

Small cap fund. Big opportunities.

Franklin ClearBridge Canadian Small Cap Fund

June 2025

The Canadian equity landscape offers compelling opportunities for small cap investors, with our 40+ year legacy reflecting a steadfast commitment to expressing only our highest-conviction small cap ideas through authentic active management.

Quick facts

A distinctive approach to GARP

- Quality-growth bias with disciplined valuation framework
- Proprietary investment research, supplemented by third-party resources, produces a competitive edge
- Long-term investment horizon provides a time arbitrage versus a short-term focused market

Concentrated portfolio

- High conviction approach to investing: holdings typically range between 40 and 50 (currently 46)
- True active management running high active share¹ (currently 87%)
- Patient approach shown by low turnover (15-30% annually)

Strong focus on risk management

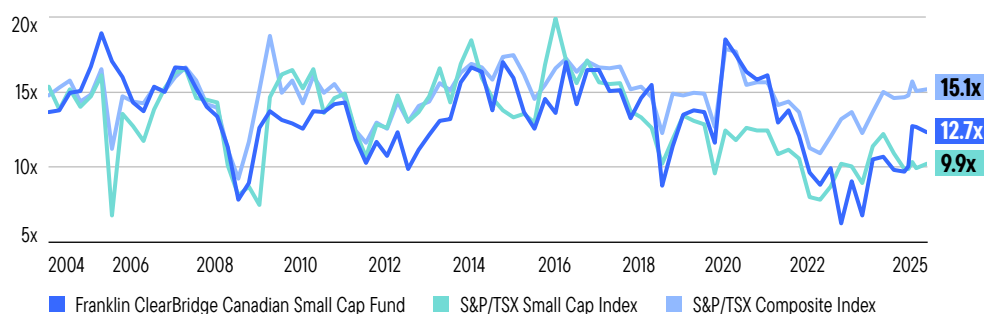
- Participate in strong markets and protect capital in challenging markets

Compelling valuations

Valuation disconnect between small and large cap Canadian companies

The Bank of Canada initiated rate cuts after over two years of hikes. Since 2000, in five similar rate cuts, the Franklin ClearBridge Canadian Small Cap Fund outperformed major equity indices (S&P/TSX Composite, S&P 500, MSCI EAFE) in four out of five instances over the following three years.

Forward P/E Ratio²



*Annualized.

1. Active Share is a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index.

2. Source: Morningstar Direct Research, ClearBridge Investments and Bank of Canada. Data to June 30, 2025.



LSEG Lipper Fund Awards*

Best Fund Over Three Years

Canadian Small/Mid Cap Equity 2024

Franklin Templeton

ClearBridge Canadian Small Cap
Fund Series F

Investment team



Mike Richmond, CFA

Portfolio Manager

24 years industry experience
Joined firm in 2013



Michael Shaw, CFA

Vice President, Portfolio Manager

14 years industry experience
Joined firm in 2023

ClearBridge

ClearBridge is a leading fundamental equity manager committed to delivering long-term results through authentic active management across channels, geographies and investment vehicles. Canadian equities are managed by a dedicated team based in Calgary (formerly Franklin Bissett), known for its disciplined, value-oriented approach and more than four decades of experience managing Canadian equities.

Navigating the Canadian small cap market

Inefficient markets offer boundless opportunities, while demanding a disciplined and repeatable approach to navigating Canada's small-cap space.

Complex market with limited sell-side research coverage

- **Few thousand issuers** with approximate market value of \$275 billion
- Non-diversified market. Greater than 50% weight towards resource sectors (energy, precious metals, and base metals)
- Vulnerable to trends (cannabis, crypto, green tech)

Poor fundamental criteria

- Limited liquidity magnifies price volatility
- Valuations highly sensitive to liquidity flows
- Susceptible to speculation and severe corrections

Why invest in this fund?



Small caps provide diversification

Ideal for investors seeking to add small caps to an investment portfolio to complement large- and mid-cap holdings and help generate superior risk-adjusted returns over time.



Investing for the long term

The fund invests in companies with proven management and a long-term growth plan. In a less efficient market, such as the small-cap sector, active management can offer more substantial opportunities to generate alpha.



Franklin ClearBridge's time-tested process

Understanding the volatility associated with small cap investing, ClearBridge Investments employs a disciplined "Growth at a Reasonable Price" (GARP) approach which seeks to maintain a balance between risk and return.

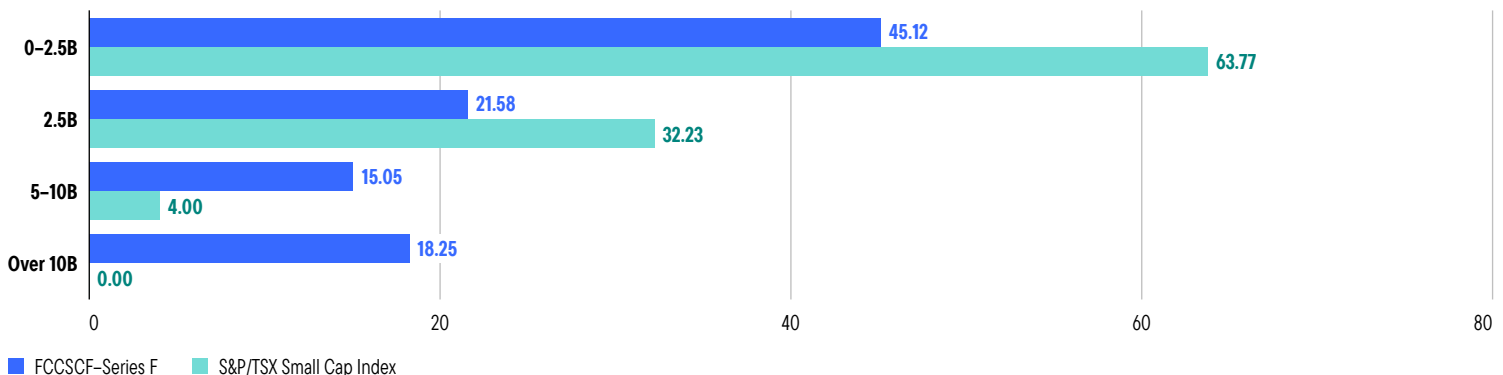
Top 10 Equity Holdings (%)

Security	(%) of Total Representative Portfolio
Propel Holdings, Inc.	4.02
Headwater Exploration Inc.	3.62
EQB Inc	3.57
Kelt Exploration Ltd.	3.56
AltaGas Ltd.	3.4
Empire Co Ltd Class A	3.32
Kinaxis, Inc.	3.22
Sandstorm Gold Ltd.	3.17
Enerflex Ltd.	3.09
Winpak Ltd.	2.87
Total	33.84

Sector Weightings (%)

Security	Fund (%)	S&P/TSX Small Cap Index (%)
Energy	21.10	20.50
Materials	18.00	34.90
Industrials	16.00	11.50
Real Estate	10.70	9.10
Financials	10.00	6.10
Information Technology	7.40	2.60
Consumer Staples	7.00	3.10
Utilities	6.90	2.70
Consumer Discretionary	1.10	3.00
Health Care	1.00	5.10
Communication Services	0.00	1.50
Cash	0.90	0.00

Market Capitalization (\$)



Performance statistics

Trailing Returns & Rankings

Series	Inception Date	3 Months	YTD	1 Year	3 Years*	5 Years*	10 Years*	Since Inception*
Franklin ClearBridge Canadian Small Cap Fund - Series F	8/30/1993	10.34	5.17	14.50	15.42	17.19	2.99	7.57
Canadian Small/Mid Cap Equity Category	—	11.95	7.01	17.25	11.91	12.47	6.41	8.26

Ratings/Rankings	Overall	3 Years	5 Years	10 Years
Risk-Adjusted Return Rating ³	★★★ 3-Star	★★★ 3-Star	★★★★★ 5-Star	★ 1-Star
Risk - Percentile Ranking (%) ³	—	77	50	8

Select fund codes & Management Expense Ratio (MER)⁴

Fee Type	Fund Series	CDN\$	MER (%)
Commision-Based	Series A	TML223	2.85
Fee-Based	Series F	TML253	1.75

*ADM" refers to the Investment Advisory Services Fee purchase option for series F, FT, PF, PF (Hedged) and PFT. Please see the simplified prospectus for further details.

Risk classification

Low
Low to medium
Medium
Medium to high
High

*Annualized.

3. Morningstar quartile rankings show how well a fund has performed compared to all other funds in its peer group. Each fund within a peer group is ranked based on its performance, and these rankings are broken into quarters or quartiles. Within a group, the top 25% (or quarter) of the funds are in the first quartile, the next 25% are in the second quartile, the next group in the third quartile, and the bottom 25% of funds with the poorest relative performance are in the fourth quartile. The point in which half the funds had better performance and half had worse performance is the median. If 100 funds are being compared, there would be four quartiles of twenty-five funds each. The median would be the fiftieth fund. For more details on the calculation of Morningstar star ratings or quartile rankings please, see www.morningstar.ca. © Morningstar Inc. All Rights Reserved.

4. As of December 31, 2024. MERs are updated bi-annually. 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. CFA® and Chartered Financial Analyst® are trademarks owned by the CFA Institute.

Additional Information on Lipper Award: Franklin ClearBridge Canadian Small Cap Fund was awarded the 2024 Lipper Fund Award in the Canadian small/mid cap equity category for the three year period ending September 30, 2024 out of a total of 167 funds. The Lipper Fund Awards, granted annually, highlight funds and fund companies that that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 month periods. The highest 20% of funds in each category are named Lipper Leaders for Consistent Return and receive a score of 5, the next 20% receive a score of 4, the middle 20% are scored 3, the next 20% are scored 2 and the lowest 20% are scored 1. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each category wins the Lipper Fund Award. Lipper Leader ratings change monthly. For more information, see lipperfundawards.com. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper. Performance for the fund for the period ended September 30, 2024 is [as follows: 23.41% (1 year), 7.83% (3 years), 10.08 % (5 years), 0.11% (10 years) and 5.81% (since inception on November 24, 2000)] [indicated above [for a fund that includes performance data in the body of the advertisement]]. The corresponding Lipper Leader ratings of the fund for the same period are as follows: N/A (1 year), 4 (3 years), 5 (5 years), 4 (10 years).

IMPORTANT LEGAL INFORMATION

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. The indicated rates of return are the historical annual compounded total returns including changes in 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 securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and 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. Subject to any applicable death benefit and maturity guarantees, any part of the premium or other amount that is allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value according to fluctuations in the market value of the assets of the segregated fund.



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