



FRANKLIN
TEMPLETON

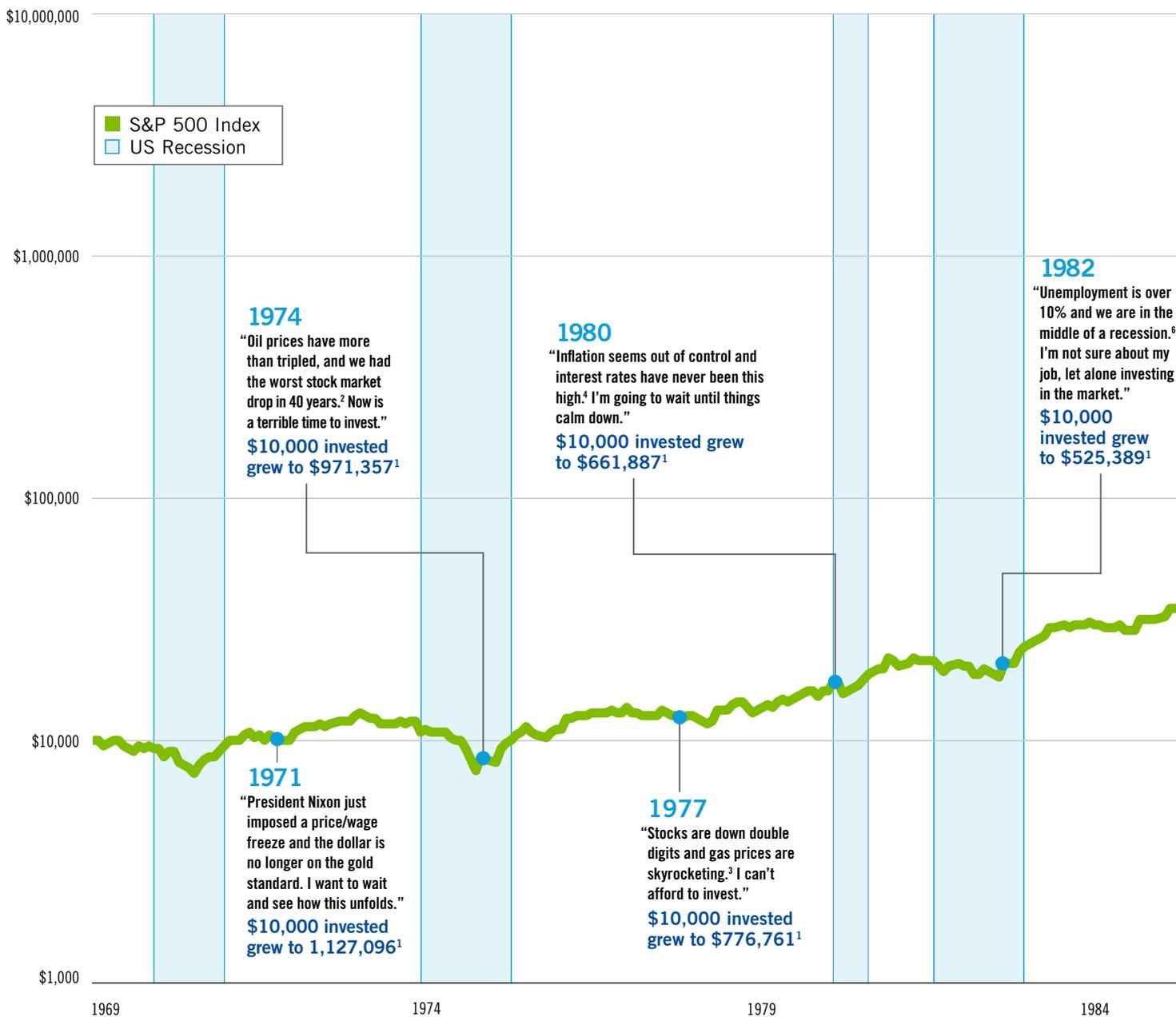
WHY INVEST IN THE STOCK MARKET NOW?

Navigating through market volatility

WHERE IS THE MARKET HEADED?

Volatility may have some investors contemplating when they should pull out of the market or if they should sit on the sidelines and wait for the best time to invest. If you're wondering if now is a good time to invest, consider some of the reasons that may have kept investors from out of the market in years past.

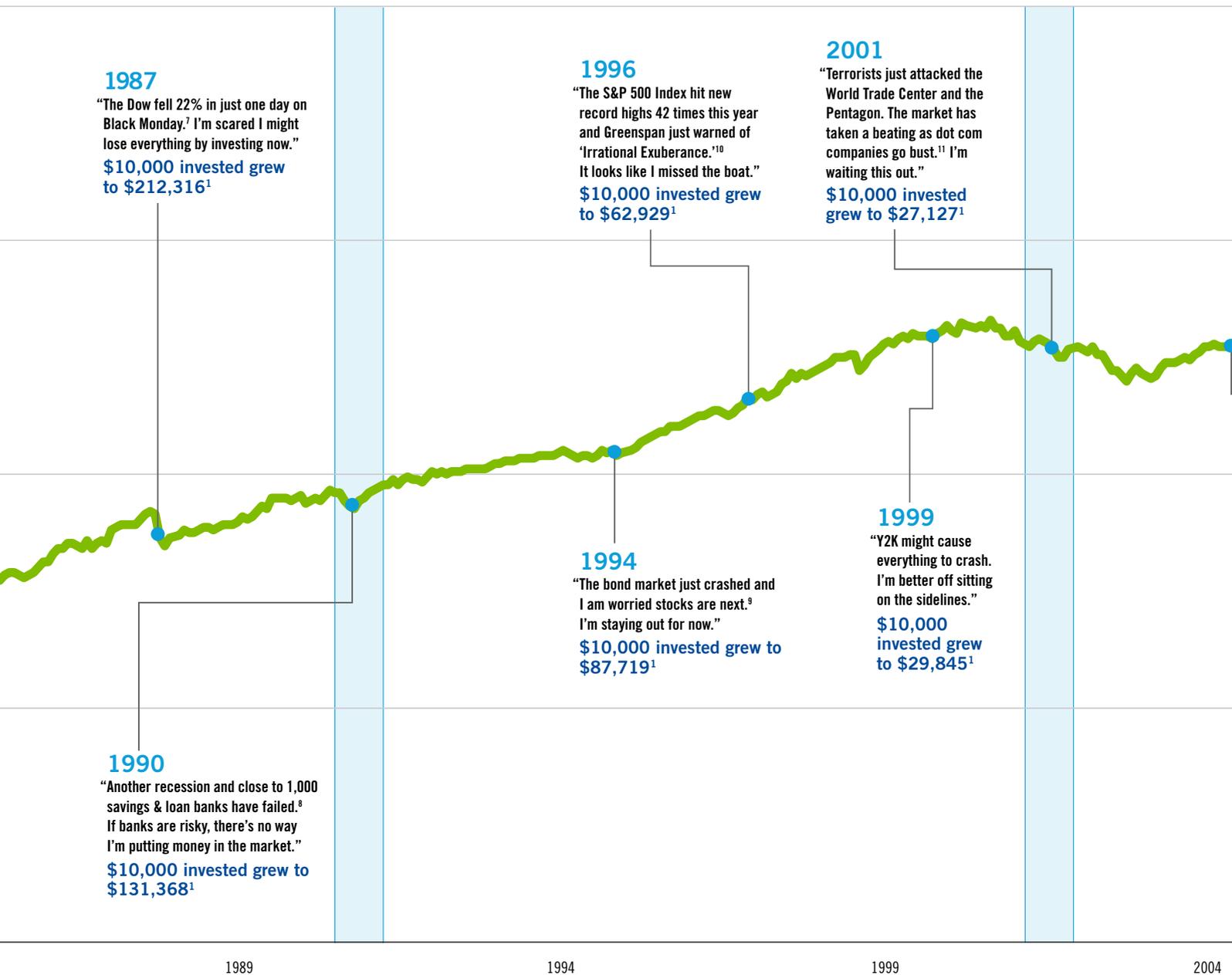
S&P 500 INDEX PERFORMANCE OVER THE LAST HALF CENTURY (31 December 1968–31 December 2018)



This graph is for illustrative purposes only and is not indicative of a period of actual market performance.

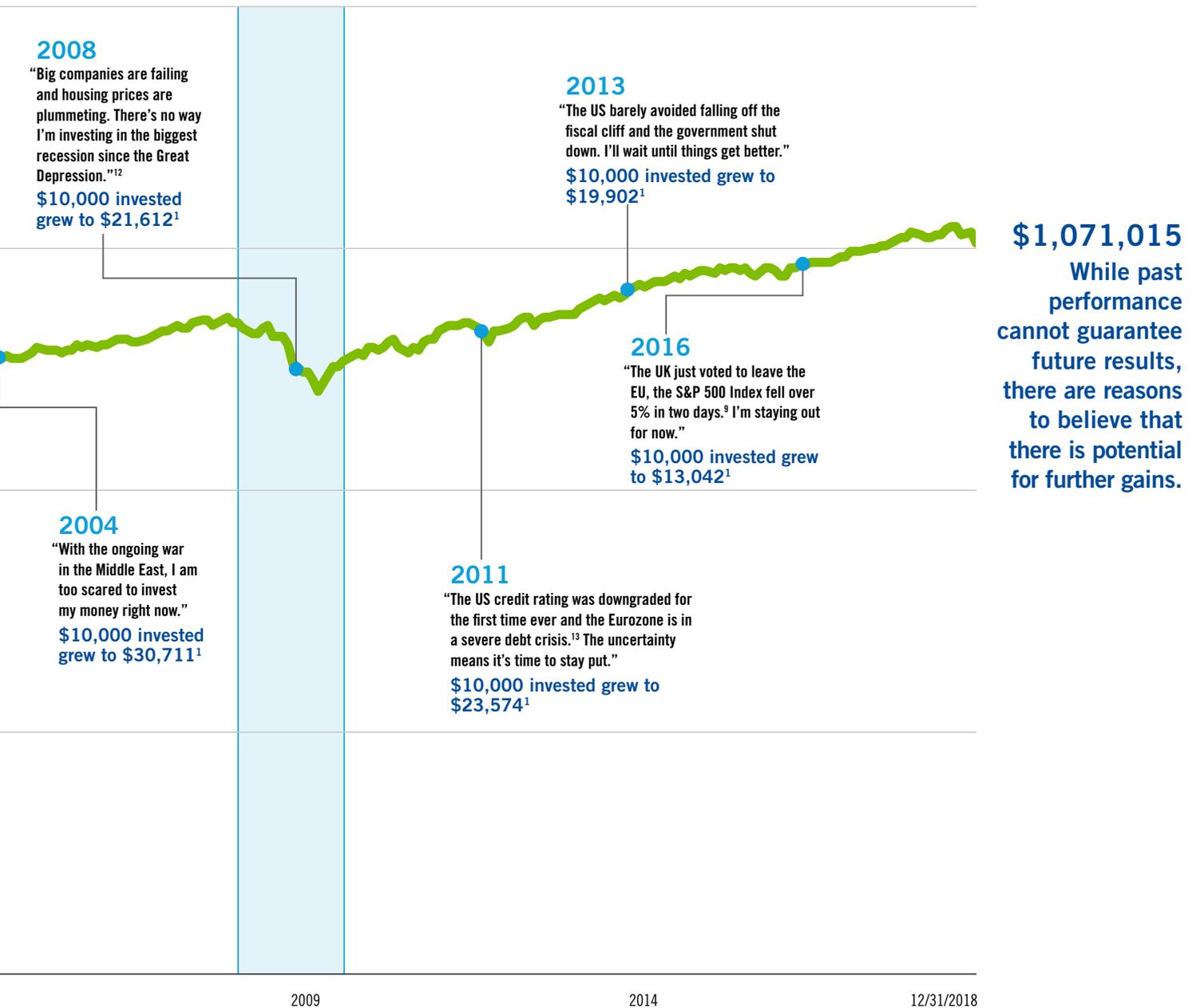
*The unmanaged S&P 500 Index represents the US stock market and is used for illustrative purposes only. It does not reflect the performance of any Franklin Templeton fund. One cannot invest directly in an index. All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. **Past performance does not guarantee future results.***

The stock market in general is forward-looking—it moves in anticipation of expected events. Because of this, market recoveries often start before a recession is officially over, as can be seen in the chart below. In fact, on average, stocks hit bottom four months before a recession has ended.⁵ Of course, past performance cannot guarantee future results.



1. Assumes a \$10,000 investment made on 31/12 of the prior year that is held through 31/12/2018. Index returns do not reflect any fees, expenses or sales charges.
 2. Sources: Federal Reserve Bank of St. Louis (FRED), © 2019 Morningstar, Inc.
 3. Sources: © 2019 Morningstar, Inc., US Bureau of Labor Statistics.
 4. Source: Federal Reserve.
 5. Source: Standard and Poor's, FactSet, © 2019 Morningstar.
 6. Source: US Bureau of Labor Statistics.
 7. Source: FactSet, DJIA daily index close as of 19/10/1987.

Despite short-term ups and downs, over the long term the stock market has trended up. And often the best buying opportunities were when things still seemed quite bleak. By waiting for the perfect time to start investing, you may be too late.



8. Sources: National Bureau of Economic Research, Federal Deposit Insurance Corporation (FDIC).

9. Source: © 2019 Morningstar, Inc. Bonds are represented by the Bloomberg Barclays US Aggregate Bond Index.

10. Source: FactSet.

11. Source: © 2019 Morningstar, Inc.

12. Sources: Case-Shiller, US Bureau of Economic Analysis. Housing prices are represented by the S&P/Case-Shiller Composite-20 Home Price Index.

13. Source: Standard & Poor's, *United States of America Long-Term Rating Lowered To 'AA+' On Political Risks And Rising Debt Burden; Outlook Negative.*

Pullbacks are Normal

Consistently predicting when the US stock market declines or rallies will happen, or how long they are going to last, is impossible. While no one looks forward to market volatility, a historical perspective on the frequency and severity of past drops can provide a valuable perspective. The table to the right shows how frequently stock market declines of various amounts have occurred over the 50-year period ended 31 December 2018.¹⁴

US Market Decline	Average Frequency
5% or more	EVERY 10 MONTHS
10% or more	EVERY 2 YEARS
15% or more	EVERY 4 YEARS
20% or more	EVERY 8 YEARS
25% or more	EVERY 8 YEARS
30% or more	EVERY 10 YEARS

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

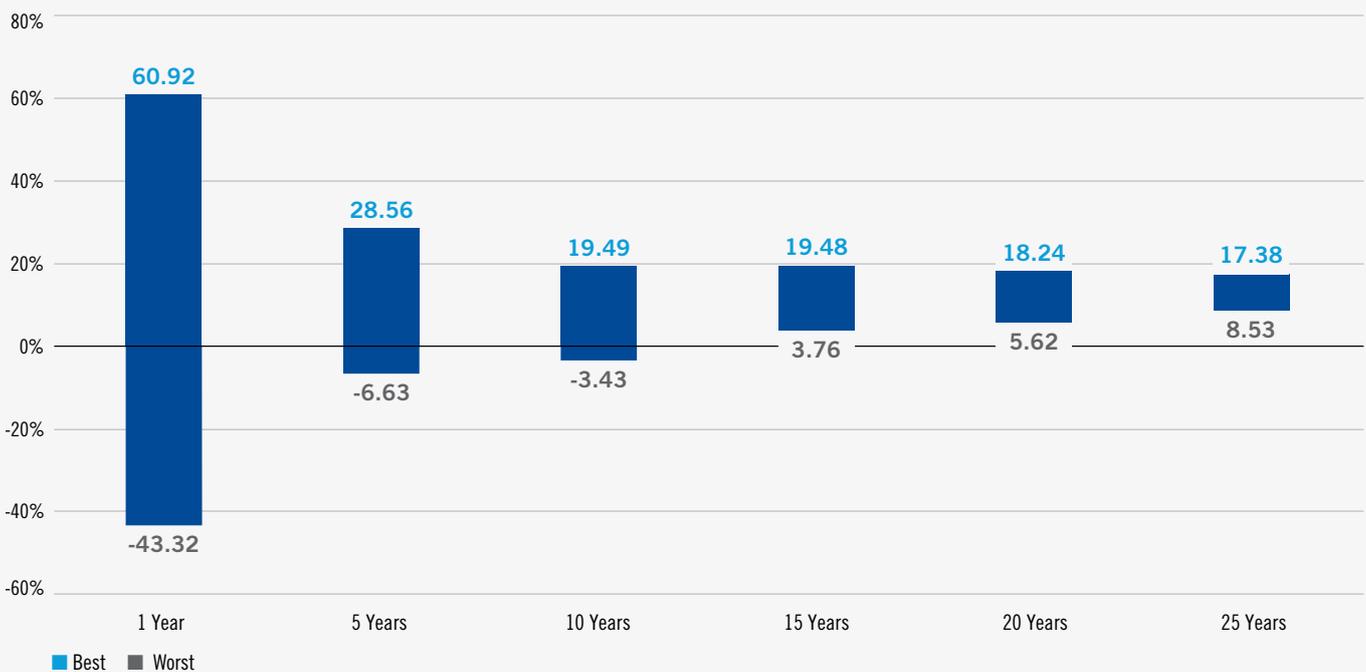
Past performance is not an indicator nor a guarantee of future performance.

It's Time in the Market, Not Timing the Market

Buying stocks at market bottoms and selling only when prices are high is difficult, if not impossible. A useful strategy may be to focus on your investment goals, your risk tolerance and how long you plan to invest. Over the 50-year period ended 31 December 2018, the US stocks (S&P 500 Index) have averaged a 9.79% one-year return.¹⁴ But you can't expect that return every year. The chart below shows how the longer you were invested, the less likely you were to experience negative returns, and the more likely you were to experience an overall return closer to the long-term average.

Range of Average Annual Total Returns for the S&P 500 Index¹⁴

Monthly rolling periods from 31 December 1968–31 December 2018



This chart is for illustrative purposes only and does not reflect the performance of any Franklin Templeton fund. Indexes are unmanaged and one cannot invest directly in an index. Index returns do not reflect any fees, expenses or sales charges.

Past performance is not an indicator nor a guarantee of future performance.

For more information on the importance of long-term investing and how to deal with market volatility, contact your financial advisor before making any changes to your portfolio.

¹⁴ Sources: © 2019 Morningstar, Standard and Poor's. The US stock market is represented by the S&P 500 Index.

IMPORTANT INFORMATION

This material is intended to be of general interest only and should not be construed as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy. It does not constitute legal or tax advice.

The views expressed are those of the investment manager and the comments, opinions and analyses are rendered as at publication date and may change without notice. The information provided in this material is not intended as a complete analysis of every material fact regarding any country, region or market.

All investments involve risks, including possible loss of principal.

Data from third party sources may have been used in the preparation of this material and Franklin Templeton Investments ("FTI") has not independently verified, validated or audited such data. FTI accepts no liability whatsoever for any loss arising from use of this information and reliance upon the comments opinions and analyses in the material is at the sole discretion of the user.

Products, services and information may not be available in all jurisdictions and are offered outside the U.S. by other FTI affiliates and/or their distributors as local laws and regulation permits. Please consult your own professional adviser for further information on availability of products and services in your jurisdiction.

Australia: Issued by Franklin Templeton Investments Australia Limited (ABN 87 006 972 247) (Australian Financial Services License Holder No. 225328), Level 19, 101 Collins Street, Melbourne, Victoria, 3000. **Austria/Germany:** FTIS Branch Frankfurt/Main, Mainzer Landstr. 16, 60325 Frankfurt/Main, Germany. Tel: +49 (0) 69/27223-557, Fax: +49 (0) 69/27223-622, institutional@franklintempleton.de. **Netherlands:** Franklin Templeton International Services S.à r.l., Dutch Branch, World Trade Center Amsterdam, H-Toren, 5e verdieping, Zuidplein 36, 1077 XV Amsterdam, Netherlands. Tel: +31 (0) 20 575 2890. **Dubai:** Issued by Franklin Templeton Investments (ME) Limited, authorized and regulated by the Dubai Financial Services Authority. Dubai office: Franklin Templeton Investments, The Gate, East Wing, Level 2, Dubai International Financial Centre, P.O. Box 506613, Dubai, U.A.E., Tel: +9714-4284100 Fax: +9714-4284140. **France:** Issued by Franklin Templeton France S.A., 20, rue de la Paix, 75002 Paris, France. **Hong Kong:** Issued by Franklin Templeton Investments (Asia) Limited, 17/F, Chater House, 8 Connaught Road Central, Hong Kong. **Italy:** Issued by Franklin Templeton International Services S.à r.l. – Italian Branch, Corso Italia, 1 – Milan, 20122, Italy. **Japan:** Issued by Franklin Templeton Investments Japan Limited. **Korea:** Issued by Franklin Templeton Investment Trust Management Co., Ltd., 3rd fl., CCMM Building, 12 Youido-Dong, Youngdungpo-Gu, Seoul, Korea 150-968. **Luxembourg/Benelux:** Issued by Franklin Templeton International Services S.à r.l. – Supervised by the *Commission de Surveillance du Secteur Financier* – 8A, rue Albert Borschette, L-1246 Luxembourg – Tel: +352-46 66 67-1 – Fax: +352-46 66 76. **Malaysia:** Issued by Franklin Templeton Asset Management (Malaysia) Sdn. Bhd. & Franklin Templeton GSC Asset Management Sdn. Bhd. **Poland:** Issued by Templeton Asset Management (Poland) TFI S.A.; Rondo ONZ 1; 00-124 Warsaw. **Romania:** Issued by Bucharest branch of Franklin Templeton Investment Management Limited ("FTIML") registered with the Romania Financial Supervisory Authority under no. PJM01SFIM/400005/14.09.2009, and authorized and regulated in the UK by the Financial Conduct Authority. **Singapore:** Issued by Templeton Asset Management Ltd. Registration No. (UEN) 199205211E. 7 Temasek Boulevard, #38-03 Suntec Tower One, 038987, Singapore. **Spain:** FTIS Branch Madrid, Professional of the Financial Sector under the Supervision of CNMV, José Ortega y Gasset 29, Madrid, Spain. Tel: +34 91 426 3600, Fax: +34 91 577 1857. **South Africa:** Issued by Franklin Templeton Investments SA (PTY) Ltd which is an authorised Financial Services Provider. Tel: +27 (21) 831 7400, Fax: +27 (21) 831 7422. **Switzerland:** Issued by Franklin Templeton Switzerland Ltd, Stockerstrasse 38, CH-8002 Zurich. **UK:** Issued by Franklin Templeton Investment Management Limited (FTIML), registered office: Cannon Place, 78 Cannon Street, London EC4N 6HL. Tel +44 (0)20 7073 8500. Authorized and regulated in the United Kingdom by the Financial Conduct Authority. **Nordic regions:** Issued by Franklin Templeton International Services S.à r.l., Contact details: Franklin Templeton International Services S.à r.l., Swedish Branch, filial, Blasieholmsgatan 5, SE-111 48, Stockholm, Sweden. Tel +46 (0)8 545 012 30, nordicinfo@franklintempleton.com, authorised in the Luxembourg by the *Commission de Surveillance du Secteur Financier* to conduct certain financial activities in Denmark, in Sweden, in Norway, in Iceland and in Finland. Franklin Templeton International Services S.à r.l., Swedish Branch, filial conducts activities under supervision of Finansinspektionen in Sweden. **Offshore Americas:** In the U.S., this publication is made available only to financial intermediaries by Templeton/Franklin Investment Services, 100 Fountain Parkway, St. Petersburg, Florida 33716. Tel: (800) 239-3894 (USA Toll-Free), (877) 389-0076 (Canada Toll-Free), and Fax: (727) 299-8736. Investments are not FDIC insured; may lose value; and are not bank guaranteed. Distribution outside the U.S. may be made by Templeton Global Advisors Limited or other sub-distributors, intermediaries, dealers or professional investors that have been engaged by Templeton Global Advisors Limited to distribute shares of Franklin Templeton funds in certain jurisdictions. This is not an offer to sell or a solicitation of an offer to purchase securities in any jurisdiction where it would be illegal to do so.

Please visit www.franklinresources.com to be directed to your local Franklin Templeton website.



**FRANKLIN
TEMPLETON**

Franklin Templeton Funds Offshore
100 Fountain Parkway
St. Petersburg, FL 33716
www.templetonoffshore.com