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Investment Funds in Canada, Lambton College in Toronto

FIN 3004

Carl Aldrige

December 14, 2023

Your clients, Dilan and Karen Smith, met with you a week ago because they were seeking some advice regarding how to invest a sum of money that is maturing from a GIC in two weeks. At that time you established that they did not want to invest in individual stocks, bonds, and money market instruments, but wanted the entire amount invested in mutual funds. Although you explained to them that they should select mutual funds from various different companies, they told you that they only wanted to use Templeton mutual funds because Karen used to have an administrative position at that company. They have informed you that they are seeking similar investment advice from at least one other financial advisor at another institution, and are willing to invest with you if you produce the best proposal. You've had a chance to do research and now you are about to present your recommendations.

Your clients currently have the following financial assets and major personal use assets:

- a house worth \$700,000, with a \$400,000 mortgage
- a joint \$380,000 GIC maturing in two weeks at a competitor's financial institution (this money was originally inherited)
- a joint \$40,000 non-redeemable GIC maturing in 3 years at your financial institution
- each of them has a savings account with a balance of \$25,000
- Dilan's RRSP has \$70,000 in a 3-year non-redeemable GIC at a competitor's financial institution
- Karen's RRSP has \$80,000 in a 5-year non-redeemable GIC at your financial institution
- both spouses are retired and currently receive approximately \$50,000/year from pensions and various other sources
- they are both in their mid-60s, and their adult children are fully independent
- both spouses have invested in various types of guaranteed and equity investments in the past

Questions:

1. Given the information above, create a portfolio of mutual funds for their non-registered account using the entire amount that is maturing from the GIC in two weeks. Ensure that the portfolio meets their suitability requirements. Create the mutual fund portfolio using only 5 different **Templeton** mutual funds. Your proposed portfolio should include the fund name, fund code, amount invested, and percentage of portfolio occupied by each of the mutual funds. [8 marks]
2. Asset allocation is known to be an important component of portfolio management. Approximately what percentage of your proposed portfolio is invested in:
 - a. equities
 - b. fixed income
 - c. money market / cash

Show how you calculated those values. You may need to access various information sources beyond the Fund Facts documents to help you.

[8 marks]

3. Explain why the 5 funds chosen are the ideal combination for this family at this time in their lives. Emphasize those features that make your selected funds stand out. Issues such as various measures of rates of return, level of volatility, management expense, portfolio manager's investment philosophy, as well as other relevant issues, should all be addressed in your discussion.

[9 marks]

4. Produce the Fund Facts sheets for each of the five funds in your proposed portfolio, as well as any other supporting documentation

[5 marks]

NOTE: Answers for question 1,3,4 are merged as one answer and question 2 is being separately answered.

ANSWERS

Based on the information provided above, Dilan and Karen Smith are retirees and are not less than 65 years of age. At retirement age, the investment goal to meet their suitability requirement is to shift towards more conservative investment assets to protect against risk since they no longer have an active income to replace losses. However, considering that they will need this money in years to come, it will be wise to take a growth-oriented position to strike a balance between risk and return. Therefore, as financial advisors, we will consider diversification across asset classes to meet their suitability requirements using the Templeton mutual funds: The selected portfolios are as follows:

Mutual Fund Portfolio

Based on the information provided above and as a financial advisor for my client I will consider diversification across asset classes to meet their suitability requirements. Templeton mutual funds:

1. Templeton Growth Fund

- Fund Code: 5756
- Amount Invested: \$76,000
- Percentage: 20%
- Reasons to Invest:
 - .1.1.1. Global Investment with strong long-term performance.
 - .1.1.2. Team approach to value investing.
 - .1.1.3. It has a total value of \$901.4 million.
 - .1.1.4. Investment mix approach with regions containing North America, Europe and Asia.
 - .1.1.5. Investing in well know and reputed 10 companies with a total of 27.99%



**FRANKLIN
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FUND FACTS

Franklin Templeton Investments Corp.
Templeton Growth Fund – Series F

May 17, 2023

This document contains key information you should know about Templeton Growth Fund – Series F. You can find more detailed information in the fund's simplified prospectus. Ask your representative for a copy, contact Franklin Templeton Investments Corp. (Franklin Templeton) at 1.800.387.0830 or service@franklintempleton.ca or visit www.franklintempleton.ca.

Before you invest in any fund, consider how it would work with your other investments and your tolerance for risk.

Quick Facts

| | | | |
|---|--|------------------------------|---|
| Fund codes: | CAD: TML5756, TML5758 (ADM) USD: TML5757, TML5759 (ADM) | Fund manager: | Franklin Templeton Investments Corp. |
| Date series started: | November 24, 2000* | Portfolio manager(s): | Franklin Templeton Investments Corp. |
| Total value of the fund on March 31, 2023: | \$901.4 million | Sub-advisor: | Templeton Global Advisors Limited |
| Management expense ratio (MER): | 1.32% | Distributions: | Annually; distributions are reinvested unless you choose cash |
| | | Minimum investment: | \$500 initial, \$100 additional, PACs \$50 |

* This date reflects the start date of the corresponding series of Templeton Growth Fund, Ltd., which merged into the fund on November 13, 2020.

What does the fund invest in?

The fund invests primarily in equity securities of companies around the world, and debt instruments of governments or companies of any country.

The charts below give you a snapshot of the fund's investments on March 31, 2023. The fund's investments will change.

Top 10 investments (March 31, 2023)

| | |
|---|---------------|
| 1. Cash and cash equivalents | 5.52% |
| 2. BP plc | 2.91% |
| 3. Anheuser-Busch InBev SA/NV | 2.55% |
| 4. Samsung Electronics Co. Ltd. | 2.53% |
| 5. Alphabet, Inc., A | 2.51% |
| 6. Unilever plc | 2.50% |
| 7. TJX Cos., Inc. (The) | 2.49% |
| 8. Taiwan Semiconductor Manufacturing Co. Ltd., American Depositary Receipt | 2.40% |
| 9. Medtronic plc | 2.29% |
| 10. Rolls-Royce Holdings plc | 2.29% |
| Total percentage of top 10 investments | 27.99% |

Total number of investments 62

Investment mix (March 31, 2023)



- .1.1.6. The minimum amount to invest is \$500 initial, \$100 additional, PACs \$50
- .1.1.7. It is a well know Asset Under Management firm with experienced fund managers.
- .1.1.8. As the fund name says, it's a growth fund which will help client in growing their money.
- .1.1.9. It has an NAV of \$24.49 and Change% of 135.07% since inception.

2. International Equity Fund:

- Fund Code:
- Amount Invested: \$57,000
- Percentage: 30%

- Reasons to Invest:
 - 1.1.1.1.1. Medium Risk Classification.
 - 1.1.1.1.2. It has total net asset worth \$205.28 Million.
 - 1.1.1.1.3. Less management fee, 0.09%
 - 1.1.1.1.4. Managed by expert fund managers.
 - 1.1.1.1.5. Has a NAV Change% of 0.92%
 - 1.1.1.1.6. International diversification.

Fund-Fact:

Franklin International Equity Fund



Class C: LMGEX Class A: LMEAX Class FI: LGFEX Class I: LGIEX Class IS: LIESX Class R: LMIRX

Blend Factsheet as of September 30, 2023

Investment Overview

Seeks maximum long-term total return by investing primarily in non-U.S. stocks. Uses a quantitative process that assesses stocks by relative attractiveness based on a variety of measures including value, cash flow, earnings growth and sentiment. Region, country and sector allocations are based on rankings generated by the subadviser's proprietary models. May invest up to 35% of its total assets in emerging markets.

Average Annual Total Returns (%)

| | Without Sales Charges | | | | | With Sales Charges | | | | | Inception Date |
|-----------|-----------------------|------|------|-------|-----------|--------------------|------|------|-------|-----------|----------------|
| | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Inception | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Inception | |
| Class C | 28.59 | 6.52 | 2.02 | 3.17 | 3.63 | 27.59 | 6.52 | 2.02 | 3.17 | 3.63 | 2/17/1995 |
| Class A | 29.73 | 7.40 | 2.80 | 3.97 | 6.16 | 22.58 | 5.31 | 1.59 | 3.36 | 5.73 | 2/3/2009 |
| Class FI | 29.68 | 7.36 | 2.76 | 3.94 | 5.69 | 29.68 | 7.36 | 2.76 | 3.94 | 5.69 | 5/16/2003 |
| Class I | 30.09 | 7.70 | 3.11 | 4.29 | 3.44 | 30.09 | 7.70 | 3.11 | 4.29 | 3.44 | 5/5/1998 |
| Class IS | 30.14 | 7.78 | 3.19 | 4.39 | 2.84 | 30.14 | 7.78 | 3.19 | 4.39 | 2.84 | 8/4/2008 |
| Class R | 29.29 | 7.05 | 2.48 | 3.66 | 1.23 | 29.29 | 7.05 | 2.48 | 3.66 | 1.23 | 12/28/2006 |
| Benchmark | 25.65 | 5.75 | 3.24 | 3.82 | — | 25.65 | 5.75 | 3.24 | 3.82 | — | — |

Cumulative Total Returns (% Without Sales Charge)

| | 3-Mo | YTD | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|-----------|-------|------|--------|-------|------|-------|--------|-------|-------|-------|-------|-------|
| Class C | -2.81 | 8.38 | -13.49 | 12.90 | 2.73 | 17.61 | -16.65 | 23.58 | -0.31 | 0.99 | -3.15 | 19.94 |
| Class A | -2.50 | 9.16 | -12.80 | 13.74 | 3.46 | 18.41 | -16.00 | 24.53 | 0.47 | 1.86 | -2.45 | 20.89 |
| Class FI | -2.55 | 9.12 | -12.86 | 13.75 | 3.42 | 18.36 | -16.02 | 24.46 | 0.52 | 1.69 | -2.42 | 20.86 |
| Class I | -2.44 | 9.34 | -12.57 | 14.14 | 3.76 | 18.72 | -15.68 | 24.91 | 0.80 | 2.16 | -2.14 | 21.25 |
| Class IS | -2.51 | 9.37 | -12.47 | 14.22 | 3.88 | 18.88 | -15.62 | 25.01 | 0.90 | 2.25 | -1.99 | 21.41 |
| Class R | -2.61 | 8.89 | -13.08 | 13.44 | 3.11 | 18.03 | -16.22 | 24.23 | 0.19 | 1.47 | -2.67 | 20.55 |
| Benchmark | -4.11 | 7.08 | -14.45 | 11.26 | 7.82 | 22.01 | -13.79 | 25.03 | 1.00 | -0.81 | -4.90 | 22.78 |

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit www.franklintempleton.com.

Effective August 2, 2021, except as noted below, Class C (including Class C, Class C-1 & Class C-2) shares will automatically convert to Class A shares after the shares have been held for 8 years from their original purchase date. The initial conversion took place on August 16, 2021. Refer to the fund's prospectus or contact your Service Agent for more information.

Share Class Details

| | CUSIP | Ticker | Sales Charges (%) | | Expenses (%) | |
|----------|-----------|--------|-------------------|------|--------------|------|
| | | | Max | CDSC | Gross | Net |
| Class C | 524686284 | LMGEX | 0.00 | 1.00 | 2.11 | 2.05 |
| Class A | 524686292 | LMEAX | 5.50 | — | 1.28 | 1.28 |
| Class FI | 524686268 | LGFEX | 0.00 | — | 1.33 | 1.30 |
| Class I | 524686276 | LGIEX | 0.00 | — | 0.99 | 0.95 |
| Class IS | 524686243 | LIESX | 0.00 | — | 0.90 | 0.85 |
| Class R | 524686250 | LMIRX | 0.00 | — | 1.59 | 1.55 |

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 12/31/2024 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice. There is a 1% CDSC on any Class C shares you sell within 12 months of purchase. Maximum sales charges have been updated as of August 15, 2022, please refer the Fund's prospectus for more information.

Morningstar Rating™

Overall Rating as of September 30, 2023

★★★★ Class C

★★★★★ Class A

As of 09/30/2023 the fund's Class C shares received a 3 star overall Morningstar rating™, measuring risk-adjusted returns against 679, 622 and 409 Foreign Large Blend funds over the 3-, 5- and 10-year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

Growth of \$10,000

Class C Shares—Inception through September 30, 2023
Excluding Effects of Sales Charges



Fund Overview

| | |
|----------------------------|-----------------------------------|
| Dividend Frequency, if any | Annually |
| Morningstar Category | Foreign Large Blend |
| Upper Classification | International Multi-Cp Core Funds |
| Turnover (fiscal yr) | 33% |

Benchmark(s)

MSCI EAFE Index-NR

Fund Characteristics

| | Fund | Benchmark |
|---------------------------------------|------------------|-----------|
| Total Net Assets | \$180.42 Million | |
| Number of Holdings | 204 | 795 |
| Average Market Cap (Millions USD) | \$71,564 | \$82,024 |
| Price to Book | 2.56x | 2.87x |
| Price to Earnings (12-Month Trailing) | 10.69x | 12.80x |

Risk Statistics (3-Year—Class C)

| | Fund | Benchmark |
|------------------------|-------|-----------|
| Beta | 0.99 | — |
| R-Squared | 0.96 | — |
| Sharpe Ratio | 0.34 | 0.30 |
| Standard Deviation (%) | 18.36 | 18.23 |
| Alpha (%) | 0.81 | — |
| Information Ratio | 0.21 | — |
| Tracking Error (%) | 3.63 | — |

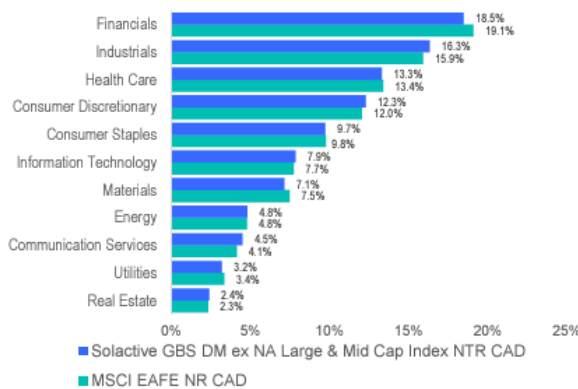
Annualized Returns (%)

| | YTD | 1 Year | 3 Years | 5 Years | 10 Years | 15 Years | Since Common Inception (2006-06-01) |
|---|------|--------|---------|---------|----------|----------|-------------------------------------|
| Solactive GBS Developed Markets ex. North America Large & Mid Cap Index NTR CAD | 6.84 | 23.45 | 6.25 | 4.27 | 6.88 | 6.56 | 4.89 |
| MSCI EAFE NR CAD | 6.85 | 23.63 | 6.18 | 4.17 | 6.71 | 6.35 | 4.64 |

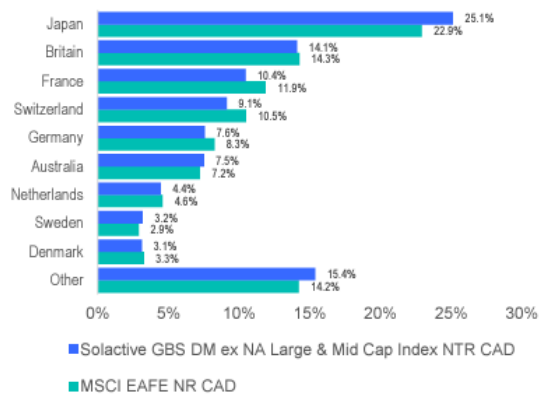
Developed Markets Index Comparison – Constituents¹

Solactive vs MSCI (As of September 30, 2023)

Sector Allocation (%)



Country Allocation (%)



Top 10 holdings

| Name | Solactive Weight | MSCI Weight | Weight Difference (+/-) |
|--|------------------|-------------|-------------------------|
| Nestlé SA | 2.03% | 2.05% | -0.02% |
| Novo Nordisk A/S-B | 1.94% | 2.02% | -0.08% |
| ASML Holding NV | 1.56% | 1.62% | -0.05% |
| Shell Plc | 1.43% | 1.44% | -0.01% |
| Toyota Motor Corp | 1.37% | 1.29% | 0.08% |
| Astrazeneca Plc | 1.36% | 1.42% | -0.06% |
| Novartis AG | 1.35% | 1.42% | -0.07% |
| LVMH Moët Hennessy - Louis Vuitton, Société Européenne | 1.32% | 1.42% | -0.10% |
| Roche Holdings AG | 1.29% | 1.30% | -0.01% |
| HSBC Holdings Plc | 1.04% | 1.05% | -0.01% |

3. Templeton Global Bond Fund:

- Fund Code: 257
- Amount Invested: \$114,000
- Percentage: 30%

Reasons to Invest:

- .1.1.1. Total Net Assets Worth \$124.48 Million
- .1.1.2. Less Management fee of 0.75%
- .1.1.3. Low to Medium risk classification.
- .1.1.4. Diversification, Multiple perspectives, Experienced management.
- .1.1.5. Investment in government bonds around the world.

1.1.6. Stable and income potential of global bonds in a diversified portfolio.

Templeton Global Bond Fund



Advisor Class: TGBAX Class A: TPINX Class C: TEGBX Class R: FGBRX Class R6: FBNRX

Global Fixed Income Factsheet as of September 30, 2023

Investment Overview

The fund seeks current income with capital appreciation and growth of income by investing at least 80% in bonds, which are predominately issued by governments, government-related entities and government agencies located around the world. The fund regularly enters into various currency-related and other transactions involving derivative instruments.

Average Annual Total Returns (%)

| | Without Sales Charges | | | | With Sales Charges | | | | Inception | |
|---------------|-----------------------|-------|-------|-------|--------------------|-------|-------|-------|-----------|-----------|
| | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Inception | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Date |
| Advisor Class | 1.78 | -5.42 | -3.76 | -1.00 | 5.78 | 1.78 | -5.42 | -3.76 | -1.00 | 9/18/1986 |
| Class A | 1.52 | -5.63 | -4.00 | -1.25 | 5.57 | -2.34 | -6.82 | -4.74 | -1.62 | 9/18/1986 |
| Class C | 1.22 | -5.99 | -4.37 | -1.64 | 4.52 | 0.24 | -5.99 | -4.37 | -1.64 | 5/1/1995 |
| Class R | 1.26 | -5.87 | -4.24 | -1.49 | 5.17 | 1.26 | -5.87 | -4.24 | -1.49 | 9/18/1986 |
| Class R6 | 2.07 | -5.27 | -3.62 | -0.86 | 5.95 | 2.07 | -5.27 | -3.62 | -0.86 | 9/18/1986 |
| Benchmark | 1.04 | -8.73 | -2.57 | -1.19 | — | 1.04 | -8.73 | -2.57 | -1.19 | — |

Cumulative Total Returns (% Without Sales Charge)

| | 3-Mo | YTD | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---------------|-------|-------|--------|-------|-------|------|-------|------|------|-------|-------|-------|
| Advisor Class | -5.22 | -6.27 | -5.95 | -4.74 | -4.19 | 0.89 | 1.44 | 2.62 | 6.61 | -4.03 | 1.84 | 2.41 |
| Class A | -5.26 | -6.41 | -6.17 | -5.06 | -4.41 | 0.63 | 1.27 | 2.35 | 6.22 | -4.26 | 1.58 | 2.22 |
| Class C | -5.33 | -6.68 | -6.53 | -5.38 | -4.79 | 0.22 | 0.86 | 1.94 | 5.87 | -4.71 | 1.24 | 1.73 |
| Class R | -5.32 | -6.59 | -6.40 | -5.30 | -4.65 | 0.38 | 1.02 | 2.10 | 6.05 | -4.58 | 1.33 | 1.97 |
| Class R6 | -5.19 | -6.16 | -5.79 | -4.59 | -4.06 | 1.01 | 1.57 | 2.79 | 6.78 | -3.90 | 1.97 | 2.48 |
| Benchmark | -4.27 | -2.68 | -18.26 | -6.97 | 10.11 | 5.90 | -0.84 | 7.49 | 1.60 | -3.57 | -0.48 | -4.00 |

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit www.franklintempleton.com.

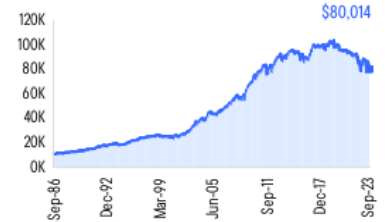
The fund began offering Advisor Class shares on 1/2/1997, the fund began offering R Class shares on 2/2/2009, and the fund began offering R6 Class shares on 5/1/2013. Performance quotations have been calculated as follows: (a) for Advisor Class periods prior to 1/2/1997, a restated figure is used based on the fund's Class A performance; for R Class periods prior to 2/2/2009, a restated figure is used based on the fund's Class A performance; for R6 Class periods prior to 5/1/2013, a restated figure is used based on the fund's Class Advisor performance. The performance was adjusted to take into account differences in class-specific operating expenses and maximum sales charges. (b) For periods after share class offering, performance for the specific share class is used, reflecting the expenses and maximum sales charges applicable to that class.

Share Class Details

| | CUSIP | Ticker | Sales Charges (%) | | Expenses (%) | | 30-Day SEC Yields (%) | |
|---------------|-----------|--------|-------------------|------|--------------|------|-----------------------|-------------|
| | | | Max | CDSC | Gross | Net | Without Waiver | With Waiver |
| Advisor Class | 880208400 | TGBAX | 0.00 | — | 0.75 | 0.72 | 5.15 | 5.17 |
| Class A | 880208103 | TPINX | 3.75 | — | 0.99 | 0.96 | 4.71 | 4.73 |
| Class C | 880208301 | TEGBX | 0.00 | 1.00 | 1.40 | 1.37 | 4.48 | 4.50 |
| Class R | 880208848 | FGBRX | 0.00 | — | 1.24 | 1.21 | 4.63 | 4.65 |
| Class R6 | 880208772 | FBNRX | 0.00 | — | 0.61 | 0.55 | 5.28 | 5.32 |

Growth of \$10,000

Advisor Class Shares—Inception through September 30, 2023
Excluding Effects of Sales Charges



Fund Overview

| | |
|----------------------------|---------------------|
| Dividend Frequency, if any | Monthly |
| Morningstar Category | Global Bond |
| Lipper Classification | Global Income Funds |
| Turnover (fiscal yr) | 16% |

Benchmark(s)

FTSE World Government Bond Index

Fund Characteristics

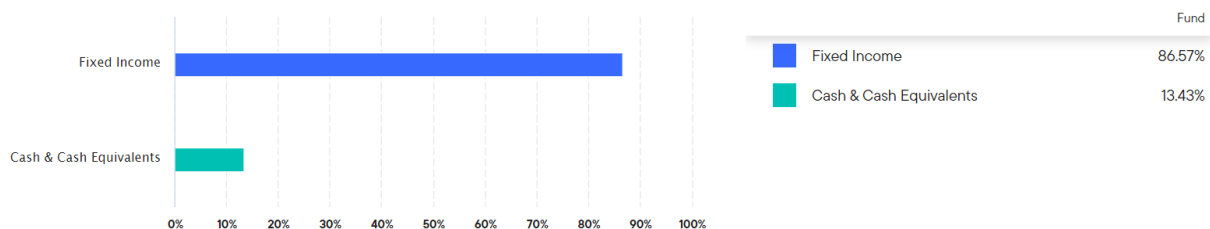
| | Fund |
|---------------------------|----------------|
| Total Net Assets | \$4.62 Billion |
| Number of Holdings | 105 |
| Weighted Average Maturity | 7.04 Years |
| Effective Duration | 6.04 Years |

Risk Statistics (3-Year—Advisor Class)

| | Fund |
|------------------------|-------|
| Beta | 0.89 |
| R-Squared | 0.68 |
| Sharpe Ratio | -0.84 |
| Standard Deviation (%) | 8.64 |

Asset Allocation

As of 10/31/2023 Market Value % of Total Updated Monthly



4.Templewton Emerging Market Fund

1.1. Fund Code: 751

1.2. Amount Invested: \$57,000

1.3. Percentage: 30%

1.4. Reasons to Invest:

.1.1.1.1.1.Total Net Asset Value of \$709.67 Million

.1.1.1.1.2.Medium Risk Classification.

.1.1.1.1.3.Well Diversified investment.

.1.1.1.1.4.Management expertise.

.1.1.1.1.5.Top 10 securities holdings include:



**FRANKLIN
TEMPLETON**

FUND FACTS

Franklin Templeton Investments Corp.
Templeton Emerging Markets Fund – Series A

May 17, 2023

This document contains key information you should know about Templeton Emerging Markets Fund – Series A. You can find more detailed information in the fund's simplified prospectus. Ask your representative for a copy, contact Franklin Templeton Investments Corp. (Franklin Templeton) at 1.800.387.0830 or service@franklintempleton.ca or visit www.franklintempleton.ca.

Before you invest in any fund, consider how it would work with your other investments and your tolerance for risk.

We no longer offer units of this series of the fund for purchase under the deferred sales charge or low load purchase option, although you may switch into this series under either of these purchase options if you are switching from units of another fund and/or series that you currently hold under that purchase option. If you purchased units of the fund with a deferred sales charge or low load purchase option, prior to May 18, 2022, your redemption fee schedule will continue to apply as described in this document.

Quick Facts

| | | | |
|---|--|------------------------------|--|
| Fund codes: | CAD: TML730 (FL), TML812 (LL), TML731 (DSC) USD: TML809 (FL), TML739 (LL), TML909 (DSC) | Fund manager: | Franklin Templeton Investments Corp. |
| Date series started: | September 20, 1991 | Portfolio manager(s): | Franklin Templeton Investments Corp. |
| Total value of the fund on March 31, 2023: | \$707.4 million | Sub-advisors: | Templeton Asset Management Ltd. and Franklin Templeton Investment Management Limited |
| Management expense ratio (MER): | 2.25% | Distributions: | Annually; distributions are reinvested unless you choose cash |
| | | Minimum investment: | \$500 initial, \$100 additional, PACs \$50 |

What does the fund invest in?

The fund seeks to provide long-term capital appreciation by investing primarily in equities of issuers in emerging markets while following a sustainable investment approach.

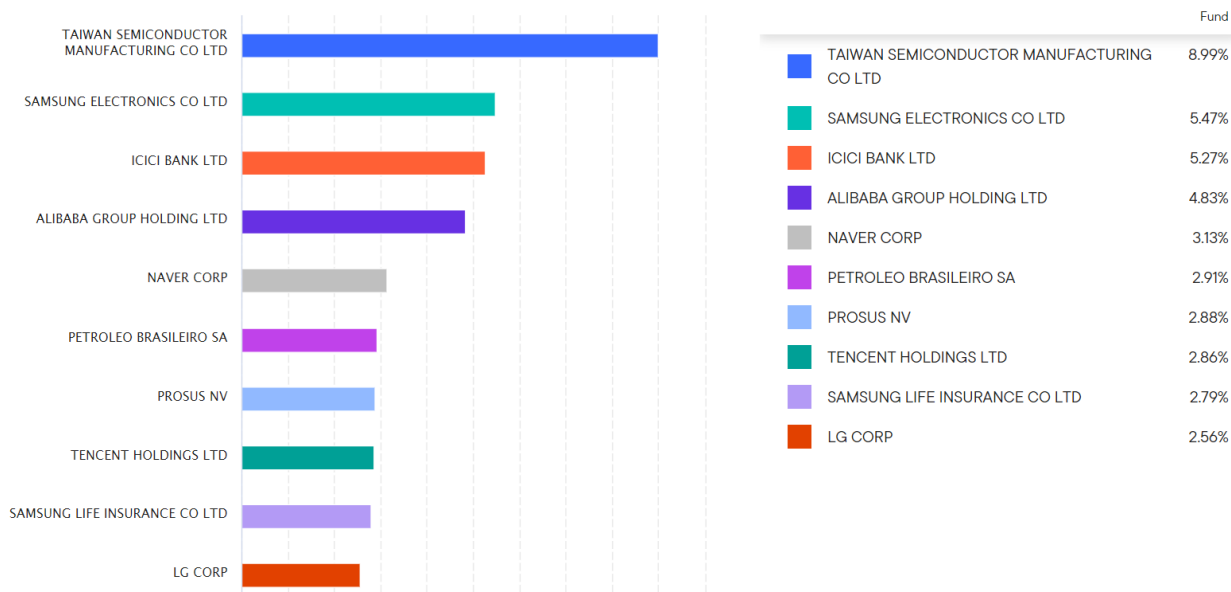
The charts below give you a snapshot of the fund's investments on March 31, 2023. The fund's investments will change.

Top 10 investments (March 31, 2023)

| | |
|--|---------------|
| 1. Taiwan Semiconductor Manufacturing Co. Ltd. | 10.04% |
| 2. Samsung Electronics Co. Ltd. | 5.64% |
| 3. ICICI Bank Ltd. | 5.42% |
| 4. Alibaba Group Holding Ltd. | 5.25% |
| 5. Cash and cash equivalents | 5.11% |
| 6. Tencent Holdings Ltd. | 3.55% |
| 7. MediaTek, Inc. | 3.45% |
| 8. NAVER Corp. | 2.99% |
| 9. Prosus NV | 2.84% |
| 10. LG Corp. | 2.53% |
| Total percentage of top 10 investments | 46.82% |

| | |
|------------------------------------|-----------|
| Total number of investments | 80 |
|------------------------------------|-----------|

Investment mix (March 31, 2023)



5. Money Market Fund:

- Fund Code: 236
- Amount Invested: \$76,000
- Percentage: 20%
- Reasons to Invest:
 - i. Total Net Assets worth \$287.37 Million.
 - ii. Net asset value = \$10.00
 - iii. Low risk classification
 - iv. Number of Holdings = 116

FUND FACTS



**FRANKLIN
TEMPLETON**

Franklin Templeton Investments Corp.
Franklin Bissett Money Market Fund – Series A

May 17, 2023

This document contains key information you should know about Franklin Bissett Money Market Fund - Series A. You can find more detailed information in the fund's simplified prospectus. Ask your representative for a copy, contact Franklin Templeton Investments Corp. (Franklin Templeton) at 1.800.387.0830 or service@franklintempleton.ca or visit www.franklintempleton.ca.

Before you invest in any fund, consider how it would work with your other investments and your tolerance for risk.

We no longer offer units of this series of the fund for purchase under the deferred sales charge or low load purchase option, although you may switch into this series under either of these purchase options if you are switching from units of another fund and/or series that you currently hold under that purchase option. If you purchased units of the fund with a deferred sales charge or low load purchase option, prior to May 18, 2022, your redemption fee schedule will continue to apply as described in this document.

Quick Facts

| | | | |
|---|---|------------------------------|--|
| Fund codes: | CAD: TML204 (FL), TML521 (LL), TML304 (DSC) | Fund manager: | Franklin Templeton Investments Corp. |
| Date series started: | November 24, 2000 | Portfolio manager(s): | Franklin Bissett Investment Management, part of Franklin Templeton Investments Corp. |
| Total value of the fund on March 31, 2023: | \$276.2 million | Distributions: | Accrued daily, paid monthly |
| Management expense ratio (MER): | 0.59% | Minimum investment: | \$500 initial, \$100 additional, PACs \$50 |

What does the fund invest in?

The fund invests primarily in high quality money market securities issued by Canadian federal or provincial governments and government agencies, and high quality short-term money market instruments and bankers acceptances.

The charts below give you a snapshot of the fund's investments on March 31, 2023. The fund's investments will change.

Top 10 investments (March 31, 2023)

| | |
|--|---------------|
| 1. HSBC Bank Canada, 4.836%, 04/17/2023 | 3.98% |
| 2. Province of Alberta, 4.592%, 11/21/2023 | 3.54% |
| 3. Canadian Imperial Bank of Commerce, 4.738%, 05/31/2023 | 2.81% |
| 4. Canadian Imperial Bank of Commerce, Senior Note, Floating Rate Note, 04/19/2023 | 2.53% |
| 5. Glacier Credit Card Trust, Senior Note, 5.155%, 09/20/2023 | 2.15% |
| 6. National Bank of Canada, 4.710%, 05/23/2023 | 2.02% |
| 7. Bank of Nova Scotia (The), 4.698%, 05/05/2023 | 1.82% |
| 8. Toronto-Dominion Bank (The), Senior Note, Floating Rate Note, 04/06/2023 | 1.81% |
| 9. HSBC Bank Canada, Senior Note, Floating Rate Note, 06/29/2023 | 1.81% |
| 10. Bank of Nova Scotia (The), CAD, Senior Note, Floating Rate Note, 04/06/2023 | 1.81% |
| Total percentage of top 10 investments | 24.28% |
| Total number of investments | 17 |

Investment mix (March 31, 2023)



- v. Investment in Financial institutions.
- vi. Easy for preserving capital and providing liquidity.

2. Amount Invested:
 - a. Equities:
 - b. Fixed Income:
 - c. Money Market

We will be making investments in fixed-income funds and equities. This will enable Dilan and Karen Smith to have a consistent income stream, as they are in a stage of life where they have limited savings for long-term obligations and little liquidity due to short- and medium-term commitments. The equity component in the portfolio will offer them potential to grow their funds along with some steady income from fixed income securities. To be able to pay their mortgage and take care of their kids, they need to have a steady source of income and the equity component will offer them a chance to grow their investment at a faster rate.

We will steer clear of small- and medium-cap equity funds when making equity investments due to their higher risk profile. According to Dilan and Karen Smith's KYC data, they are currently unable to afford to invest in very high-risk securities. Even when making equity investments, we will pick from the highest rated funds since they perform the best and have a lower default rate than the other options. When making investments in stocks, we will mostly invest in global equities funds in addition to fixed-income mutual funds, as global funds are not overly reliant on the Canadian economy. By adding international stocks to the portfolio, Dilan and Karen Smith will be able to further diversify it and protect themselves from catastrophic losses should the Canadian economy fall.

In order to ensure portfolio diversity and that the equity funds' investments are not concentrated on a single industry, we also made sure that the equity mutual fund invests in a variety of industries as well as different countries.

We have determined that a 20% allocation to equity growth funds, 30% to equity funds, 30% to bond funds, and 20% to money market funds is the ideal asset allocation.

Financial institutions typically have models and systems in place to determine the ideal asset allocation. The life cycle hypothesis was employed in this project to determine the best way to allocate assets.

Given their KYC data, Dilan and Karen Smith should choose this strategic asset allocation, which has a moderate risk profile and will yield moderate returns.

Dilan and Karen Smith's 20% equity growth and 30% equity investments will mainly be used to cover their living expenses.

The primary purpose of the 30% bond fund investments is for their children's as a gift.

Dilan and Karen Smith will have enough money from their 20% money market investments and cash to cover their daily expenses, keep up with their mortgage, and cover any unforeseen costs.

The amount to be invested in each category is shown below –

| Mutual Fund | Fund Name | Fund Code | Equity growth funds % | Equity funds % | Bond funds % | Money market funds % | Money invested in each mutual fund | Percentage of total portfolio |
|---|--------------------------------|-----------|-----------------------|----------------|--------------|----------------------|------------------------------------|-------------------------------|
| 1 | Templeton Growth Fund | 5756 | 100 | | | | \$76,000 | 20.00% |
| 2 | International Equity Fund | | | 100 | | | \$57,000 | 15.00% |
| 3 | Templeton Global Bond Fund | 257 | | | 100 | | \$114,000 | 30.00% |
| 4 | Templeton Emerging Market Fund | 751 | | 100 | | | \$57,000 | 15.00% |
| 5 | Money Market Fund | 236 | | | | 100 | \$76,000 | 20.00% |
| Total of each mutual fund type | | | 100 | 200 | 100 | 100 | | |
| TOTAL | | | 500 | | | | | |
| % of Portfolio | | | 20% | 30% | 30% | 20% | | |
| Total amount to be invested | | | \$380,000 | | | | | |
| Money invested in each mutual fund type | | | \$76,000 | \$114,000 | \$114,000 | \$76,000 | | |

Reference:

- (Franklin Templeton, 2023), <https://www.franklintempleton.ca/en-ca>
- Asset Allocation: <https://smartasset.com/investing/asset-allocation-in-retirement-guide>
- (Canadian Securities Institute, n.d.), <https://www.csi.ca/en/>