a stock's value while taking into account earnings growth. For a portfolio, the value represents a weighted average of the stocks it holds.

9. Beta, Information Ratio and Tracking Error information are measured against the Russell 3000 Growth Index.

10. 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).

Return on Equity: A measure of a corporation's profitability that reveals how much profit a company generates with the money shareholders have invested. For a portfolio, the value represents a weighted average of the stocks it holds.

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.

What Are The Risks?**Important Legal Information**

All performance data herein is for Series O units.

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

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

Franklin Templeton Institutional is part of Franklin Templeton Investments Corp. (FTIC). Series O investors do not pay any of the management fees within the fund but instead pay a separate management and administration fee that they negotiate directly with Franklin Templeton Investments Corp. To qualify to purchase or hold Series O units an investor must meet minimum investment requirements as set out in the fund's current prospectus. For more details on the management and administration fee, please read the prospectus. Performance is presented in Canadian dollars and is gross of fees (before management and custodial fees) of Series O units of the Fund. Taking into account such fees would result in lower rates of return.



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