

A Canadian short duration strategy with the flexibility to go beyond the benchmark

Franklin Canadian Short Term Bond Fund

Also available as an ETF Series **FLSD**

The fund combines high quality Canadian short-term debt securities with non-core debt securities to create a multi-sector low duration solution



Diversification

Flexible multi-sector approach to benefit from the best yield opportunities, while limiting volatility



Risk mitigation

The portfolio is defensively positioned to minimize interest rate risk in a rising rate environment



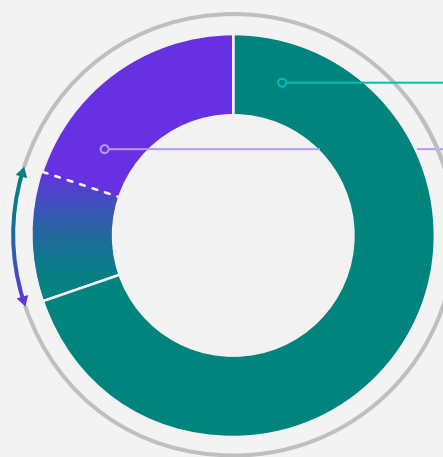
Stable income

Strives for above average distribution rates with competitive performance



Global exposure

Up to 30% of the holdings can be invested abroad for enhanced returns from yields and currencies



70–80%

Core Canadian fixed income for a solid foundation

20–30%

Non-core fixed income for added potential

A well-diversified, high quality portfolio¹

As of December 31, 2025 (all weightings as percent of market value)

Maturity	Total (%)
Floating-Rate Notes	1.26
< 5 Years	84.16
5–10 Years	14.54
> 10 Years	0.04

Credit Rating	Total (%)
AAA	22.65
AA	19.17
A	20.81
BBB	31.25
BB	4.81
B	1.10
CCC	0.08
D	0.13

Corporate Sectors	Corp. Bonds (%)
Financial	41.52
Energy	22.01
Real Estate	10.90
Industrial	9.79
Communication	5.11
Securitization	4.98
Infrastructure	3.62
Bank Loans	2.06

Country	Total (%)
Canada	73.39
United States	24.36
France	0.87
United Kingdom	0.51
Other	0.86

Fixed Income Sectors	Total (%)
Canadian Corporate Investment-Grade Bonds	45.70
Federal Bonds	24.69
Provincial Bonds	14.21
Foreign Investment-Grade Corporate Bonds	9.04
High Yield Corporate Bonds	4.93
Bank Loans	1.26
Municipal Bonds	0.31
Other	-0.14

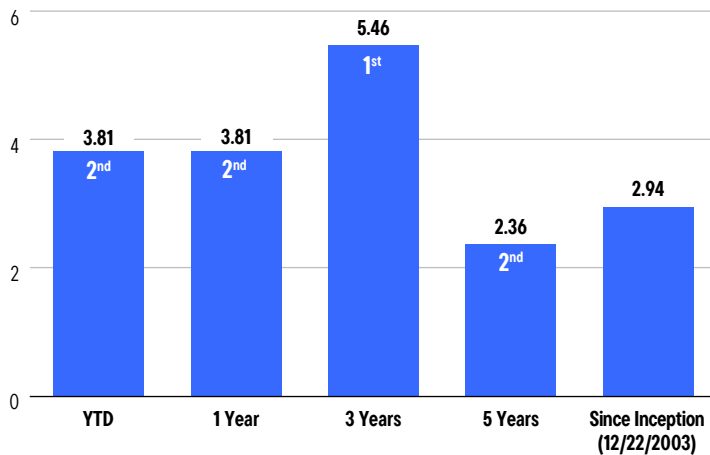
Characteristics

Yield to Worst	3.28%
Average Duration	3.04 Years
Average Coupon	3.77%

Strong performance relative to the peer group^{2,3}

Series F Returns (%) and Quartile Rankings

As of December 31, 2025



Top 10 Holdings

	Total (%)
Canada Housing Trust No 1, GOVT GUARANTEED, 2nd lien, 2.85%, 12/15/30	3.23
Province of Ontario Canada, 1.35%, 12/02/30	3.12
Canada Housing Trust No 1, GOVT GUARANTEED, 2nd lien, 144A, 3.10%, 6/15/28	2.87
Canada Housing Trust No. 1, second lien, 144A, 2.35%, 6/15/27	2.36
Province of Alberta, senior bond, 2.90%, 9/20/29	2.16
CPPIB Capital Inc, COMPANY GUARNT, Sr Unsecured, REG S, 3.35%, 12/02/30	2.04
Province of Ontario Canada, UNSECURED, Unsecured, 3.60%, 6/02/35	1.66
Canada Housing Trust No 1, GOVT GUARANTEED, 2nd lien, 144A, 3.60%, 12/15/27	1.64
Province of Manitoba, 2.60%, 6/02/27	1.54
Canada Housing Trust No 1, GOVT GUARANTEED, 2nd lien, 3.60%, 9/15/35	1.47

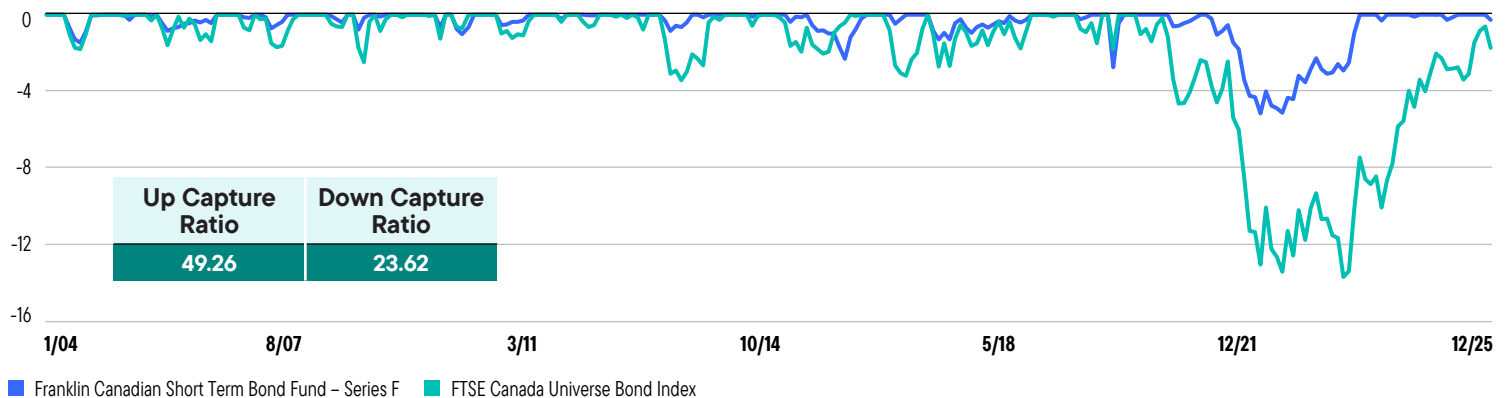
Commissions, trailing commissions, management fees, brokerage fees and expenses may be associated with investments in mutual funds and ETFs. Please read the prospectus and fund fact/ETF facts document before investing. ETFs trade like stocks, fluctuate in market value and may trade at prices above or below the ETF's net asset value. Brokerage commissions and ETF expenses will reduce returns. Performance of an ETF may vary significantly from the performance of an index, as a result of transaction costs, expenses, and other factors. Indicated rates of return are historical annual compounded total returns for the period indicated, including changes in unit value and reinvestment distributions, and do not take into account any charges or income taxes payable by any security holder that would have reduced returns. Mutual funds and ETFs are not guaranteed. Their values change frequently. Past performance may not be repeated. 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.

Stability of short duration

Bigger pie of the upside while minimizing downside, relative to longer duration.

Franklin Canadian Short Term Bond Fund vs. FTSE Canada Universe Bond⁴

January 1, 2004–December 31, 2025



Downside protection for portfolios⁵

As of December 31, 2025

Fund/Benchmark	Bond and Equity Indices		Fund Series F	
	Years with Negative Returns	Average Return in Negative Years	Average Return During Index's Negative Years	Correlation with Index (22 Years)
FTSE Canada Universe Bond	3	-5.14%	-0.93%	0.64
S&P/TSX Composite TR	5	-12.95%	1.55%	0.27
S&P 500 TR	3	-14.63%	1.58%	0.19
MSCI ACWI NR	5	-10.35%	1.92%	0.22
MSCI EM NR	5	-16.51%	1.34%	0.15

Fund series

Fee Type	Fund Series	CDN\$	MER (%)*
Commission-Based	Series A—Front End	TML1012	0.95
Fee-Based	Series F	TML1015	0.39
	Series F—ADM†	TML3992	0.39
Negotiated Fee	Series O	TML1016	Negotiated
		Fund Ticker	
ETF Series		FLSD	0.33

*Management Expense Ratio as of June 30, 2025.
† "ADM" refers to the Investment Advisory Services Fee purchase option for series F. Please see the simplified prospectus for further details.
Effective May 19, 2022, all DSC and LL fund codes are closed to new investments. Switches between DSC and LL funds will continue to be permitted.

To learn more about the Franklin Canadian Short Term Bond Fund, contact your financial advisor or visit: www.franklintempleton.ca.

1. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. Market value figures reflect the trading value of the investments. Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors. **Credit Ratings** shown are assigned by one or more Nationally Recognized Statistical Rating Organizations (NRSRO), such as Standard & Poor's, Moody's, DBRS and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from four or three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. Cash and equivalents as well as derivatives are excluded from this breakdown. If listed, the NR category consists of ratable securities that have not been rated by an NRSRO listed above. The portfolio itself has not been rated by an independent rating agency. For unrated bonds, cash and equivalents, ratings may be assigned based on the ratings of the issuer, the ratings of the underlying holdings of a pooled investment vehicle, or other relevant factors. The **Average Credit Quality** (ACQ) rating provided is not a statistical measurement of the portfolio's default risk because a simple, weighted average does not measure the increasing level of risk from lower-rated bonds. The ACQ may be lower if cash and equivalents are excluded from the calculation. Derivative positions are not reflected in the ACQ. **Yield to Worst** ("YTW") is the yield to maturity if the worst possible bond repayment takes place. If market yields are higher than the coupon, the yield to worst would assume no prepayment. If market yields are below the coupon, the YTW would assume prepayment. In other words, YTW assumes that market yields are unchanged. YTW is not an indication of the income that has or will be received. YTW is gross of fees. Yield figures quoted should not be used as an indication of the income that has or will be received. Yield figures are based on the portfolio's underlying holdings and do not represent a payout of the portfolio. The dividend yield quoted here is the yield on securities within the portfolio and should not be used as an indication of the income received from this portfolio.

2. Annualized. Performance data is rounded to the nearest hundredth.

3. Canadian Fixed Income Category. A quartile is used to describe a small group composed of 25% of a larger group.

4. Source: Morningstar Research Inc.

5. Source: Morningstar Research Inc. Updated annually. Franklin Templeton Investments Corp., the investment fund manager of the Franklin Canadian Short Term Bond Fund (the "Fund"), has received exemptive relief to permit the ETF Series of the Fund to use the start date, past performance, information derived from the financial statements and other financial information of the Franklin Bissett Short Duration Bond Active ETF, which was merged into the Fund, in the Fund's sales communications, reports to securityholders, simplified prospectus, ETF facts, annual and interim financial statements and annual and interim management reports of fund performance, as applicable.

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ETF units may be bought or sold throughout the day at their market price on the exchange on which they are listed. However, there can be no guarantee that an active trading market for ETF units will develop or be maintained, or that their listing will continue or remain unchanged. While the units of ETFs are tradable on secondary markets, they may not readily trade in all market conditions and may trade at significant discounts in periods of market stress.