



FRANKLIN  
TEMPLETON

# An Active Approach to Global Growth

Ahmed Farooq – VP, ETF Business Development

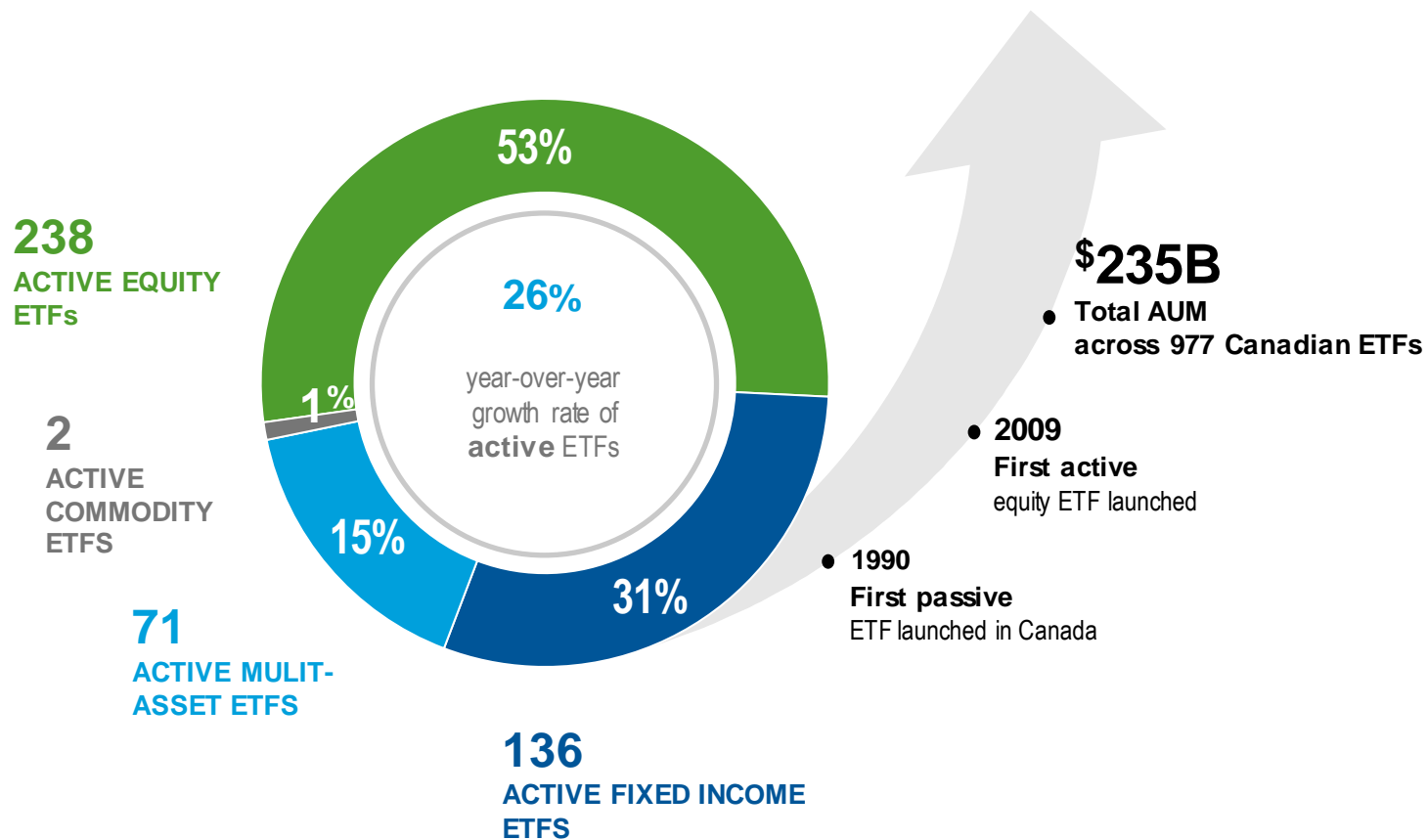
November 9<sup>th</sup>, 2020

# Agenda



- 1) Active ETF trends**
- 2) What is on client's minds today?**
- 3) A closer look at active management through Franklin Global Growth**
- 4) Implementation with Franklin Global Growth**

# Growth of active ETFs



Source: National Bank Financial, as of September 30<sup>th</sup>, 2020.

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# Passive products must mimic the index



- Changes in monetary and fiscal policy
- Global pandemics
- Geopolitical events and conflicts

Passive strategies seek to minimize tracking error to the index.



- Tracks index

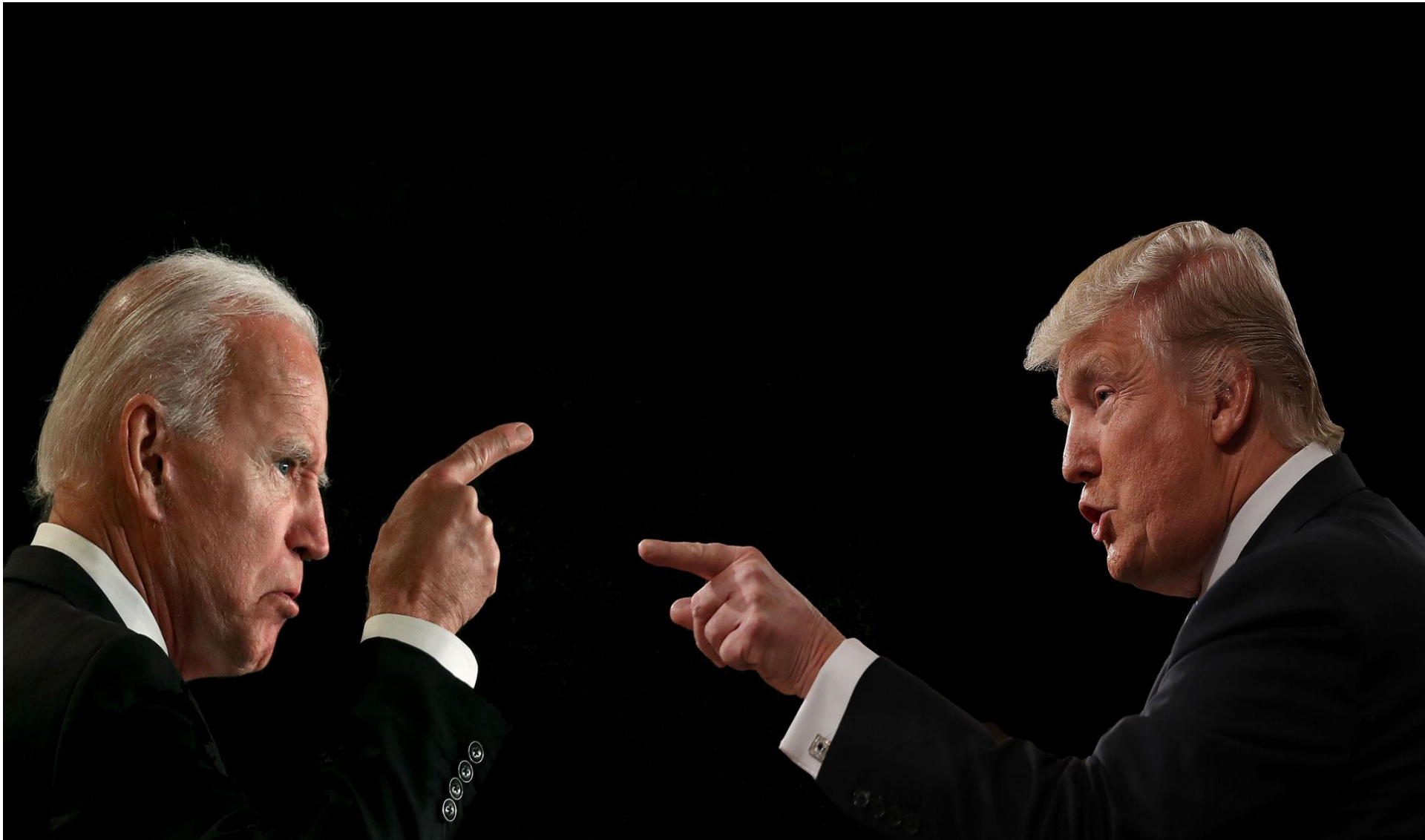
Active strategies seek to achieve a specific investment outcome.



- Buy/sell based on changing bottom-up and macro views
- Invest outside of benchmark
- Tactical adjustments across securities, sectors or geographies

**What is on our clients minds  
today?**





# Varying degrees of recovery to COVID-19



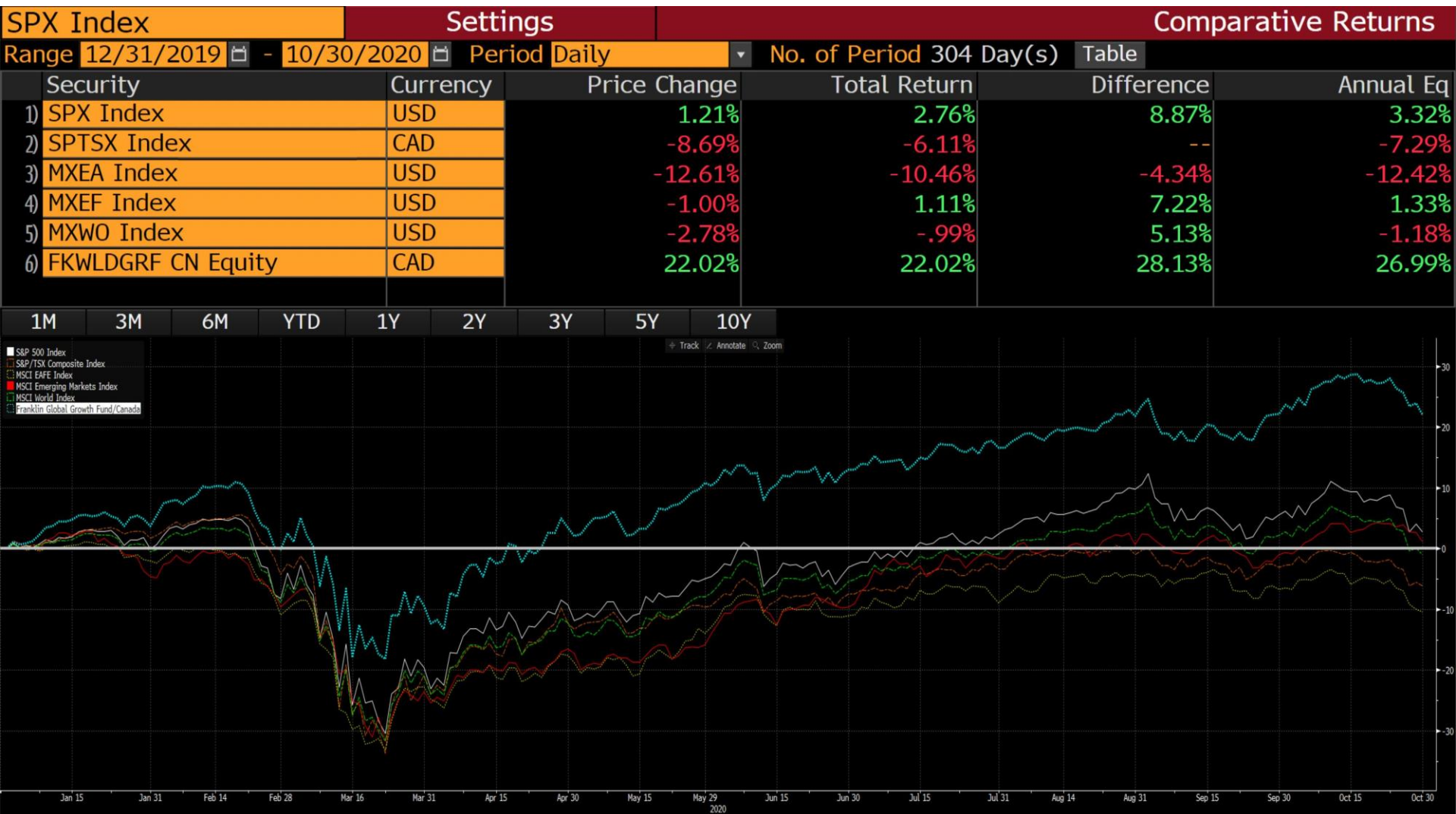






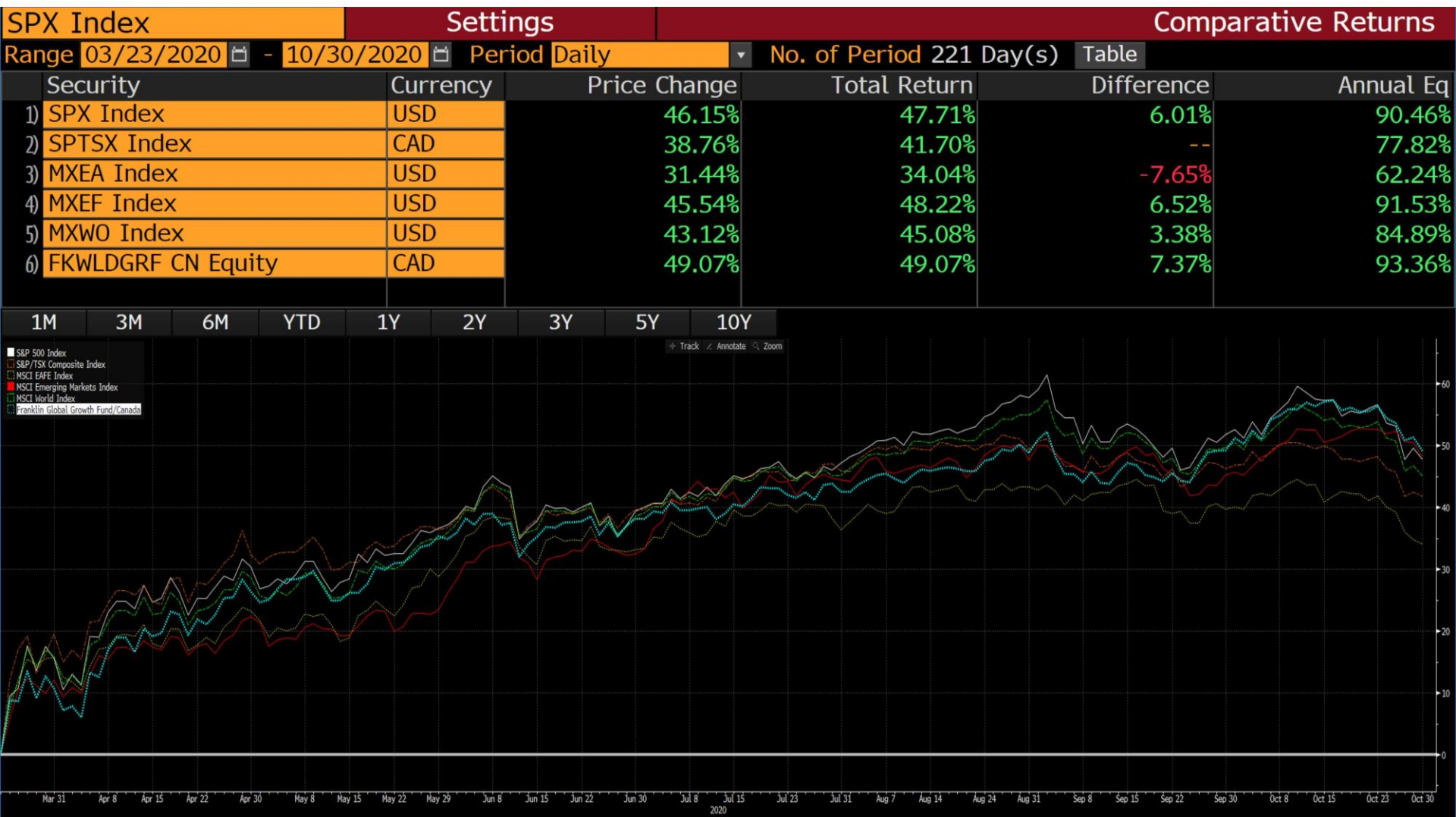
**Why go global now?**

# YTD market returns



Source Bloomberg October 30<sup>th</sup>, 2020

# Post Covid-19 recovery returns



Source Bloomberg October 30<sup>th</sup>, 2020



# **FRANKLIN GLOBAL GROWTH ACTIVE (FGGE) OVERVIEW AND POSITIONING**



# Franklin Global Growth Active ETF

Growth Done Differently



## Long-term Growth

Invests in high quality companies around the world that might be earlier in their growth cycle

## Broad Opportunity Set

Benchmark indifferent, with flexibility to uncover opportunities outside of the well-known mid- to large-cap universe

## Diversified Portfolio

Seeks to limit economic overlap, investing in companies with uncorrelated earning streams

Ticker	Management Style	Expense Ratio	Morningstar Rating*	Morningstar Category
FGGE	Active	0.90%	5-star	Global Equity

\*Represented by the mutual fund, for 3 and 5 year period ending August 31, 2020.

## High conviction and differentiated



**35-40** holdings vs **1,603** in the MSCI World Index<sup>1</sup>

**22%** of holdings are not in the benchmark<sup>2</sup>

Active share score of **96** due to differentiated positioning<sup>3</sup>

1. As of September 30<sup>th</sup>, 2020.

2. As of September 30<sup>th</sup>, 2020

3. The Active Share Score represents the portion of stock holdings in an actively managed fund that differs from its benchmark index. The active share score calculation for the Franklin Global Growth Fund used the MSCI World Index NR. Active share scores range from 0 to 100. An active share score of 0 indicates a portfolio that is identical to its primary benchmark index, while an active share score of 100 represents a portfolio composition that holds no overlapping positions. Different position allocation amounts contribute to active share score.

Information is for the Franklin Global Growth Fund, representing the Franklin Global Growth Strategy

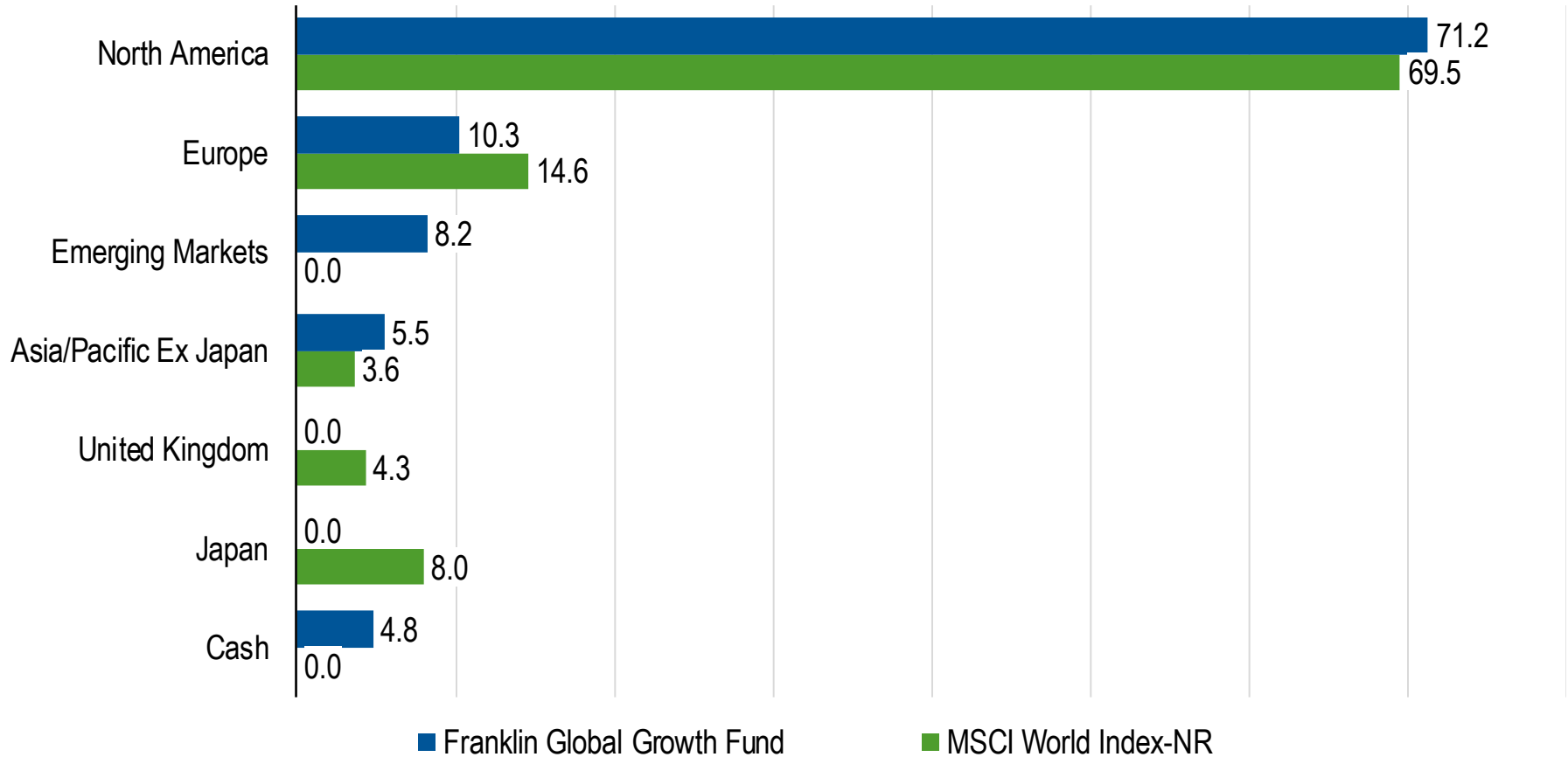


# Franklin Global Growth Fund



## Geographic Breakdown

As of October 31, 2020

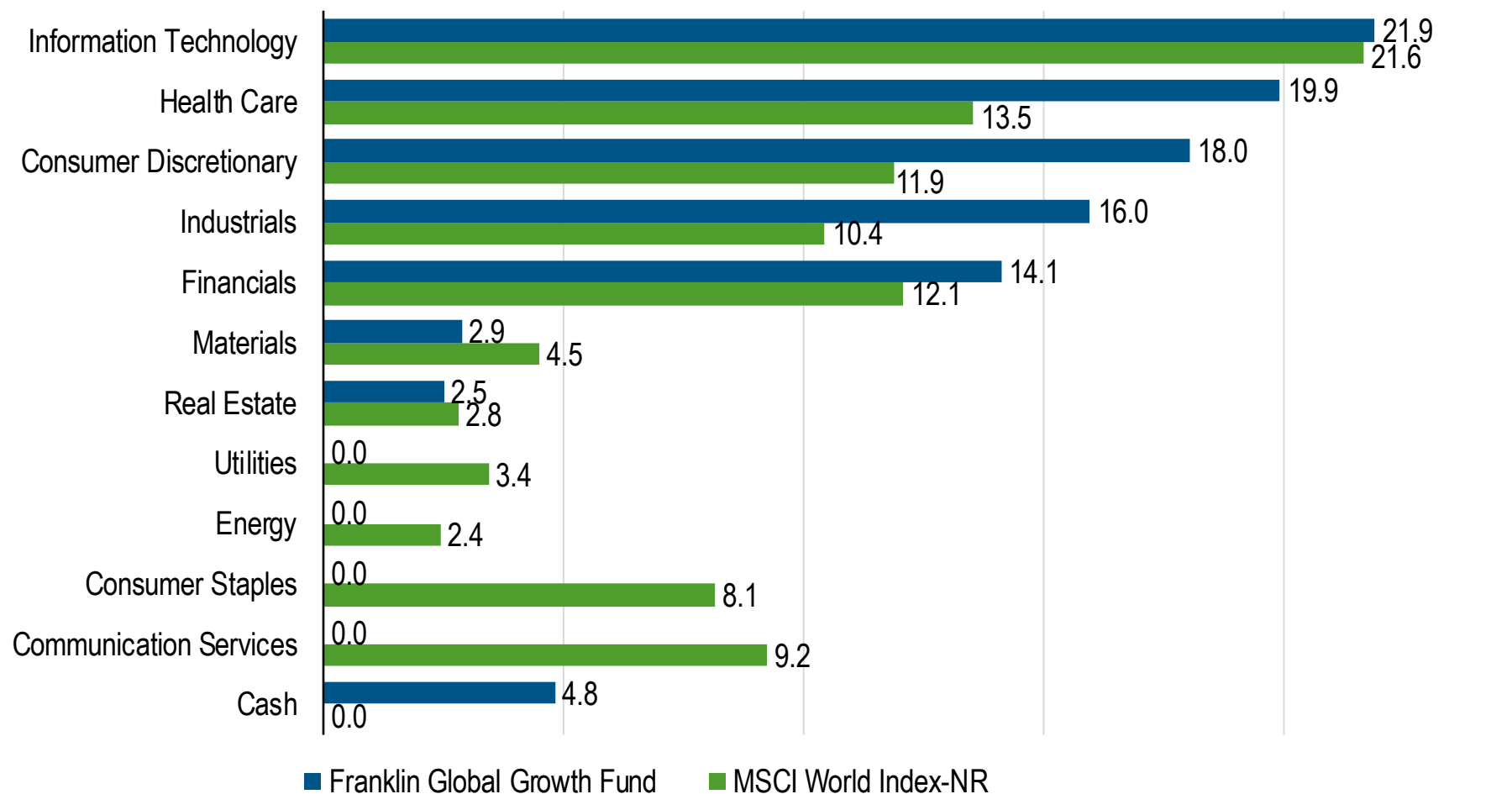


# Franklin Global Growth Strategy



## Sector Breakdown (%)

As of October 31, 2020



# Spectacular Outperformance Against the Benchmark



FKWLDGRF CN Equity		Settings		Comparative Returns		
Range	11/02/2015 - 10/30/2020	Period	Daily	No. of Period	1824 Day(s)	Table
Security	Currency	Price Change	Total Return	Difference	Annual Eq	
1) FKWLDGRF CN Equity	CAD	71.08%	90.56%	44.67%	13.77%	
2) XWD CN Equity	CAD	33.35%	45.89%	--	7.85%	
3)						
4)						
5)						
6)						



Performance as of October 30 <sup>th</sup> , 2020	1-Mth	3-Mth	6-Mth	YTD	1-Yr	3-Yr	5-Yr
Franklin Global Growth Strategy	-0.78	4.63	19.61	22.02	31.09	15.88	13.77
iSharesMSCI World Index ETF (XWD)	-2.72	-0.74	8.76	0.36	3.55	6.61	7.85

Source: Bloomberg as Oct 30<sup>th</sup>, 2020. Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. Investment return and principal value will fluctuate with market conditions, and you may have a gain or loss when you sell your units. Information is for the Franklin Global Growth Fund, representing the Franklin Global Growth



# Differentiation from Benchmark



## Franklin Global Growth Top 10 Holdings

	Portfolio Weight	MSCI World Index Weight	Relative Weight
Humana Inc.	3.44	0.12	3.32
salesforce.com, inc.	3.43	0.50	2.93
<b>Floor &amp; Decor Holdings, Inc. Class A</b>	<b>3.33</b>	0.00	3.33
SVB Financial Group	3.29	0.03	3.26
<b>Bright Horizons Family Solutions, Inc.</b>	<b>3.16</b>	0.00	3.16
Aptiv PLC	3.11	0.05	3.05
Koninklijke DSM N.V.	3.08	0.06	3.02
DSV Panalpina A/S	2.99	0.08	2.91
<b>HDFC Bank Limited Sponsored ADR</b>	<b>2.97</b>	0.00	2.97
CSL Limited	2.94	0.21	2.74

## MSCI World Index Top 10 Holdings

	MSCI World Index Weight	Portfolio Weight
Apple Inc.	4.46	0.00
Microsoft Corporation	3.37	0.00
Amazon.com, Inc.	2.97	0.00
Alphabet Inc. (Class A & C)	1.97	0.00
Facebook Inc, Class A	1.40	0.00
Johnson & Johnson	0.87	0.00
Nestle S.A.	0.79	0.00
Procter & Gamble Company	0.76	0.00
Visa Inc. Class A	0.75	2.73
NVIDIA Corporation	0.74	0.00

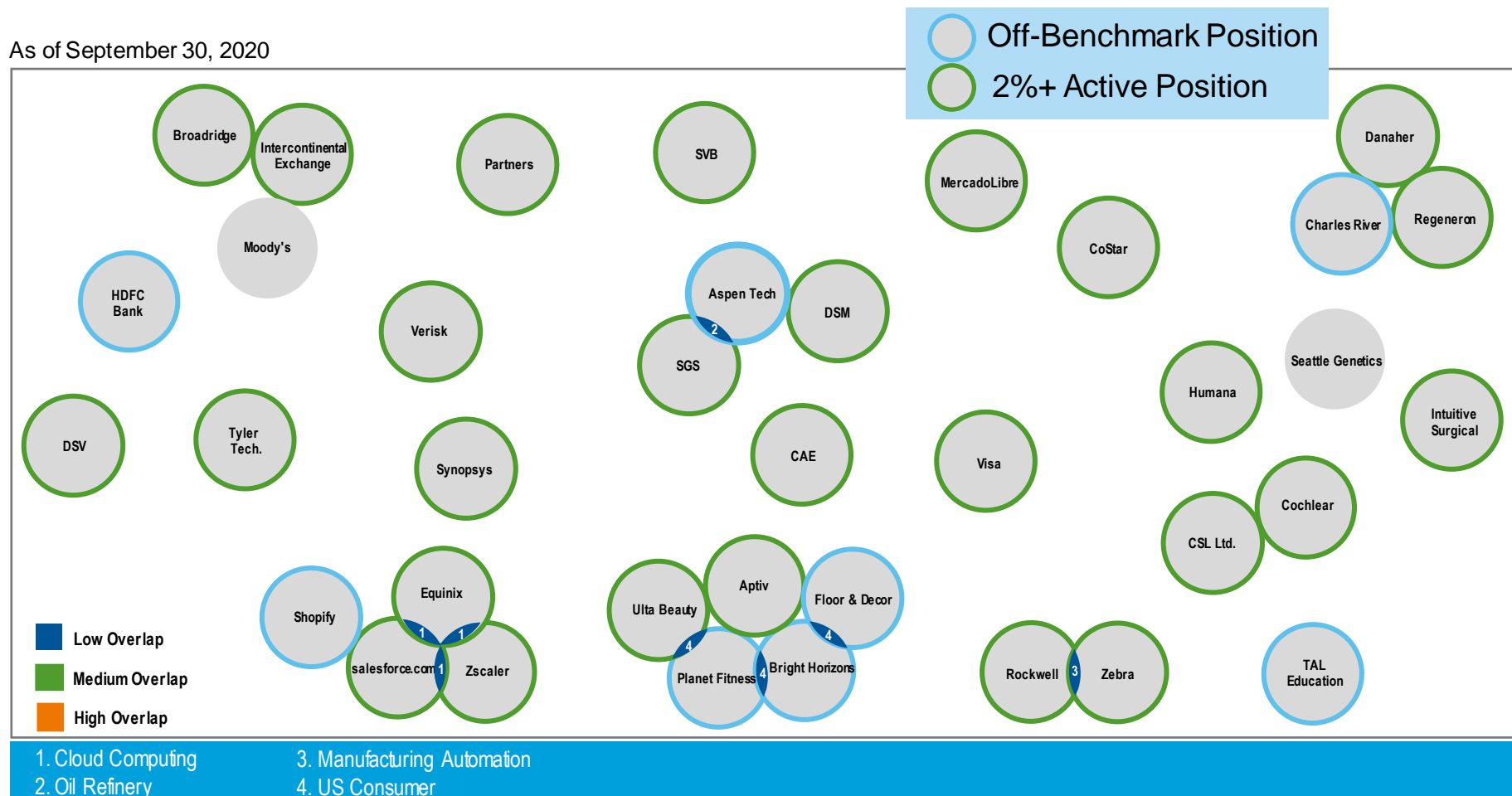
As of September 30, 2020. Franklin Global Growth holdings represented by mutual fund vehicle. Holdings subject to change.

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# Diversifying & Managing Risk

## Limited Overlap of Economic Exposures

As of September 30, 2020



The above chart is for illustrative and discussion purposes only. It is based on the internal assessment of the portfolio manager and investment team and is meant to show the economic overlap among all of the holdings in the portfolio of Franklin Global Growth Portfolio, as of the date indicated. It may change in current or future periods to reflect any changes to portfolio holdings. The shaded areas reflect, in the manager's view, the areas of overlap among the holdings and are not meant to represent the business of any holding as a whole. The circles are graphic representations of the individual holdings only and are not intended to represent equal weighting in the portfolio. All holdings information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. The information provided is not a recommendation to purchase, sell or hold any particular security. The securities or issuers listed do not represent the 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 portfolio, or that securities sold will not be repurchased. In addition, it should not be assumed that any securities or issuers listed were or will prove to be profitable. The portfolio manager reserves the right to withhold release of information with respect to holdings that would otherwise be included.

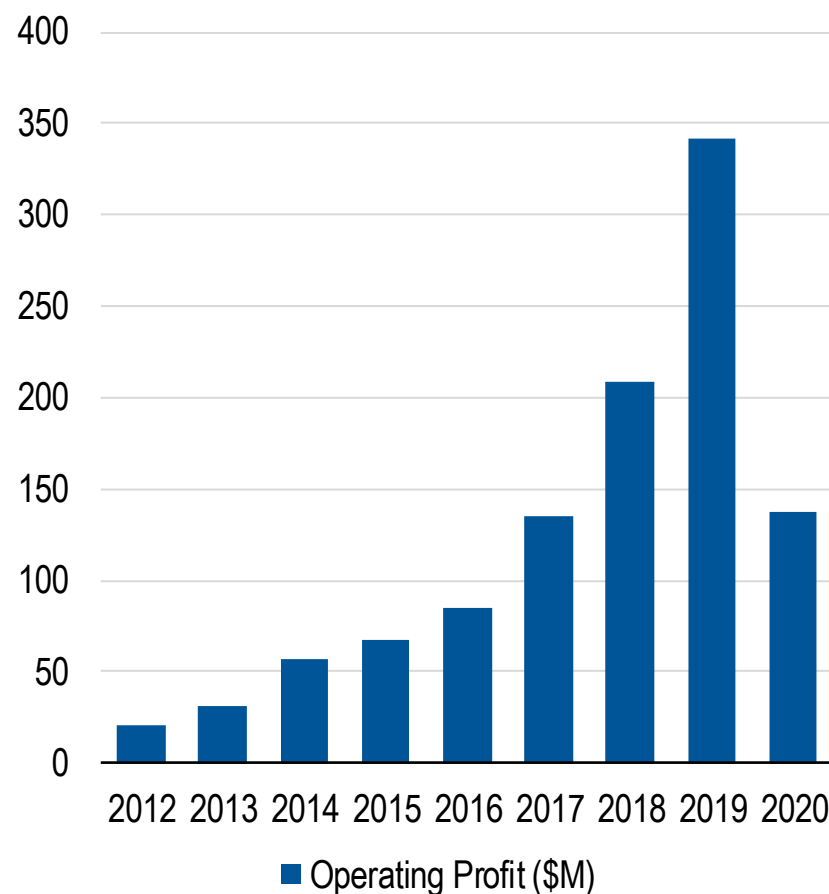
- A pre-eminent national after-school tutoring company in China
- Strong reputation for quality teaching and results, with a growing digital/technology-based presence

## Growth Drivers

- Low percentage of tutored students compared to culturally similar markets
- Supply/demand imbalance of quality schools and number of students
- Opportunity for market consolidation

## Competitors

- New Oriental Education
- Independent 'mom and pop' players



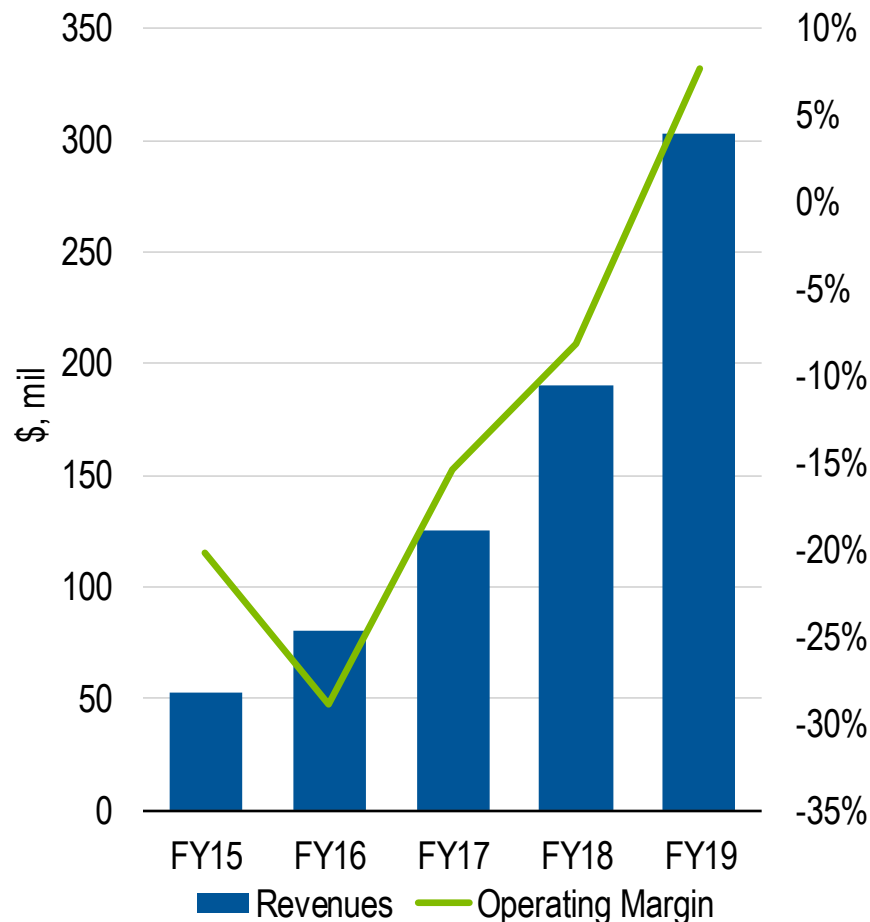
- Best in class provider of cloud-based cybersecurity solutions
- Scalable, global platform securely connects corporate users to applications from anywhere

## Growth Drivers

- Cloud-based security platform benefits from the trends of cloud adoption and employee mobility in the enterprise
- Large addressable market and sustainable competitive advantages should enable share gain and drive strong growth in the foreseeable future

## Competitors

- Incumbents – Palo Alto, Cisco, Symantec/Blue Coat
- Start-ups (iBoss, NetSkope)

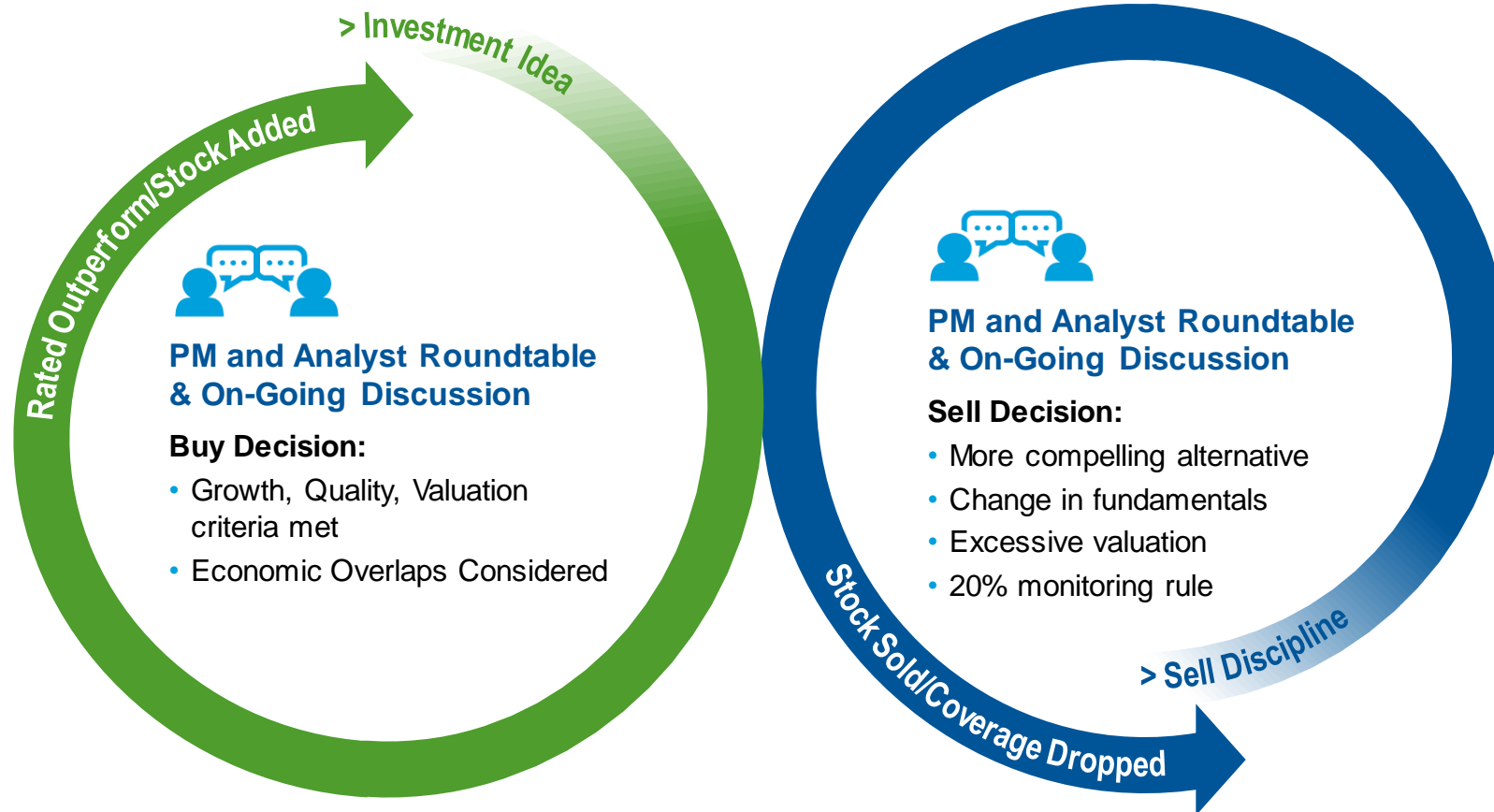




# Purchase and Sell Discipline

## Purchase Process

## Sell Discipline

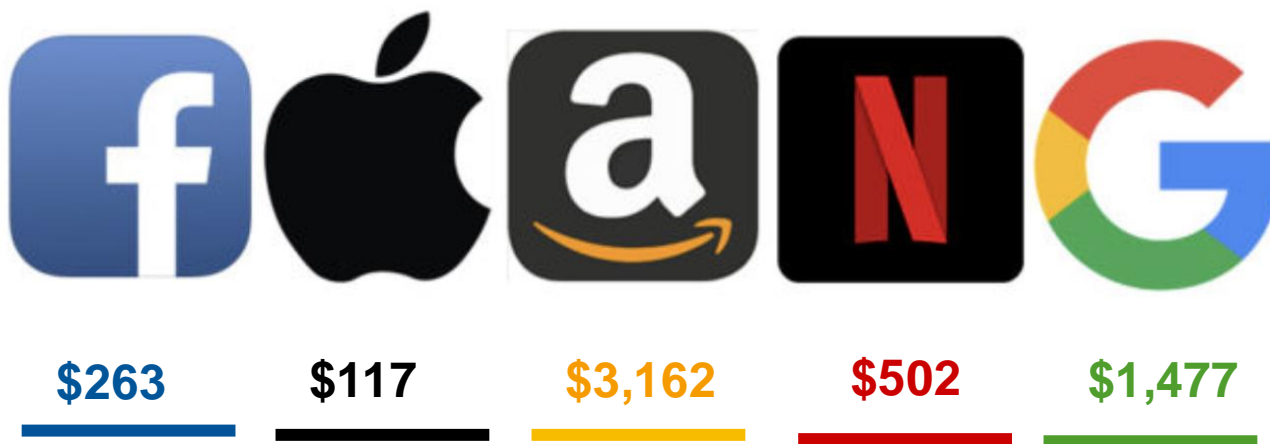


The way the Franklin Global Large Cap Team implements their main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. There is no assurance that securities purchased will remain in the strategy's portfolio, or that securities sold will not be repurchased. In addition, it should not be assumed that securities purchased will be profitable.

The Franklin Global Large Cap Team utilizes its own internal two-rating system for stocks: "Outperform" and "Sell". Outperform stocks are those that we believe meet our growth, quality and valuation criteria and have demonstrated limited economic exposures relative to other portfolio holdings. Stocks that we have rated Outperform are generally held in the strategy's portfolio until the next time we rate such stock. Individual portfolios within the strategy and their respective holdings may differ due to a number of factors including, but not limited to, portfolio size, specific investment guidelines and restrictions and inception dates of individual portfolios. The above chart is for illustrative and discussion purposes only.



## **IMPLEMENTATION WITH FRANKLIN GLOBAL GROWTH ACTIVE ETF (FGGE)**



**\$ Stock  
Price**

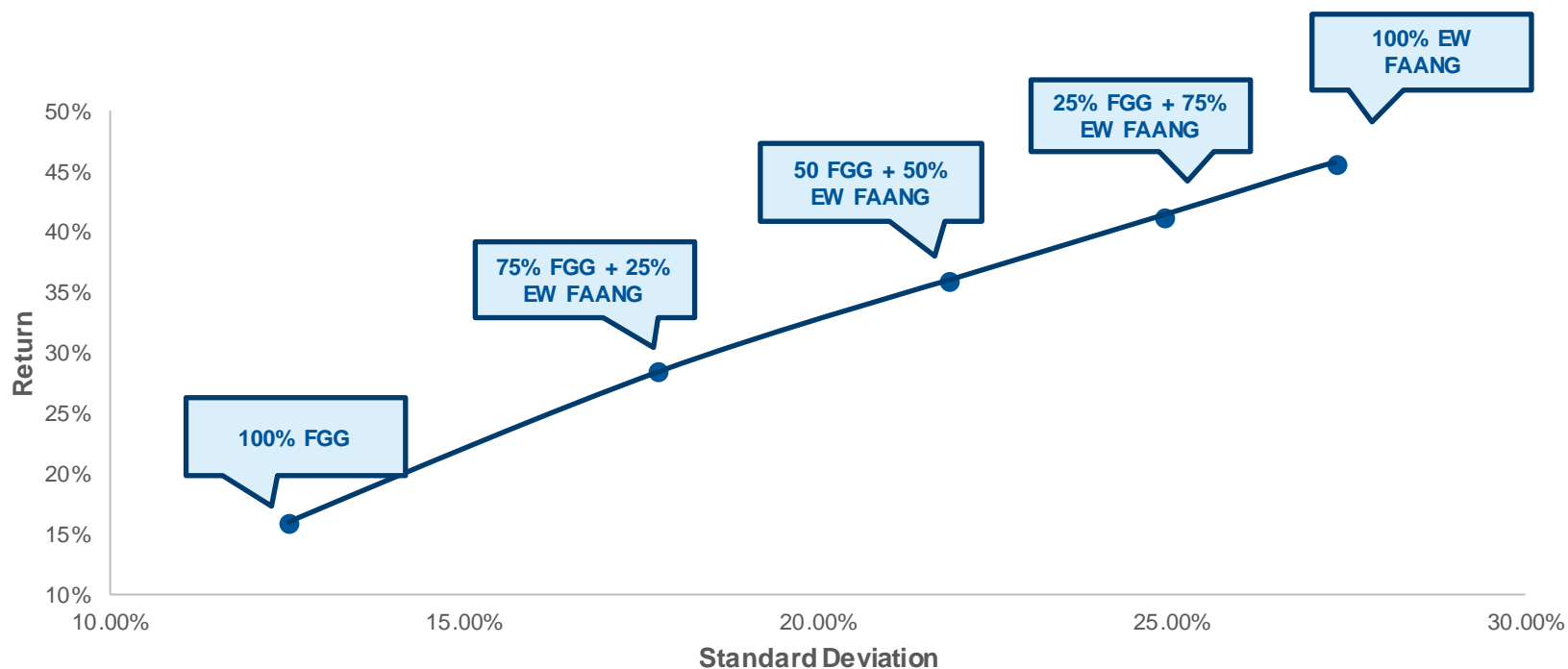
Stock prices as of 9/30/2020. Google Class A price shown. USD.

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# Seek to Take Risk Off the Table

## Blended Portfolio - Franklin Global Growth (FGG) and Equal Weighted (EW) FAANG<sup>1</sup>

June 24, 2011 – September 30, 2020



Blended Portfolio	Return	Risk
100% FGG + 0% EW FAANG	15.77%	12.52%
75% FGG + 25% EW FAANG	28.45%	17.74%
50% FGG + 50% EW FAANG	35.84%	21.87%
25% FGG + 75% EW FAANG	41.21%	24.90%
0% FGG + 100% EW FAANG	45.50%	27.34%

1. FAANG portfolio Includes Amazon.com Inc, Apple Inc, Facebook Inc, Netflix Inc, Alphabet Inc. FGG returns represented by Franklin Global Growth F Series  
Returns are in CAD. Standard deviation is calculated based on monthly returns. Past performance does not guarantee future results. FGG information is for the Franklin Global Growth Fund, representing the Franklin Global Growth Strategy.

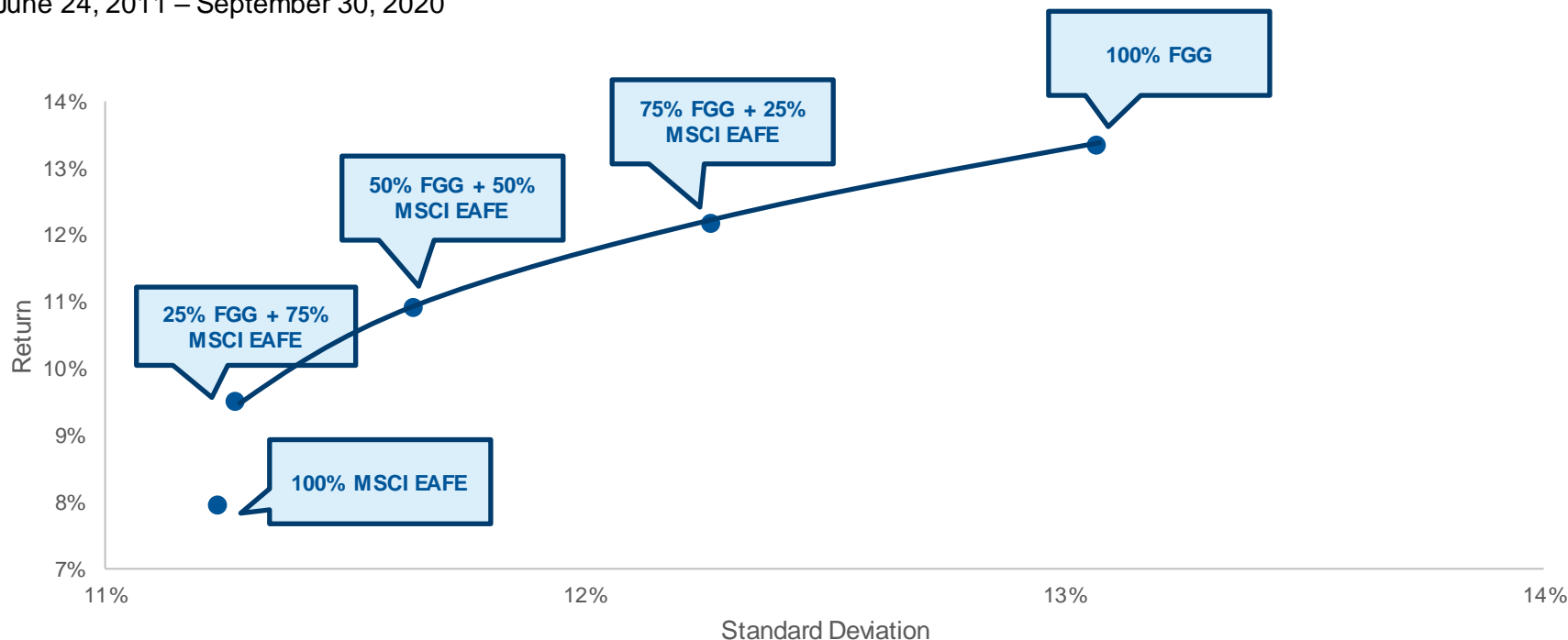
# Complement an Existing International Equity Holding



FRANKLIN TEMPLETON  
INVESTMENTS

## Blended Portfolio - Franklin Global Growth (FGG) and MSCI EAFE Index

June 24, 2011 – September 30, 2020



Blended Portfolio	Return	Risk
100% FGG + 0% MSCI EAFE	13.34%	13.07%
75% FGG + 25% MSCI EAFE	12.17%	12.26%
50% FGG + 50% MSCI EAFE	10.90%	11.64%
25% FGG + 75% MSCI EAFE	9.50%	11.27%
0% FGG + 100% MSCI EAFE	7.94%	11.23%

FGG returns represented by Franklin Global Growth F Series. Returns are in CAD. Standard deviation is calculated based on monthly returns. Past performance does not guarantee future results.

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# Case Study

## Satellite Complement to Balanced Portfolio



**Adding Franklin Global Growth strategy as a satellite complement to a passive 60/40 portfolio improved risk-adjusted returns.**

- US Equity<sup>1</sup>
- Canadian Equity<sup>2</sup>
- International Developed Equity<sup>3</sup>
- Emerging Markets Equity<sup>4</sup>
- Canadian Universe Bond<sup>5</sup>
- US Aggregate Bond<sup>6</sup>
- Global ex-US Bonds<sup>7</sup>
- Franklin Global Growth<sup>8</sup>

### PASSIVE 60/40 PORTFOLIO



**Equity: 60%**  
**Fixed Income: 40%**

### + 10% FRANKLIN GBL GTH



**Equity: 60%**  
**Fixed Income: 40%**

### + 30% FRANKLIN GBL GTH



**Equity: 60%**  
**Fixed Income: 40%**

<b>1 Year Return</b>	7.22%	9.40%	13.96%
<b>3 Year Return</b>	7.12%	7.91%	9.64%
<b>5 Year Return</b>	7.53%	8.00%	9.02%
<b>5 Year Standard Deviation</b>	7.25	7.48	8.10
<b>5 Year Sharpe Ratio</b>	0.89	0.93	0.98

Source: Morningstar as of 9/30/2020. Returns in CAD. For illustrative purposes only. **Past performance does not guarantee future results.**

1.) BMO S&P 500 ETF (CAD) 2.) iShares Core S&P /TSX Capped Composite 3.) iShares Core MSCI EAFE IMI ETF 4.) iShares MSCI Emerging Markets ETF 5.) iShares Core Canadian Universe Bond ETF 6.) Vanguard US Aggregate Bond ETF CAD-H 7.) Vanguard Global ex-US Agg Bond ETF CAD-H 8.) Franklin Global Growth Fund Series F

# Case Study

## Satellite Complement to Growth Portfolio



Adding Franklin Global Growth strategy as a satellite complement to a passive 80/20 growth portfolio improved risk-adjusted returns.

- US Equity<sup>1</sup>
- Canadian Equity<sup>2</sup>
- International Developed Equity<sup>3</sup>
- Emerging Markets Equity<sup>4</sup>
- Canadian Universe Bond<sup>5</sup>
- US Aggregate Bond<sup>6</sup>
- Global ex-US Bonds<sup>7</sup>
- Franklin Global Growth<sup>8</sup>

### PASSIVE 80/20 PORTFOLIO



Equity: 80%  
Fixed Income: 20%

37%  
19%  
14%  
10%  
10%  
5%  
5%

### + 10% FRANKLIN GBL GTH



Equity: 80%  
Fixed Income: 20%

31%  
19%  
12%  
10%  
10%  
8%  
5%  
5%

### + 30% FRANKLIN GBL GTH



Equity: 80%  
Fixed Income: 20%

30%  
18%  
18%  
10%  
9%  
5%  
5%  
5%

1 Year Return	7.74%	9.93%	14.48%
3 Year Return	7.73%	8.55%	10.23%
5 Year Return	8.76%	9.23%	10.23%
5 Year Standard Deviation	9.18	9.38	9.92
5 Year Sharpe Ratio	0.85	0.88	0.93

Source: Morningstar as of 9/30/2020. Returns in CAD. For illustrative purposes only. **Past performance does not guarantee future results.**

1.) BMO S&P 500 ETF (CAD) 2.) iShares Core S&P /TSX Capped Composite 3.) iShares Core MSCI EAFE IMI ETF 4.) iShares MSCI Emerging Markets ETF 5.) iShares Core Canadian Universe Bond ETF 6.) Vanguard US Aggregate Bond ETF CAD-H 7.) Vanguard Global ex-US Agg Bond ETF CAD-H 8.) Franklin Global Growth Fund Series F

## Why Franklin Global Growth Strategy?



- ✓ **Concentrated, high-conviction portfolio of 35-40 global stocks**
- ✓ **Benchmark indifferent but still diversified**
- ✓ **Portfolio of high-quality growth stocks**
- ✓ **Actively managed to uncover opportunities and navigate risks**
- ✓ **Track record of outperformance against benchmarks**

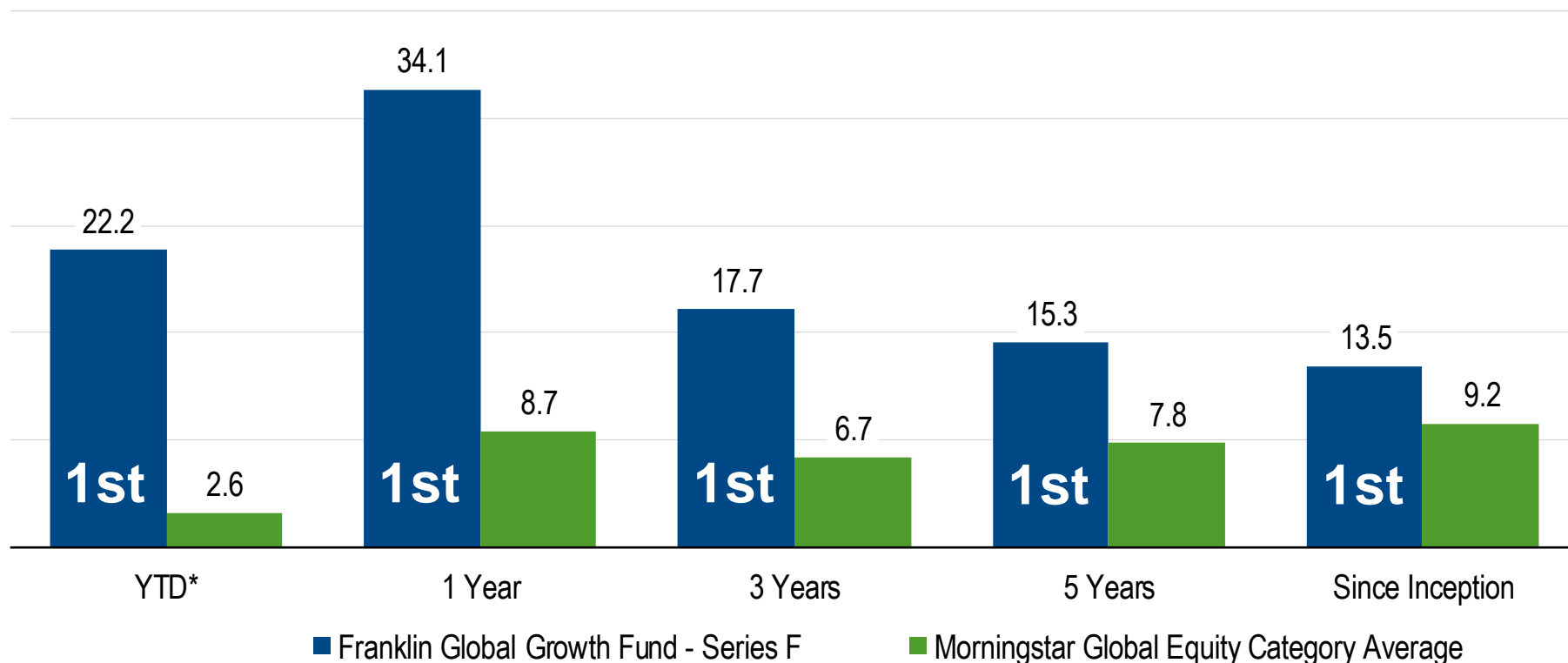
# Franklin Global Growth Fund

Strong Absolute, Relative Performance



## Annualized Returns (%) and Quartile Rankings

As of September 30, 2020



Source: Franklin Templeton and Morningstar Canada. 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 security holder 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.

\*Cumulative.

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# Franklin Global Growth Fund

A Track Record of Strong Performance, Even During the Downturn



## Competitive Performance

Series F, as of September 30, 2020

	YTD <sup>1</sup>	1 Year <sup>1</sup>	3 Years	5 Years	Since Inception <sup>2</sup>
<b>Franklin Global Growth Fund</b>	<b>22.16</b>	<b>34.11</b>	<b>17.72</b>	<b>15.25</b>	<b>13.52</b>
MSCI World Index – NR	4.76	11.39	10.13	10.39	12.69
Global Equity Category Average	2.60	8.68	6.72	7.79	9.23
<b>Percentile Rankings<sup>3</sup></b>	<b>5<sup>th</sup></b>	<b>4<sup>th</sup></b>	<b>4<sup>th</sup></b>	<b>5<sup>th</sup></b>	<b>N/A</b>
<b>Quartile Rankings<sup>3</sup></b>	<b>1<sup>st</sup></b>	<b>1<sup>st</sup></b>	<b>1<sup>st</sup></b>	<b>1<sup>st</sup></b>	<b>1<sup>st</sup></b>

	3 Years	5 Years	Overall
<b>Morningstar Rating<sup>3</sup></b>	★★★★★	★★★★★	★★★★★

1. Cumulative performance.

2. Fund inception date: June 24, 2011.

3. Source: Morningstar Research Inc.

See Important Information slide for more disclosures.

**Past performance is not an indicator or a guarantee of future performance.**

Net Returns (NR) include income net of tax withholding when dividends are paid.

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# Franklin Global Growth Strategy

## Now Available As An ETF



### Franklin Global Growth Fund

Structure	Management Style	Management Expense Ratio	Morningstar Rating*	Morningstar Category
Unit Trust Mutual Fund	Active	Series F – 1.36%	★★★★★	Global Equity

### Select Fund Codes

Series	\$	FE	LL
A	CA	TML3501	TML3502
	US	TML3511	TML3512
T	CA	TML3505	TML3506
	US		

Series	\$	FE	LL
PA	CA	TML5334	TML5335
PT	CA	TML5340	TML5341

Series	\$	No Load
F	CA	TML3504
	US	TML3514
PF	CA	TML3912
	US	TML3913

Series	\$	No Load
F-ADM	CA	TML5000
	US	TML5025
PF-ADM	CA	TML5068
	US	TML5096

### Franklin Global Growth Active ETF

Structure	Ticker	Exchange	Management Style	Management Fee	Morningstar Category
ETF	FGGE	TSX	Active	0.90%	Global Equity

### Strategy Risk Classification

Low	Low to Medium	Medium	Medium to High	High
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# Important Information



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The information presented is considered reliable at the present time; however, we do not represent that it is accurate or complete, or that it should be relied upon as such. Speculation or stated beliefs about future events, such as market or economic conditions, company or security performance, upcoming product offerings or other projections represent the beliefs of the speaker and do not necessarily represent the views of Franklin Templeton Investments Corp. General business, market, economic and political conditions could cause actual results to differ materially. The information presented is not a recommendation or solicitation to buy or sell securities.

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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.

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

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Franklin Templeton Canada  
200 King Street West, Suite 1500  
Toronto, Ontario, M5H 3T4

(800) 387-0830  
[www.franklintempleton.ca](http://www.franklintempleton.ca)