



FRANKLIN TEMPLETON
INVESTMENTS

2014

Global Investor Sentiment Survey

K E Y I N S I G H T S



2014 Global Investor Sentiment Survey

Our 2014 Global Investor Sentiment Survey results indicate that by many measures Canadian – and global – investors are optimistic about the year ahead. Following 2013, a year that saw the global economy grow at its fastest pace in nearly three years, investors show growing optimism about stocks, their investment returns and their ability to reach their financial goals. But this positive outlook is tempered by a lingering sense of uncertainty, as 52% of global investors indicate they'll follow a more conservative strategy this year. This is lower than 2013, however, when 57% of global respondents said they would take on less risk in the year ahead.

Here at home nearly two thirds of investors expect that Canada's stock market will rise in 2014 but many more Canadians (34%) plan to make no change in their investment strategy than globally, where just 15% of investors will stick to the status quo in 2014. Global investment return expectations vary, with Indian and Brazilian investors expecting the highest returns this year, at over 13.5%, while French investors, at 5.4%, expect the lowest returns. Real estate remains a popular investment worldwide and the trend was particularly high in Latin America, where 60% of investors surveyed plan to invest in this asset class in 2014.

The survey results also suggest that there are clear benefits to working with a financial advisor. Investors who work with an advisor tend to be more diversified across asset classes, more likely to diversify away from their home country and to be more optimistic. Read on to learn how investors like you are planning for what's next.

Key Insights

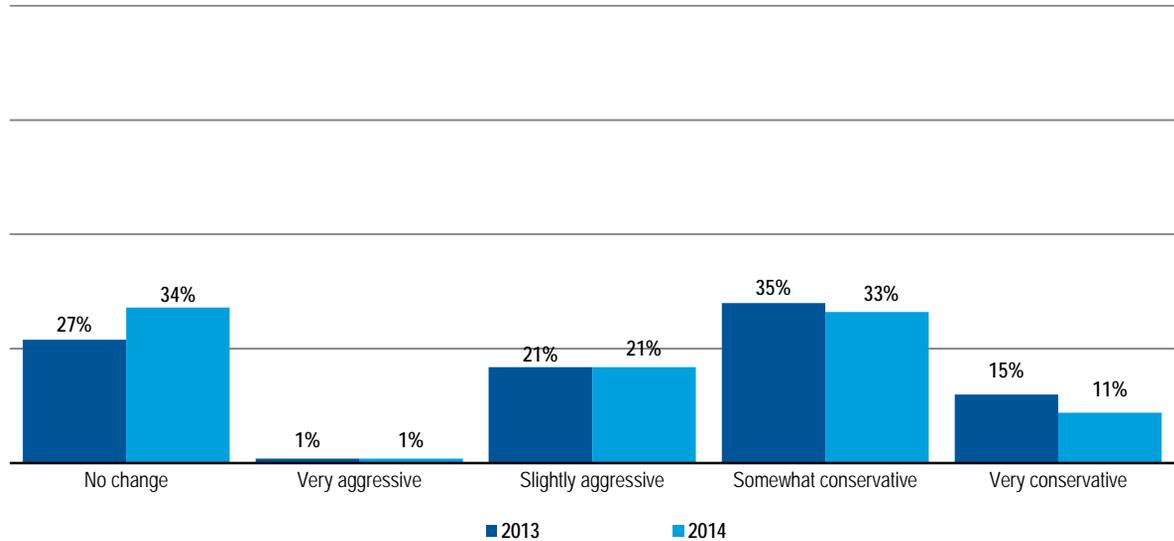
- Canadian investors are increasingly optimistic: 65 per cent expect stocks will rise in 2014 compared to 60 per cent who foresaw a market increase in 2013, and those aged 65 and older are the most likely to anticipate gains. Globally, 62 per cent of investors expect their local markets will be up in 2014.
- Despite the volatility of the past half dozen years the overwhelming majority (81 per cent) of Canadian investors believe they will reach their long-term financial goals. Globally, investor optimism about achieving long-term financial goals is strong and ranges from 97 per cent in India to 60 per cent in France.
- Canadian investors continue to think that the best opportunities are at home but are more bullish on U.S. equities in 2014 than they were in 2013. They continue to regard Asia as the most promising foreign market for equity investing over the next 10 years.
- Canadian investors think stocks, property and non-metal commodities will be the best performers in 2014 and over the next 10 years. Notably fewer investors think precious metals will perform best compared to survey results recorded in 2013.
- Despite expressing broad optimism about 2014 investment returns and attaining their long-term financial goals, twice as many (44 per cent) Canadian investors say they will adopt a more conservative investment strategy in 2014 than say they will adopt a more aggressive strategy (22 per cent).
- Debt and political instability are both in the top three concerns Canadian investors express about investing in either the U.S. or Europe in 2014.
- Canadian investors prefer to match the performance of the market (42 per cent) or lose less than the market when it is down (38 per cent) then beat it when it is up (20 per cent).

Change in Investment Strategy in 2014

Twice as many Canadian investors say they will adopt a more conservative investment strategy in 2014 as say they will adopt a more aggressive strategy. The net number who plan to be more conservative fell significantly from 2013 while the number of respondents who do not intend to make any changes rose from 2013 to 2014.

Men are more likely to adopt a more aggressive strategy than women and investors with lower investable assets (< \$100,000) are most likely to plan to be more conservative.

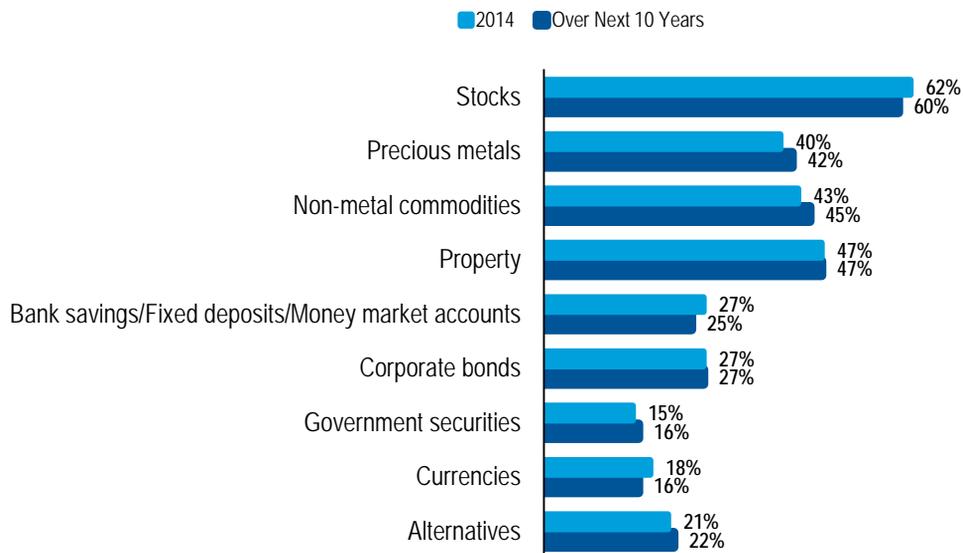
Question: Which of the following best describes how you will change your investment strategy in 2014?



Asset Classes Expected to Perform Best in 2014 and Over the Next 10 Years

Canadian investors think stocks, non-metal commodities and property will be the best performers in 2014 and over the next 10 years. While precious metals are expected to be among the top performing asset classes in the long run, this selection dropped significantly from 2013. Canadian investors are more bullish about stocks for 2014 and the next ten years than they were in 2013.

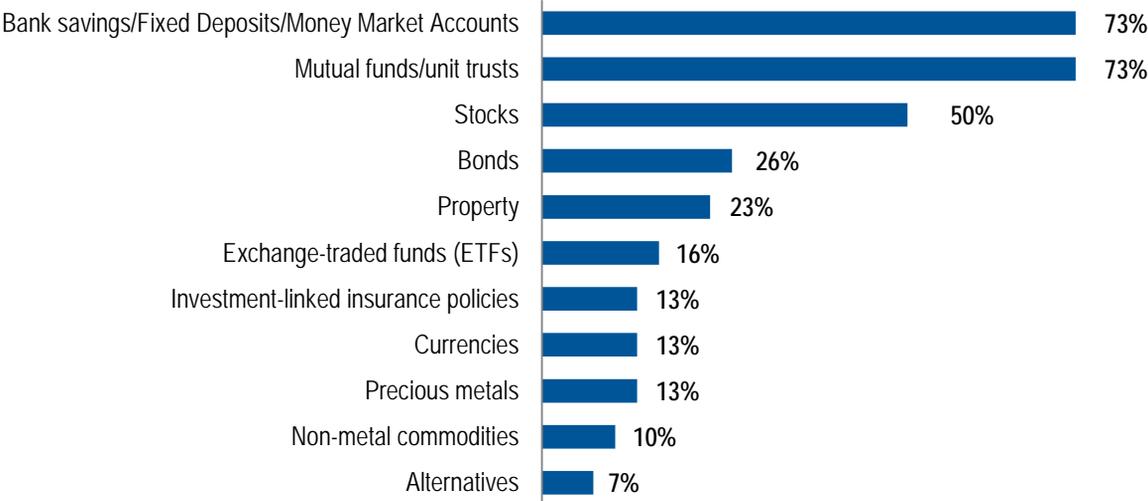
Question: For each of the following please select and rank the top three asset classes you expect to perform the best in 2014 and over the next 10 years?



Current Investment Ownership

In addition to savings accounts, fixed deposits and money market holdings, Canadian investors continue to favour mutual funds. Stocks are held by 50% of survey respondents and 26% own bonds.

Question: Which of the following investments do you currently own? (select as many as may apply)

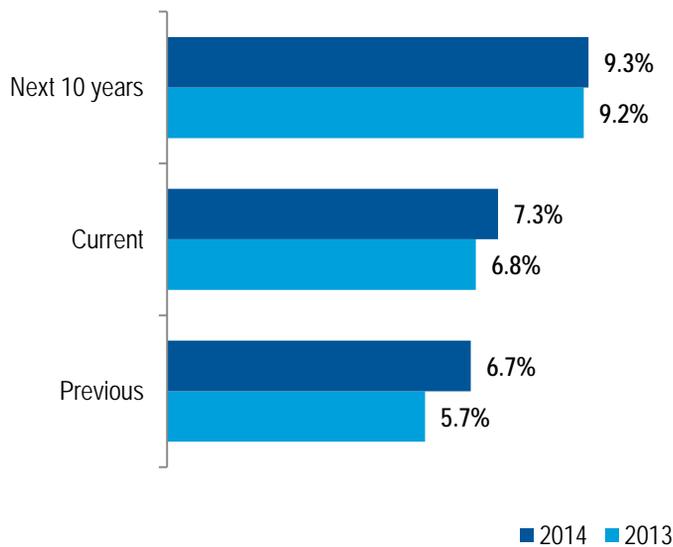


Expected Annual Rates of Return

Canadian investors expect their average annual rate of return to be better in 2014 than 2013 and expect it will be better over the next 10 years than this year.

Investors aged 25-44 expect the highest investment returns over the next 10 years.

Question: What rate of return did you expect from your investments in 2013, what rate of return do you expect in 2014 and what average annual rate of return do you expect over the next 10 years?

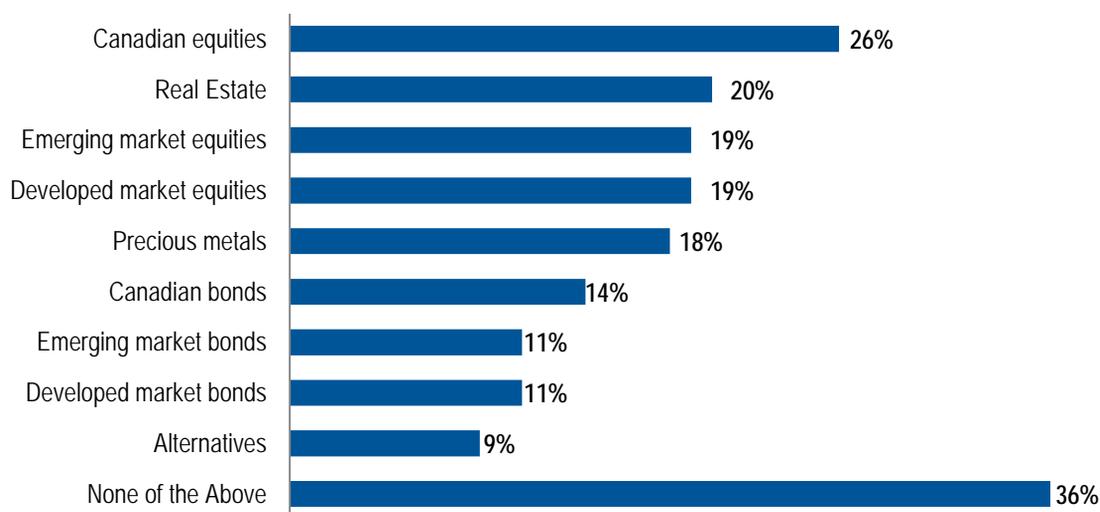


Planning to add to portfolio, increase investments in 2014

When surveyed on which asset class they plan to add to in 2014, Canadian investors are most likely to say they intend to increase investments in domestic equities.

One-third of Canadian investors are not planning to add or increase their holdings in any of the assets classes listed below in 2014.

Question: Which of the following are you planning to add to your portfolio, or increase your investment in, in the coming year?



Top Concerns About Investing in the U.S.

Large fiscal debt, slow economic outlook and general market volatility not restricted to the U.S. are the top three concerns Canadians have about investing in the U.S. in 2014.

Younger investors (aged 25-34) are the least likely to have any concerns about investing in the U.S.

Question: What are your top concerns about investing in the U.S.?

	Top Concern	Top 3 Concerns
Large fiscal debt	39%	68%
Slow economic outlook	13%	45%
Unstable domestic political environment	9%	28%
Tapering of U.S. Fed's bond buying	6%	28%
Inflation concerns	6%	23%
General market volatility not restricted to the U.S.	5%	32%
There are better opportunities elsewhere	4%	23%
I have no concerns about investing in the U.S.	18%	18%

Top Concerns About Investing in Europe

The Eurozone debt crisis, slow economic growth and unstable domestic political environments are the top three concerns Canadians have about investing in Europe in 2014.

Canadian investors are less likely to have concern about investing in Europe than most other countries.

Question: What are your top concerns about investing in Europe?

	Top Concern	Top 3 Concerns
Eurozone debt crisis	35%	62%
Unstable domestic political environment	12%	37%
Slow economic outlook	11%	48%
General market volatility not restricted to Europe	9%	31%
There are better opportunities elsewhere	6%	26%
Low interest rates	4%	15%
Inflation concerns	4%	18%
Deflation concerns	4%	17%
I have no concerns about investing in Europe	15%	15%

About the Survey

The Franklin Templeton Global Investor Sentiment Survey, conducted by ORC International, included responses from 11,000 individuals in 22 countries: Brazil, Chile and Mexico in Latin America; Australia, China, Hong Kong, India, Japan, Malaysia, South Korea and Singapore in Asia Pacific; France, Germany, Italy, Poland, Spain and the UK in Europe, South Africa, and the United States and Canada in North America. Survey respondents were between the ages of 25 and 65 in Latin America and Asia Pacific and 25 and older in Europe and North America. Respondents were required to own investable assets, such as stocks, bonds, mutual funds, etc. In addition, a minimum investable asset threshold was set for each country to ensure that the respondent had sufficient investments, providing a knowledge base from which to answer the survey questions. Surveys were completed from January 2 to 15, 2014, in all countries.

Franklin Templeton Investments

Gain from Our Perspective

At Franklin Templeton Investments, we're dedicated to one goal: delivering exceptional asset management for our clients. By bringing together multiple, world-class investment teams in a single firm, we're able to offer specialized expertise across styles and asset classes, all supported by the strength and resources of one of the world's largest global money managers. This has made us a trusted partner to millions of investors and institutions across the globe.

Focus on Investment Excellence

At the core of our firm you'll find multiple independent investment teams – each with a focused area of expertise – from traditional to alternative strategies and multi-asset solutions. And because our portfolio groups operate autonomously, their strategies can be combined to deliver true style and asset class diversification.

All of our portfolio teams share a common commitment to excellence grounded in rigorous, fundamental research and robust, disciplined risk management. Decade after decade, our consistent, research-driven processes have helped Franklin Templeton earn an impressive record of strong, long-term results.

Global Perspective Shaped by Local Expertise

In today's complex and interconnected world, smart investing demands a global perspective. Franklin Templeton pioneered international investing over 60 years ago, and our expertise in emerging markets spans more than a quarter of a century. Today, we have over 590 investment professionals on the ground across the globe, spotting investment ideas and potential risks firsthand. These locally based teams bring in-depth understanding of local companies, economies and cultural nuances, and share their best thinking across our global research network.

Strength and Experience

Franklin Templeton is a global leader with over \$CDN\$976.4 billion in assets under management serving clients in over 150 countries.¹ We run our business with the same prudence we apply to asset management, staying focused on delivering relevant investment solutions, strong long-term results and reliable, personal service. This approach, focused on putting clients first, has helped us become one of the most trusted names in financial services.

1. As of February 28, 2014.



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