



FRANKLIN
TEMPLETON

Q1 2020

WHAT FRANKLIN TEMPLETON THINKS...

The information provided is not a complete analysis of every material fact regarding any country, region, market, investment, or strategy. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of January 27, 2020, and may change without notice. Opinions are intended to provide insight on macroeconomic issues and commentary 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.

Not FDIC Insured | May Lose Value | No Bank Guarantee

...About the Economy

Our 2020 Outlook Sees Uncertainty but
No Looming Recession

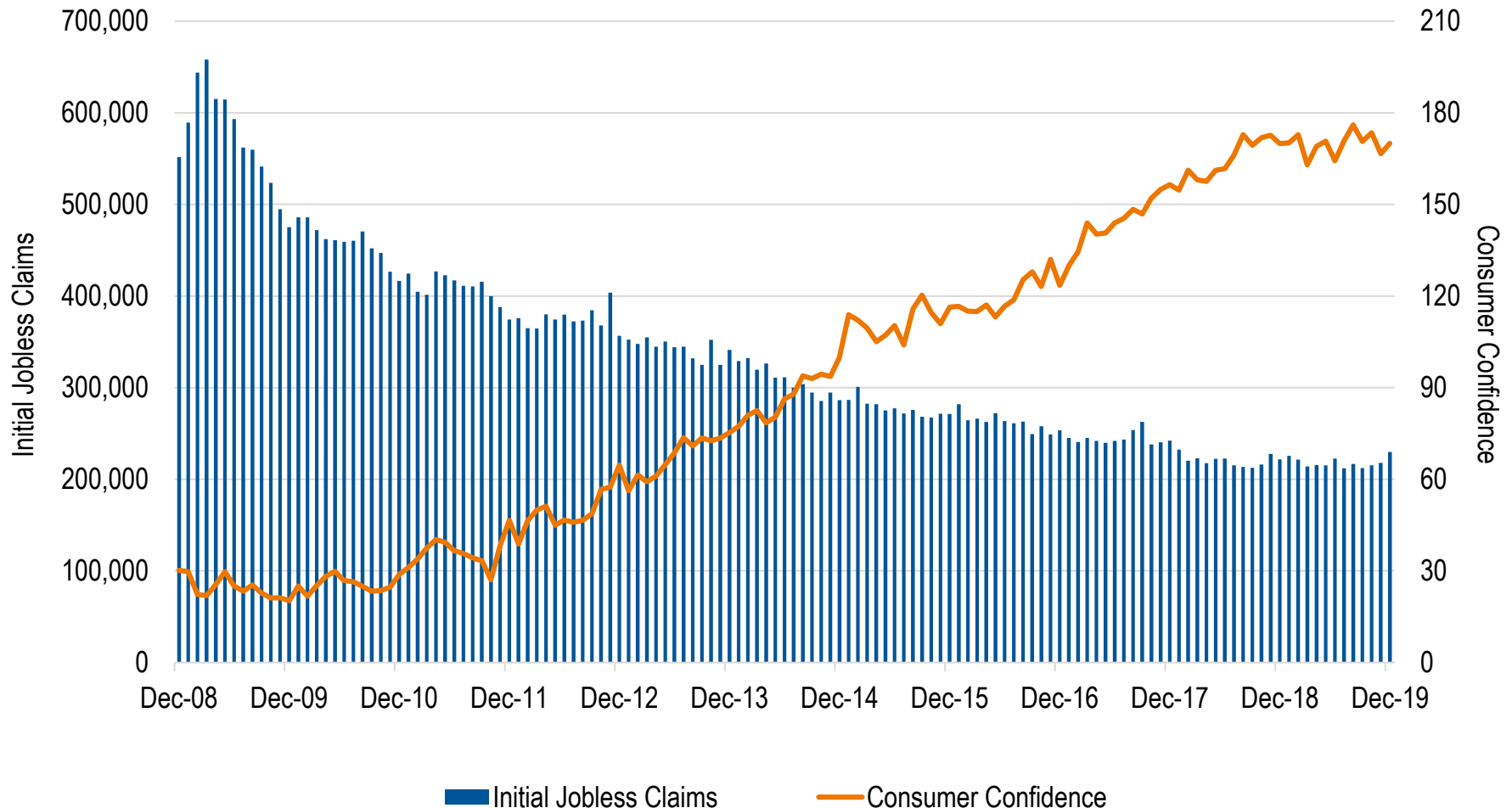


Consumers Remain Resilient



US Initial Jobless Claims and Consumer Confidence

December 2008-December 2019



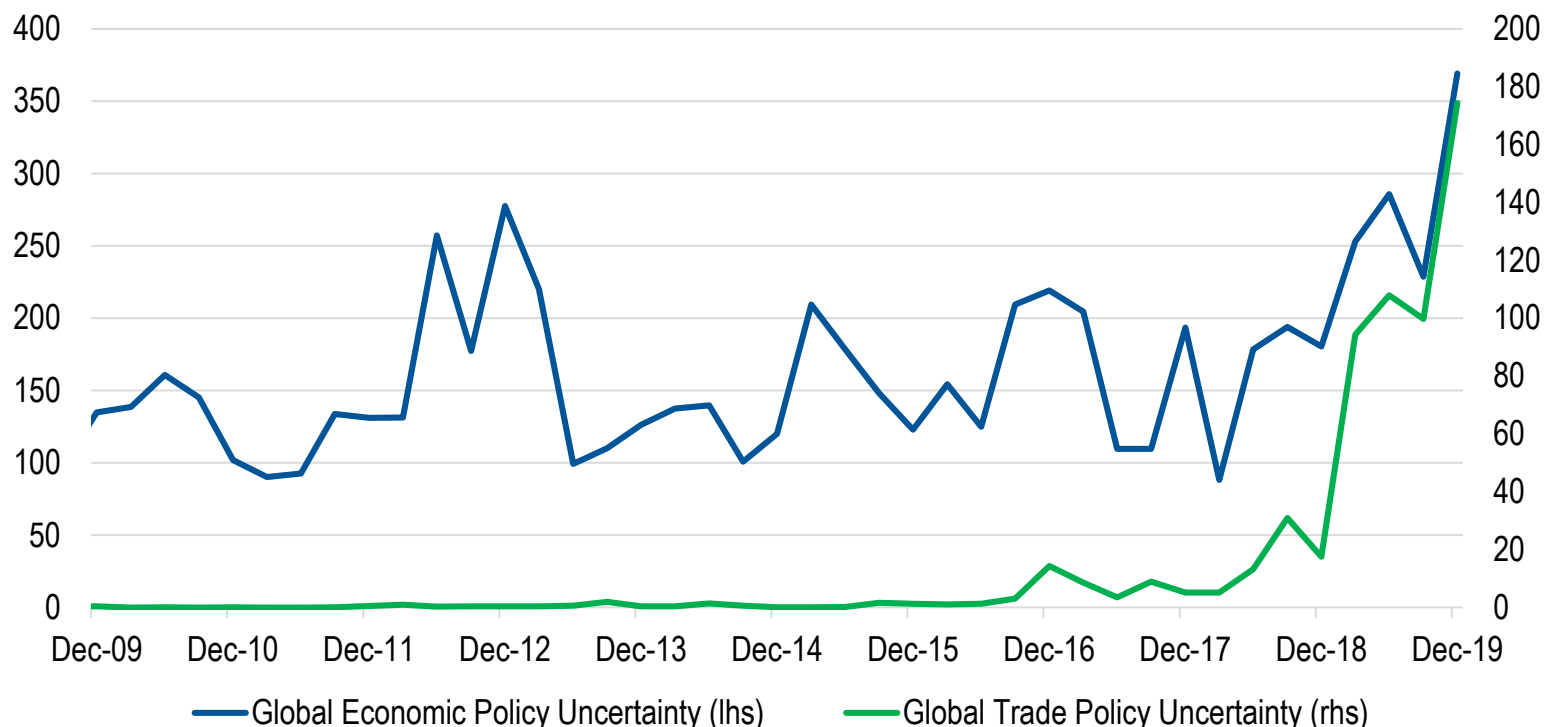
Sources: Franklin Templeton Capital Market Insights Group, Macrobond, Conference Board, US Department of Labor.

Uncertainty May Persist Throughout the Year, But We See Significant Opportunities as Well



Global Economic and Trade Policy Uncertainty Indexes

10-Year Period Ended December 31, 2019



This chart is for illustrative purposes only and does not reflect the performance of any Franklin Templeton fund. Past performance does not guarantee future results.

Sources: Franklin Templeton Capital Market Insights Group, Macrobond. The Global Economic Policy Index is a GDP-weighted average (i.e. weighted relative to the size of the country's economy) of national EPU indices for 21 countries: Australia, Brazil, Canada, Chile, China, Colombia, France, Germany, Greece, India, Ireland, Italy, Japan, Mexico, the Netherlands, Russia, South Korea, Spain, Sweden, the United Kingdom, and the United States. Each national EPU index reflects the relative frequency of own-country newspaper articles that contain a trio of terms pertaining to the economy (E), policy (P) and uncertainty (U). In other words, each monthly national EPU index value is proportional to the share of own-country newspaper articles that discuss economic policy uncertainty in that month. The Global Trade Policy Uncertainty Index is produced by members of the Federal Reserve Board. It is constructed by counting the frequency of joint occurrences of trade policy and uncertainty terms across major newspapers.

...About Global Equities

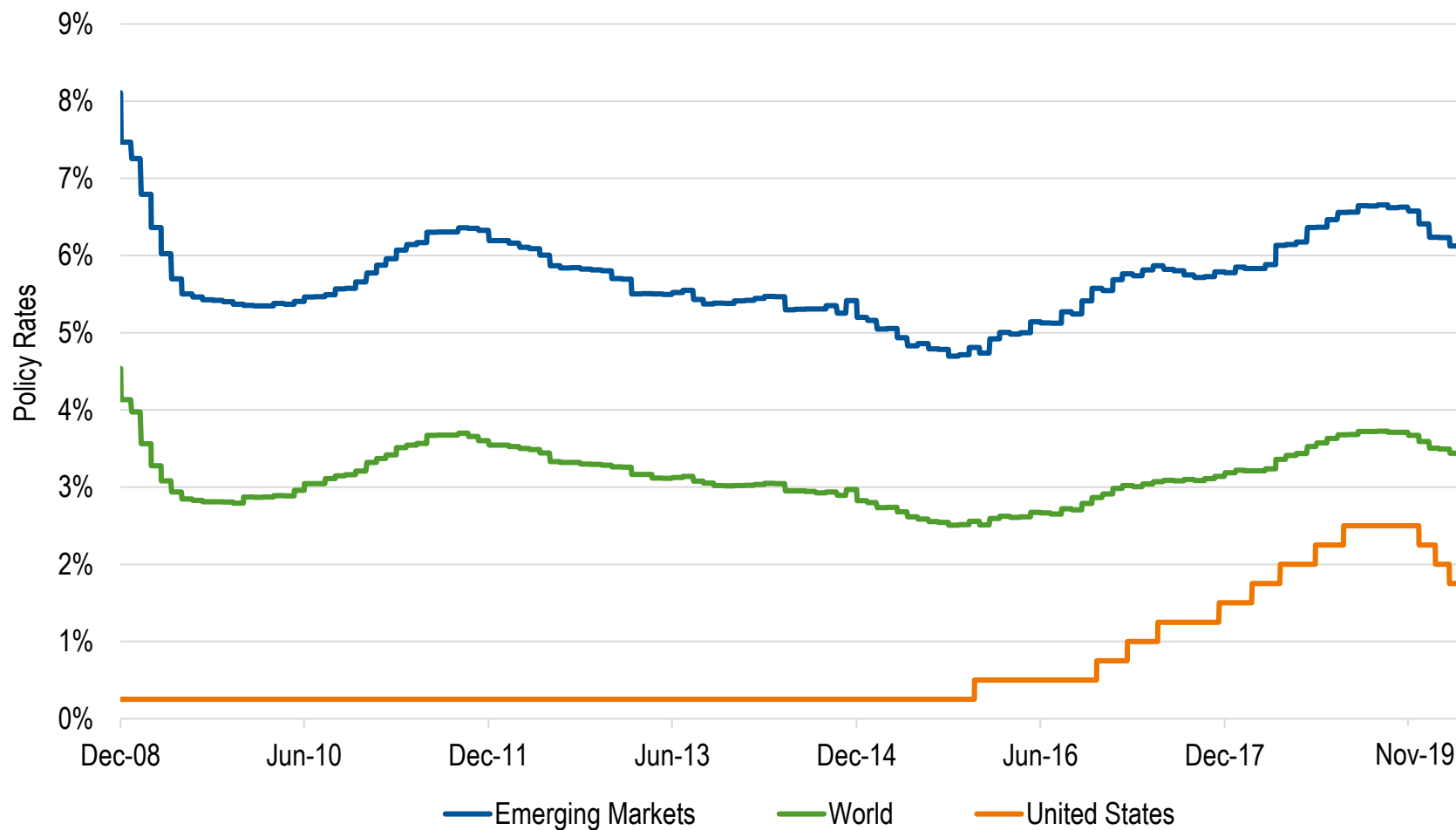
Modest Caution Prevails



Dovish Monetary Policy Supports Global Equities

Global Central Bank Policy Rates

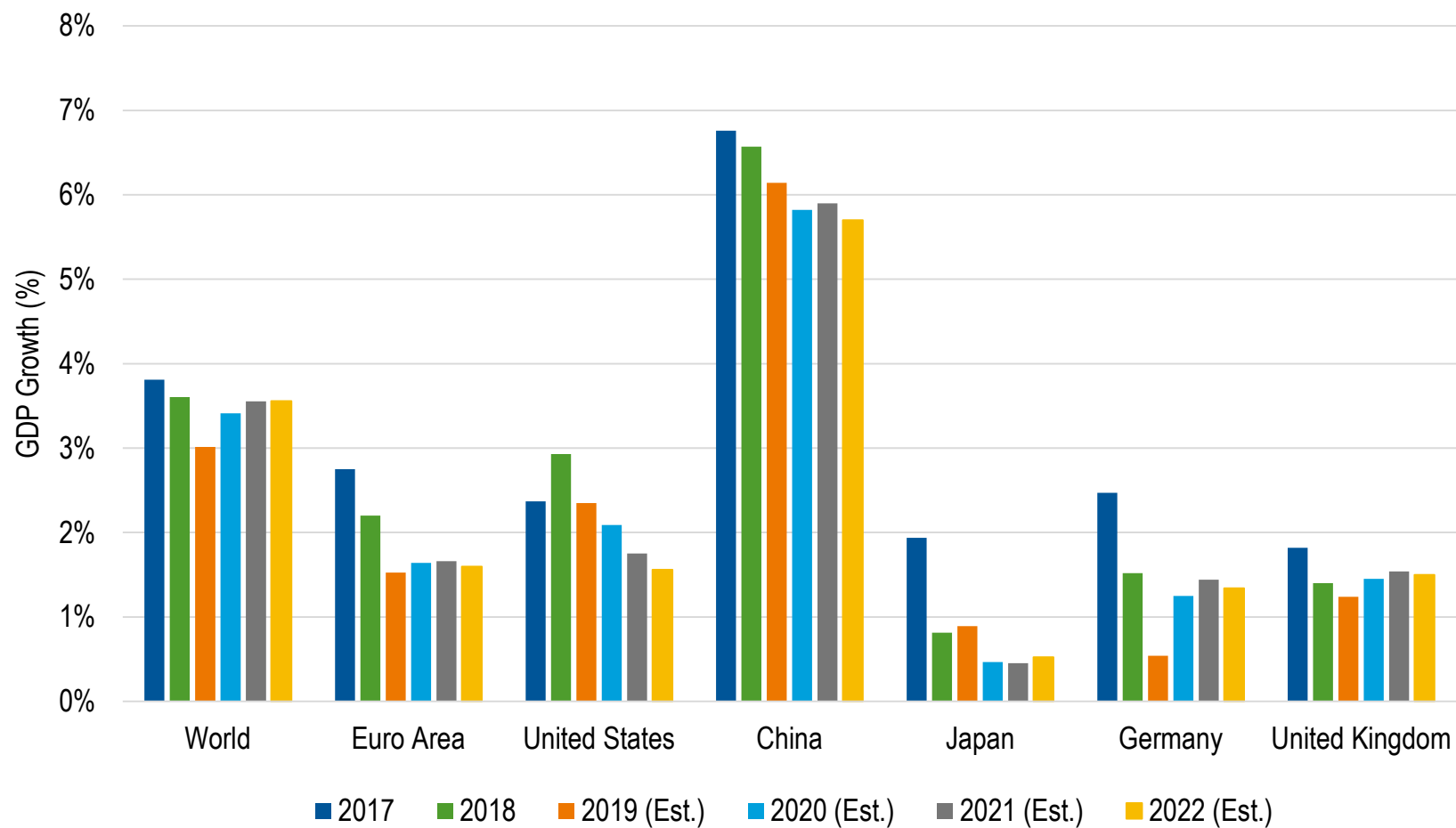
December 31, 2008 – November 30, 2019



Global Growth Continues to Slow

World and Major Economy GDP Growth Rates

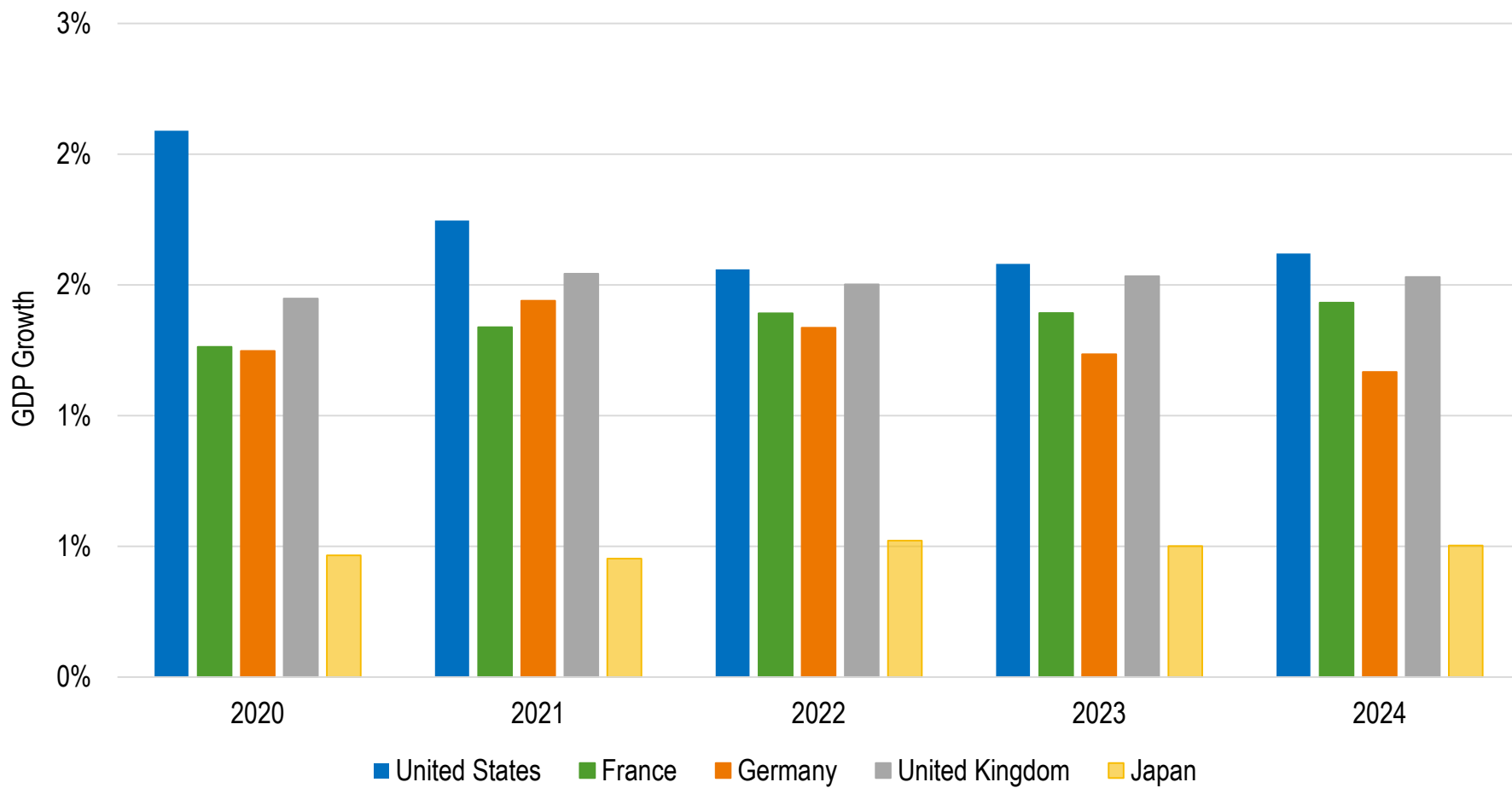
2017 – 2022(Estimated)



US GDP Growth is Expected to Outpace Other Developed Countries, But Watch for Volatility

Estimated US GDP Growth vs. Major Developed Countries

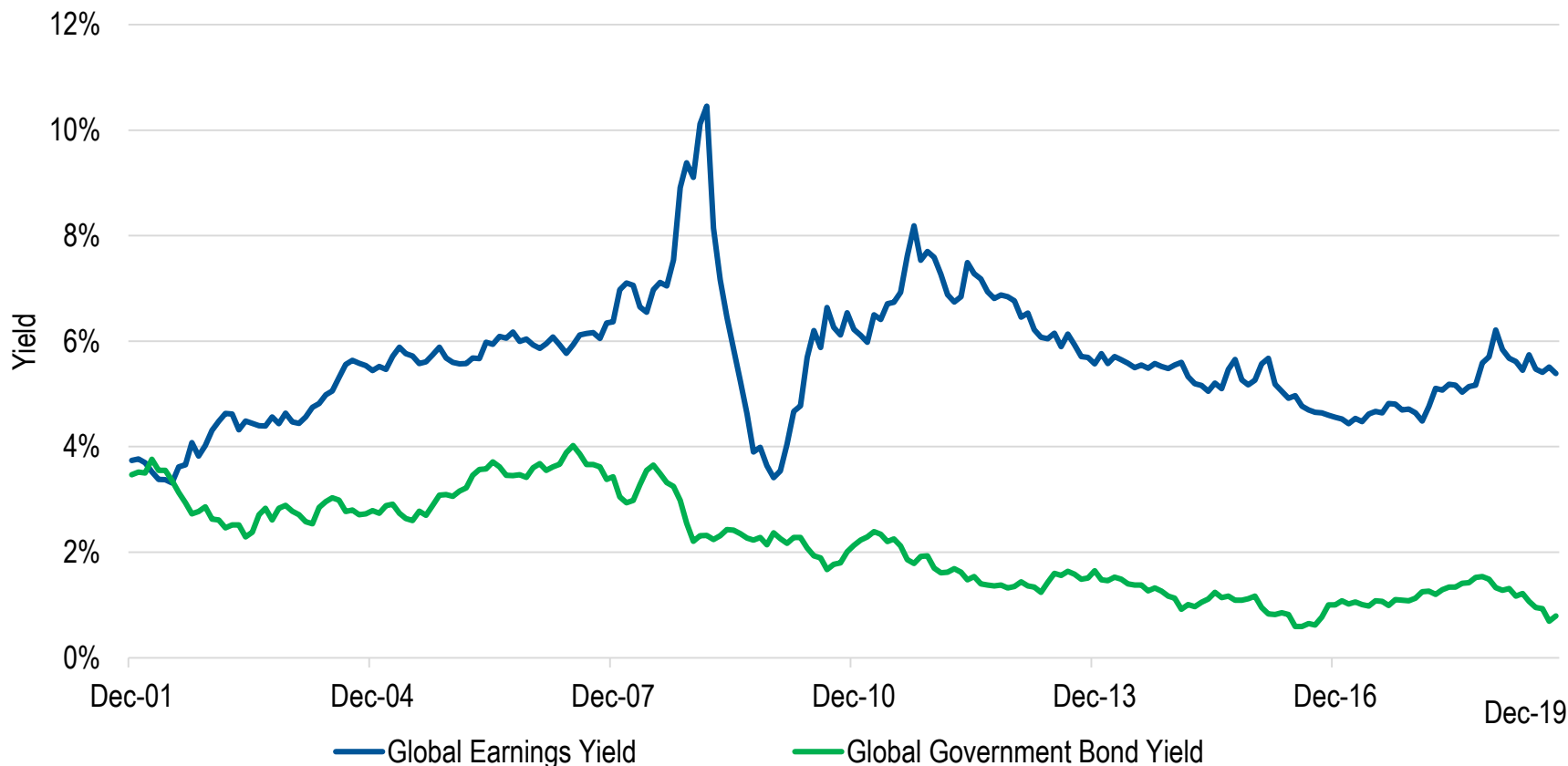
2020 – 2024



Global Equities Have Offered Investors a Yield Opportunity FRANKLIN TEMPLETON

Global Earnings Yield and Government Bond Yield

December 31, 2001- December 31, 2019



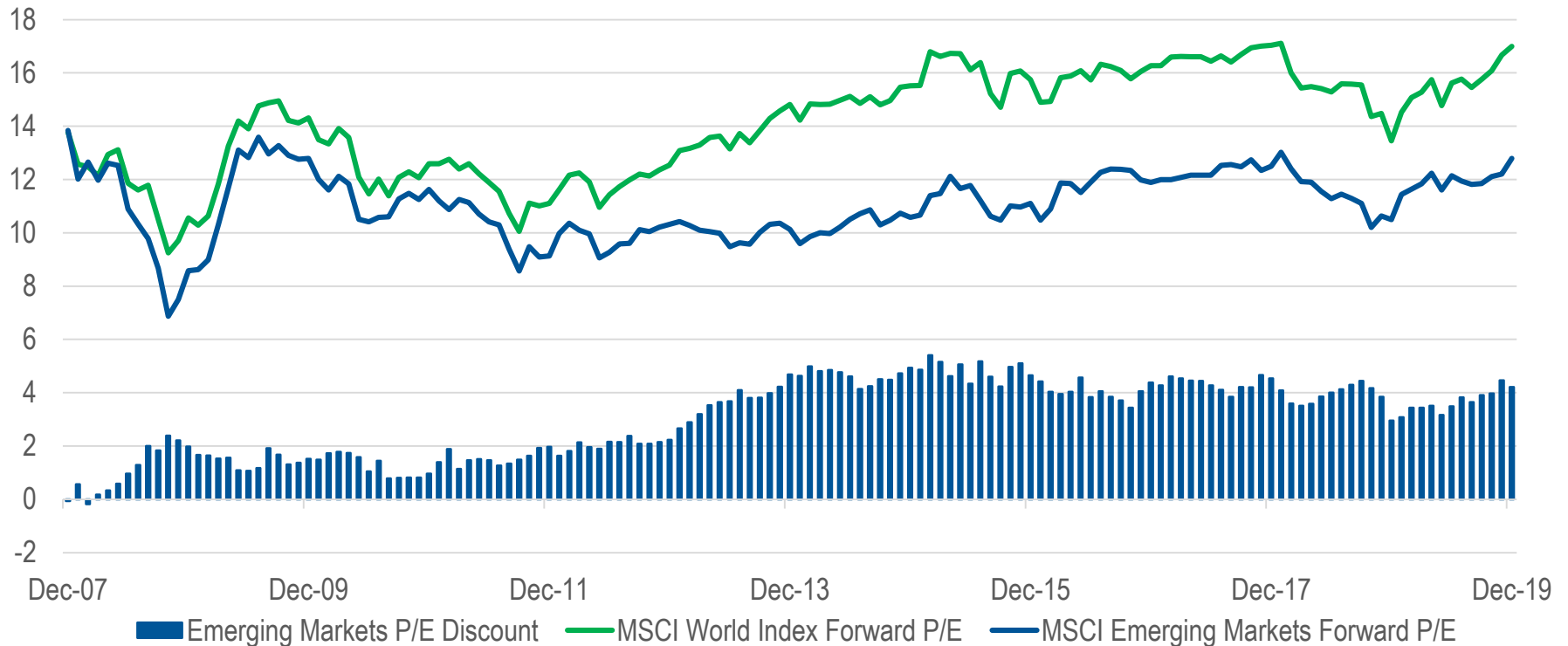
This chart is for illustrative purposes only and does not reflect the performance of any Franklin Templeton fund. Past performance does not guarantee future results.

Sources: Franklin Templeton Capital Market Insights Group, MSCI, Bloomberg Barclays. The global earnings yield is represented by the earnings/price ratio of the MSCI World Index. MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. The global government bond yield is represented by the yield to maturity of the Bloomberg Barclays Global Aggregate Government Bond Index. Indexes are unmanaged and one cannot invest directly in an index. They do not include fees, expenses and sales charges. Please see appendix for description of indexes shown.

Emerging Market Equities Have Been Trading at a Discount to Developed Markets

Forward Price-to-Earnings (P/E) Discount of Emerging Markets

December 31, 2007 - December 31, 2019



Past performance does not guarantee future results.

Higher risks are associated with investing in emerging markets including heightened risks associated with currency fluctuations and economic and political uncertainties.

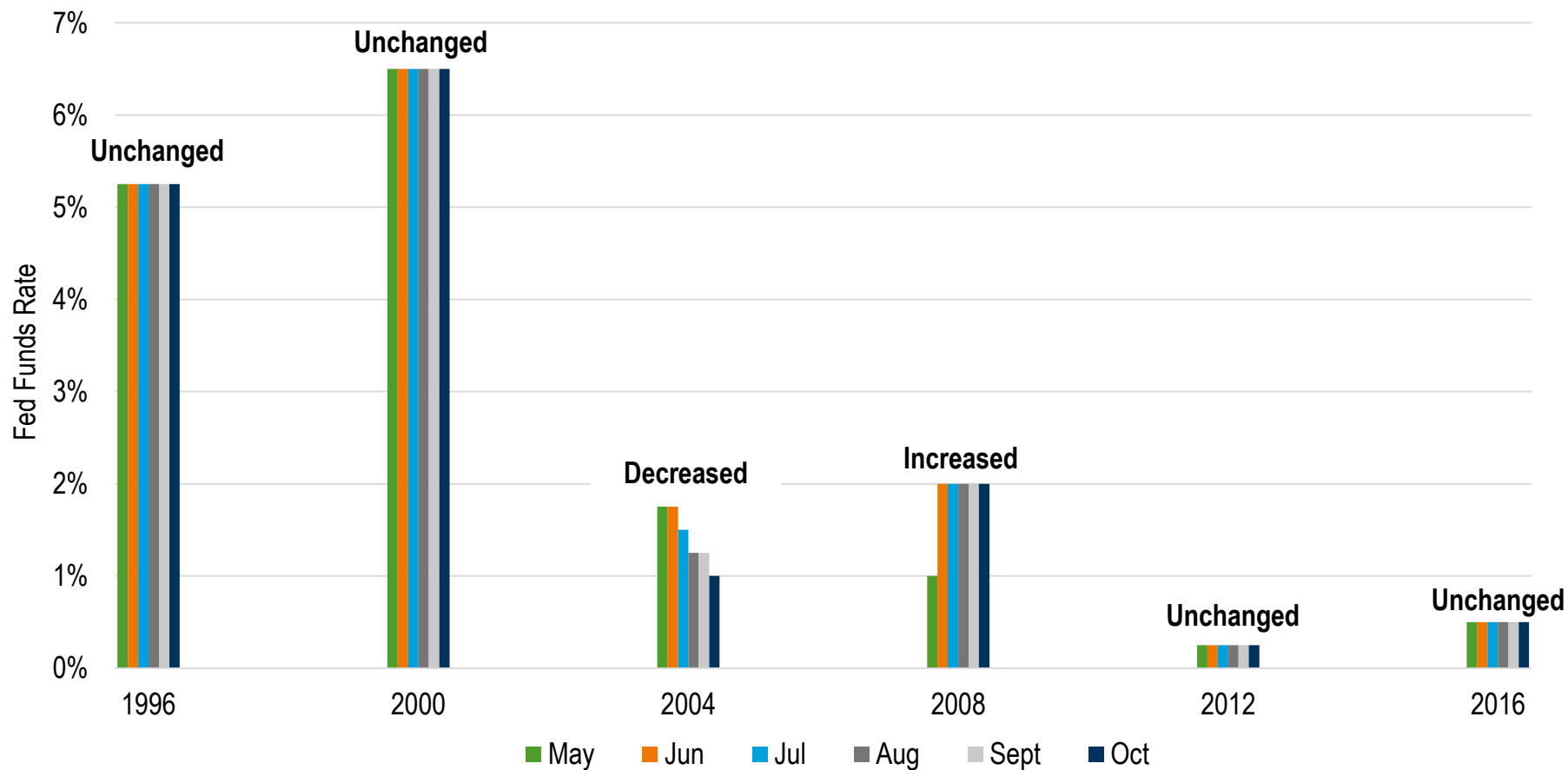
...About Fixed Income

Select Opportunities Are Available

In the Short-Term, the Fed Appears to Be on Hold

Federal Reserve Interest Rate Moves and Presidential Elections

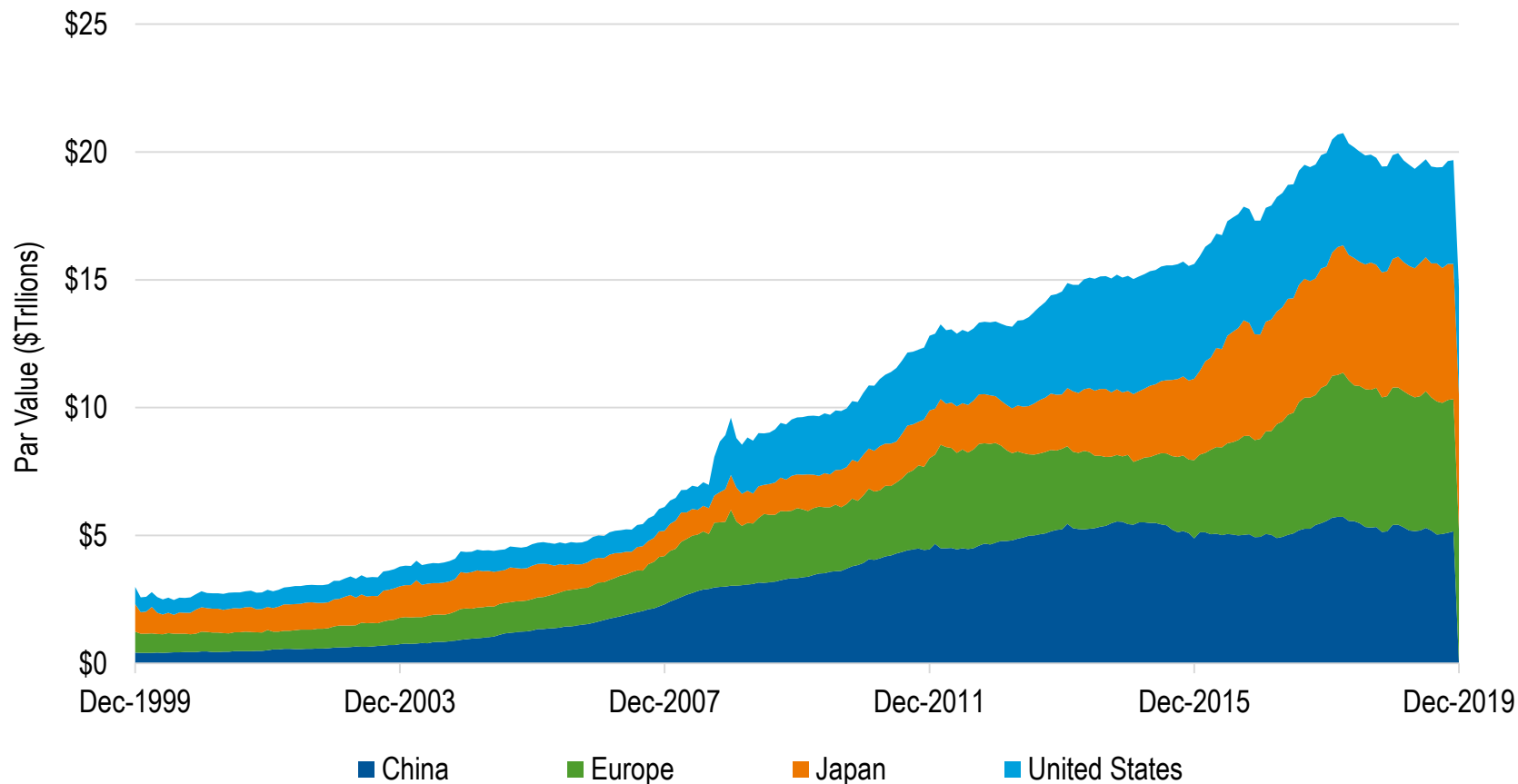
Six-Month Periods Preceding a Presidential Election (1996-2016)



Central Banks Are Doubling Down on Unconventional Policy

Major Central Bank Balance Sheet Assets

December 31, 1999-December 31, 2019

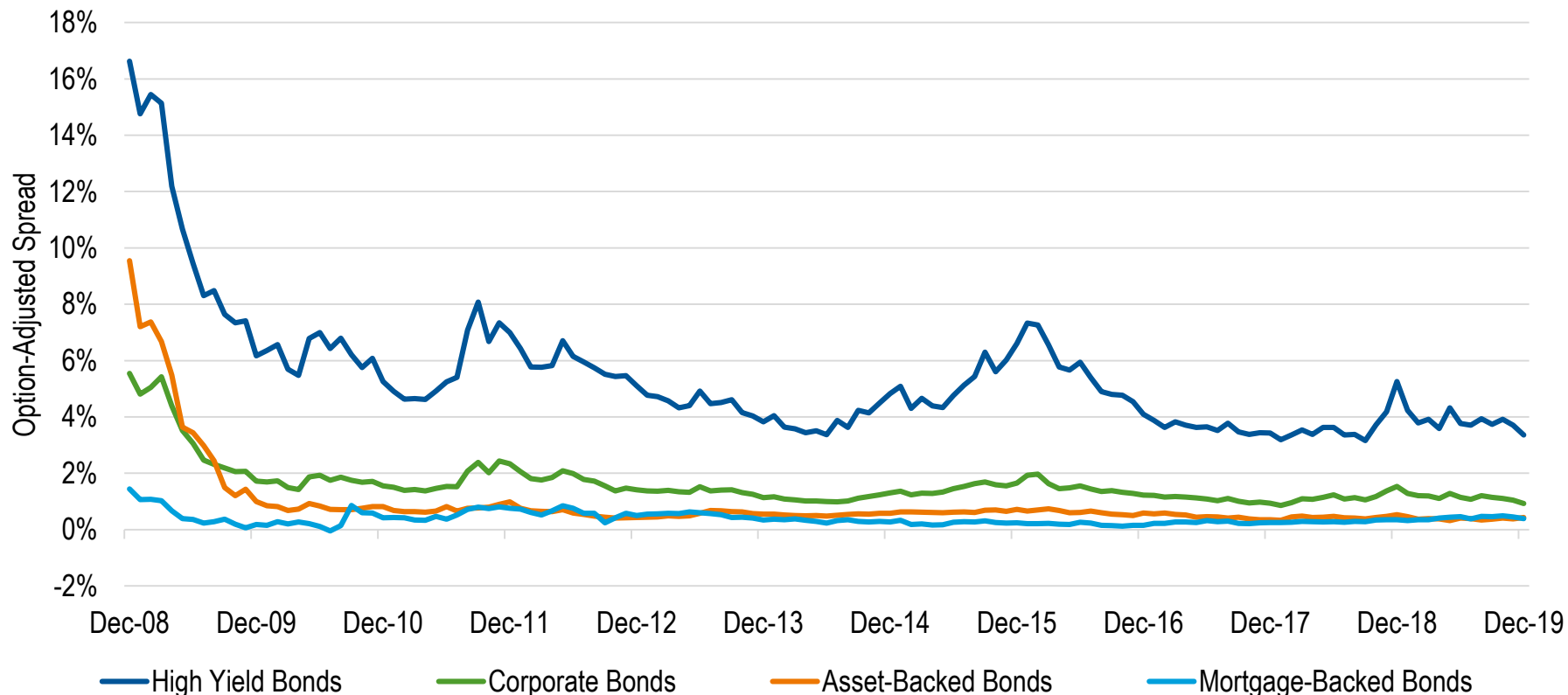


Bond Spreads Continue to Compress Resulting in Stretched Valuations



Bond Sector Spreads Over Treasuries

December 31, 2008—December 31, 2019



This chart is for illustrative purposes only and does not reflect the performance of any Franklin Templeton fund. Past performance does not guarantee future results.

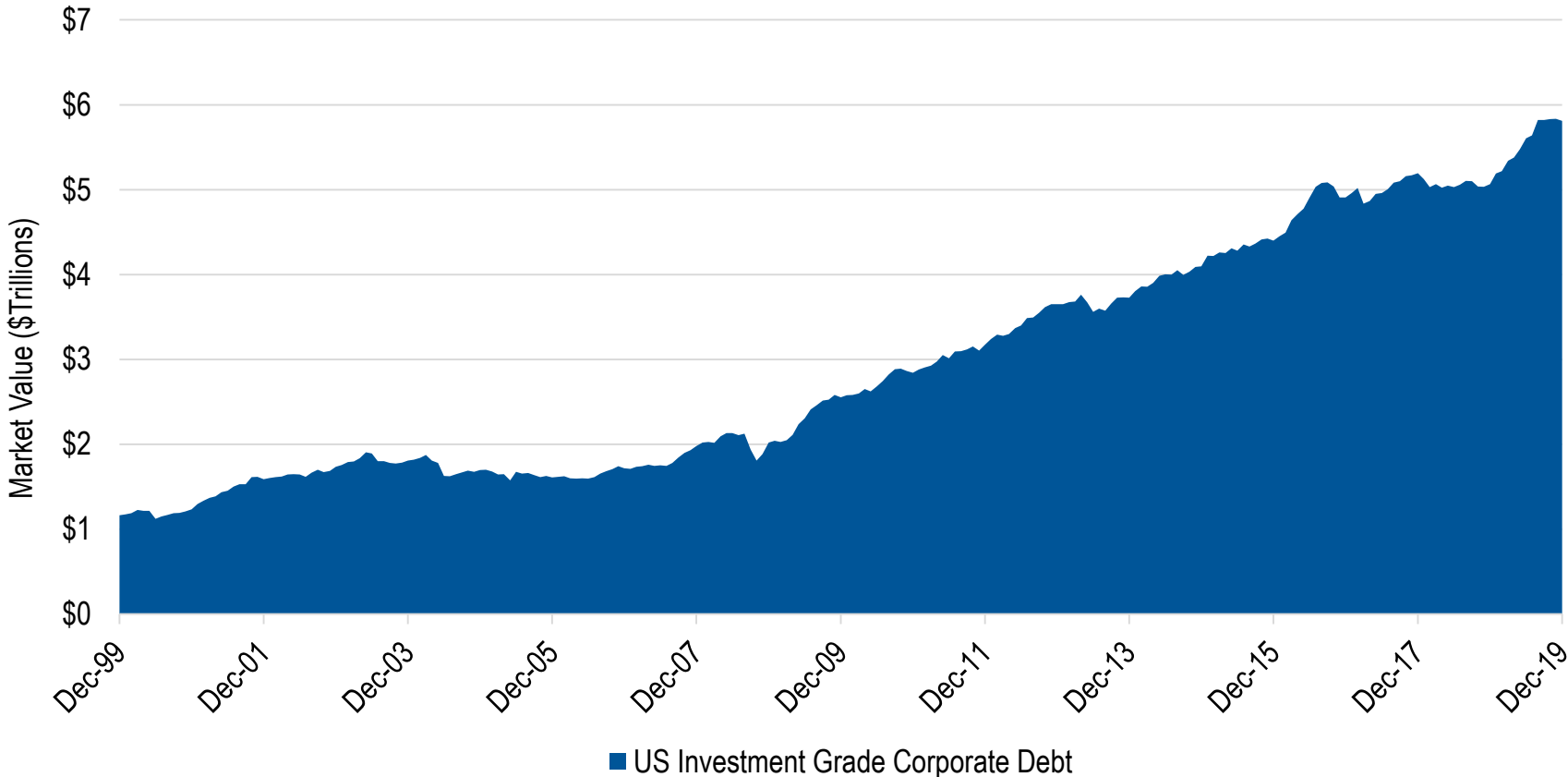
Source: Bloomberg. High yield bonds, corporate bonds, asset-backed bonds, and mortgage-backed bonds are represented by the Bloomberg Barclays US Corporate High Yield, US Corporate Bond, US Aggregate Asset-Backed Securities, and US Mortgage-Backed Securities Indexes, respectively. Indexes are unmanaged and one cannot invest in an index. They do not include fees, expenses or sales charges. Please see appendix for descriptions of indexes shown.

Strong Fundamentals Persist, But Leverage and Valuations are High



Aggregate Market Value of US Investment Grade Corporate Debt

20-Year Period Ended December 31, 2019

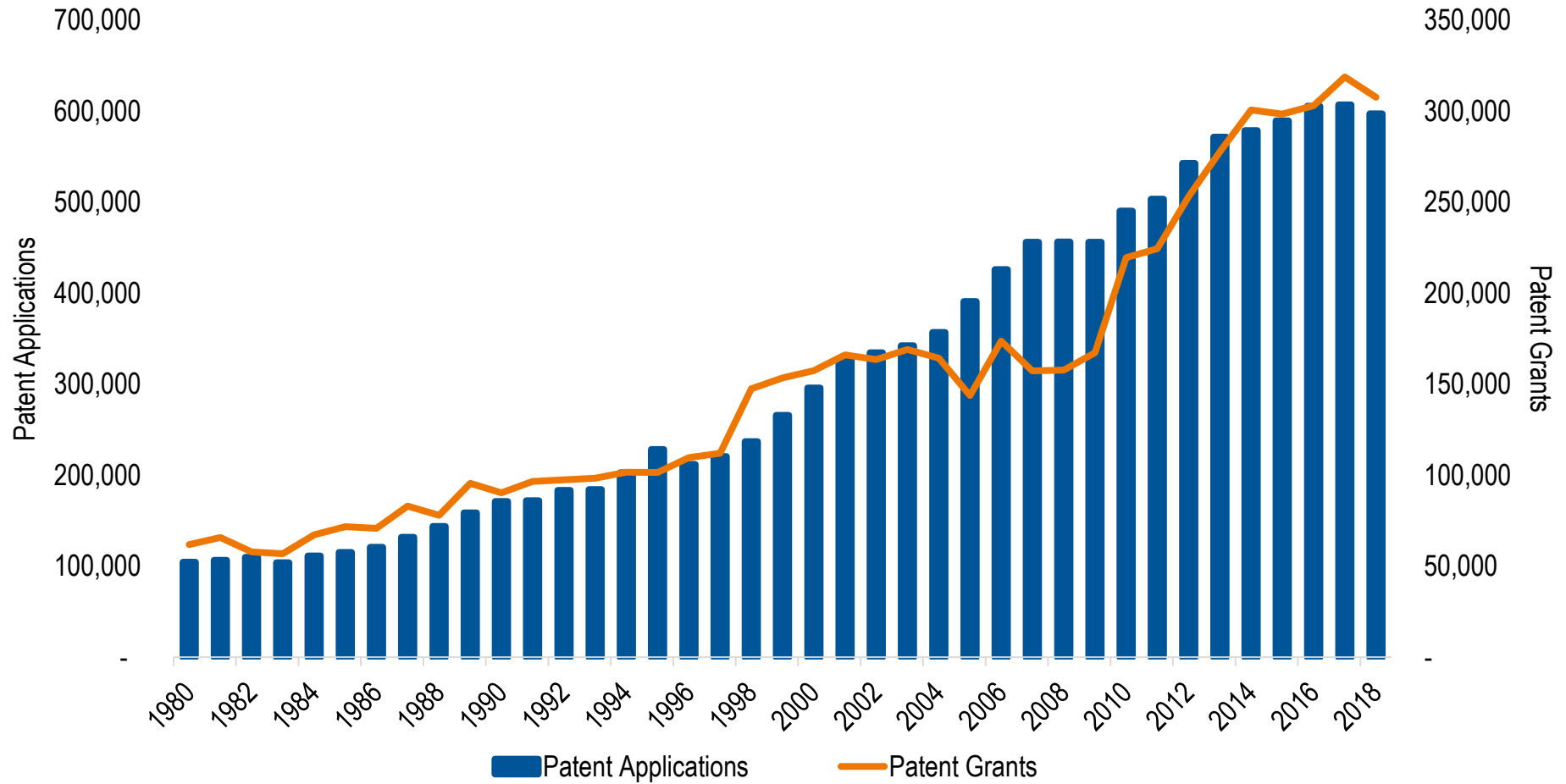


Sources: Franklin Templeton Capital Market Insights Group, Bloomberg Barclays US Corporate Statistics Index. Indexes are unmanaged and one cannot invest in an index. Please see appendix for descriptions of indexes shown.

Innovation Drives Growth

US Patent Activity

1980-2018



A Few Words About Risk

All investments involve risk, including the possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in emerging markets and frontier markets involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size and lesser liquidity, and for frontier markets, the lack of established legal, political, business and social frameworks to support securities markets. Bond prices generally move in the opposite direction of interest rates. As the prices of bonds in a fund adjust to a rise in interest rates, the fund's share price may decline. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. Sovereign debt securities are subject to various risks in addition to those relating to debt securities and foreign securities generally, including the risk that a government entity may be unwilling or unable to pay interest and repay interest on its sovereign debt, or otherwise meet its obligations when due. An actively managed fund pursuing alternative strategies may experience losses if the investment manager's and sub-advisors' judgment about particular investments made for the fund's portfolio prove to be incorrect, and the use of derivatives to create economic leverage may result in significant volatility and cause the fund to participate in losses (as well as gains) that significantly exceed the fund's initial investment. There can be no guarantee that a fund pursuing a low volatility strategy will be successful and achieving that objective does not mean the fund will achieve a positive or competitive return.

These and other risk considerations are discussed in each fund's prospectus.

Appendix

Index Descriptions

Bloomberg Barclays Global Aggregate Bond Index

measures investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays U.S. Asset Backed Securities (ABS)

Index measures the performance of ABS with the following collateral types: credit and charge card, auto and utility loans. All securities have an average life of at least one year.

Bloomberg Barclays US Corporate Bond and Corporate

Statistics Indexes measure the USD-denominated, investment grade, fixed-rate, taxable corporate bond market.

Bloomberg Barclays US Corporate High-Yield Bond Index

measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market.

The Bloomberg Barclays US Mortgage Backed Securities (MBS)

Index measures the performance of investment-grade, fixed-rate, mortgage-backed, pass-through securities of Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Freddie Mac (FHLMC).

MSCI Emerging Markets Index captures large and mid cap representation across 26 Emerging Markets (EM) countries*. With 1,202 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

MSCI World Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across 23 Developed Markets (DM) countries. The growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend

MSCI World Index captures large and mid cap representation across 23 Developed Markets (DM) countries.

MSCI World Value Index captures large and mid cap securities exhibiting overall value style characteristics across 23 Developed Markets (DM) countries. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield

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Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN/342-5236 or visit franklintempleton.com. Please carefully read the prospectus before you invest or send money.



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