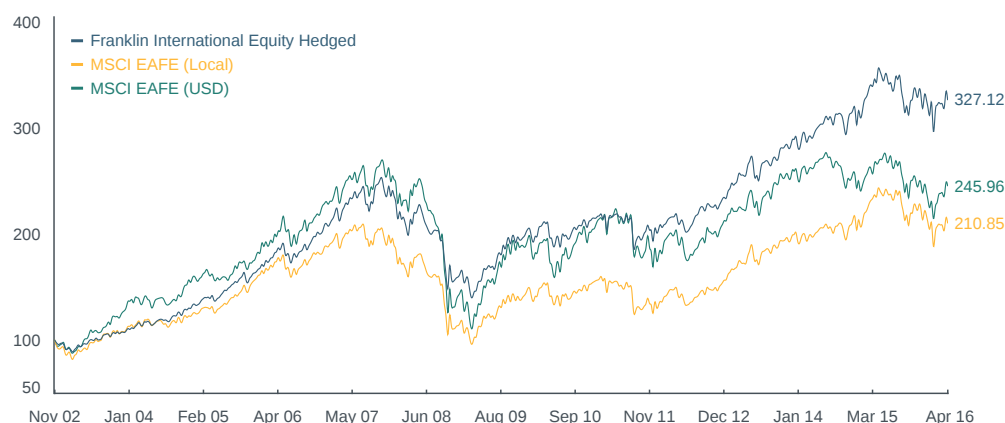


# FRANKLIN INTERNATIONAL EQUITY HEDGED INDEX (USD)

The Franklin International Equity Hedged Index is designed to represent a close estimation of the performance that can be achieved by hedging the currency exposures of its parent index, the Franklin International Equity Index, to the US Dollar, the “home” currency for the hedged index. The Franklin International Equity Index is based on the MSCI EAFE Index, its parent index, which includes large and mid-cap stocks across 21 Developed Market (DM) countries\* excluding the US and Canada. It is designed to reflect the performance of a strategy that seeks exposure to four factors: Quality, Value, Momentum and Low Volatility.

## CUMULATIVE INDEX PERFORMANCE - NET RETURNS (USD) (NOV 2002 – APR 2016)



## ANNUAL PERFORMANCE (%)

Year	Franklin International Equity Hedged	MSCI EAFE (Local)	MSCI EAFE (USD)
2015	6.18	5.33	-0.81
2014	8.41	5.92	-4.90
2013	23.84	26.93	22.78
2012	13.49	17.31	17.32
2011	-2.97	-12.15	-12.14
2010	4.81	4.82	7.75
2009	24.16	24.72	31.78
2008	-32.24	-40.27	-43.38
2007	14.87	3.54	11.17
2006	24.69	16.46	26.34
2005	25.72	29.00	13.54
2004	21.58	12.67	20.25
2003	13.09	20.28	38.59

## INDEX PERFORMANCE — NET RETURNS (%) (APR 29, 2016)

	1 Mo	3 Mo	1 Yr	YTD	ANNUALIZED			
					3 Yr	5 Yr	10 Yr	Since Nov 29, 2002
Franklin International Equity Hedged	1.33	1.56	-5.73	-1.99	7.19	8.30	5.71	9.23
MSCI EAFE (Local)	1.25	0.51	-11.08	-5.35	5.37	6.06	1.80	5.71
MSCI EAFE (USD)	2.90	7.58	-9.32	-0.20	1.48	1.69	1.61	6.93

## INDEX RISK AND RETURN CHARACTERISTICS (NOV 29, 2002 – APR 29, 2016)

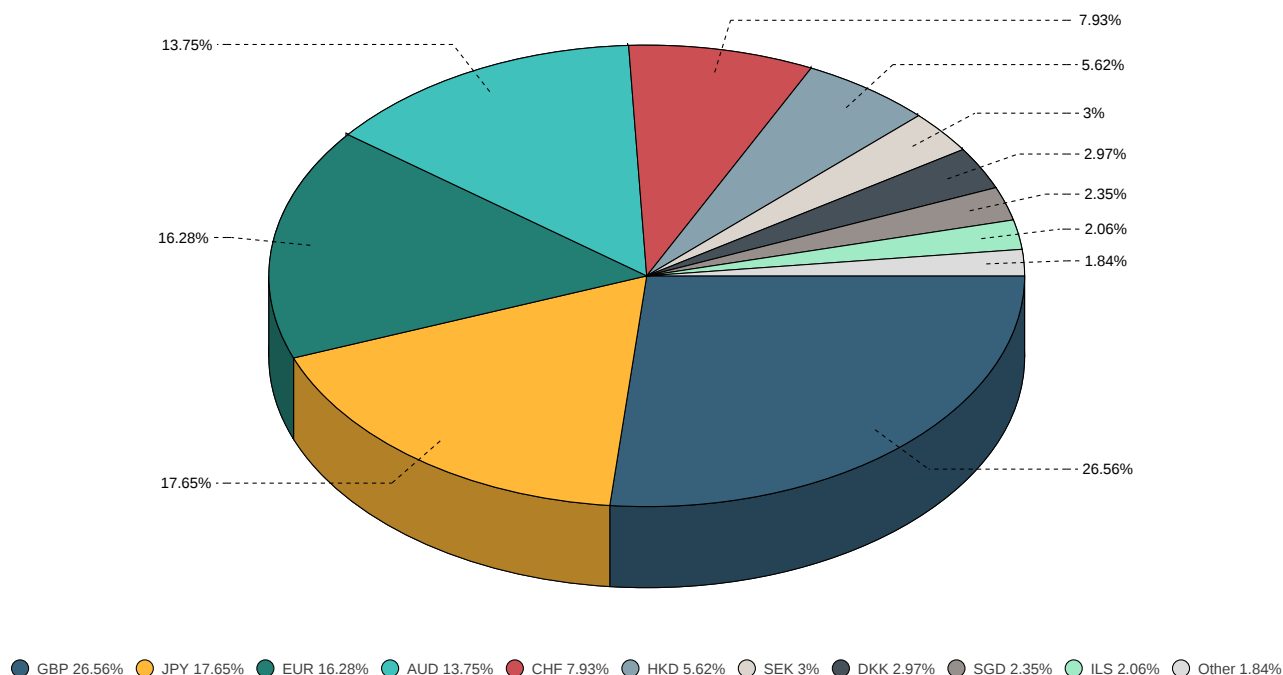
	ANNUALIZED STD DEV (%) <sup>1</sup>			SHARPE RATIO <sup>1, 2</sup>			Since Nov 29, 2002	MAXIMUM DRAWDOWN	
	3 Yr	5 Yr	10 Yr	3 Yr	5 Yr	10 Yr		(%)	Period YYYY-MM-DD
Franklin International Equity Hedged	10.12	9.97	12.29	0.72	0.83	0.40	0.69	45.89	2007-10-29—2009-03-06
MSCI EAFE (Local)	11.77	12.57	15.02	0.49	0.51	0.11	0.35	55.39	2007-07-16—2009-03-09
MSCI EAFE (USD)	13.38	15.36	18.60	0.16	0.17	0.11	0.39	60.41	2007-10-31—2009-03-09

<sup>1</sup> Based on monthly net returns data

<sup>2</sup> Based on BBA LIBOR 1M

\* DM countries include: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

The Franklin International Equity Hedged Index was launched on Apr 18, 2016. Data prior to the launch date is back-tested data (i.e. calculations of how the index might have performed over that time period had the index existed). There are frequently material differences between back-tested performance and actual results. Past performance -- whether actual or back-tested -- is no indication or guarantee of future performance.

**CURRENCY WEIGHTS ( APR 29, 2016 )****INDEX METHODOLOGY**

The Franklin International Equity Index aims to capture the style factors with a simple and transparent methodology that ensures reasonably high trading liquidity and investment capacity of the constituent companies, as well as moderate index turnover. A style factor z-score for each security is calculated by combining region relative z-scores of the underlying descriptors. A region relative z-score is computed for an underlying descriptor by standardizing the individual descriptor z-scores within specific sector groups for each region. The composite factor z-score is then computed by custom weighting the style factors z-score. The Franklin Global Equity Index is constructed with a fixed number of securities approach. All the constituents of the Parent Index are ranked based on their composite factor z-score and 250 securities with the highest rank are selected. The securities included are weighted by the product of their market cap weight in the parent index and their composite factor score. Issuer weights are capped at 2%. The Franklin International Equity Index is rebalanced on a semi-annual basis, as of the close of the last business day of May and November.

**ABOUT MSCI**

For more than 40 years, MSCI's research-based indexes and analytics have helped the world's leading investors build and manage better portfolios. Clients rely on our offerings for deeper insights into the drivers of performance and risk in their portfolios, broad asset class coverage and innovative research. Our line of products and services includes indexes, analytical models, data, real estate benchmarks and ESG research. MSCI serves 98 of the top 100 largest money managers, according to the most recent P&I ranking. For more information, visit us at [www.msci.com](http://www.msci.com).

The information contained herein (the "Information") may not be reproduced or disseminated in whole or in part without prior written permission from MSCI. The Information may not be used to verify or correct other data, to create indexes, risk models, or analytics, or in connection with issuing, offering, sponsoring, managing or marketing any securities, portfolios, financial products or other investment vehicles. Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information or MSCI index or other product or service constitutes an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy. Further, none of the Information or any MSCI index is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. The Information is provided "as is" and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information. NONE OF MSCI INC. OR ANY OF ITS SUBSIDIARIES OR ITS OR THEIR DIRECT OR INDIRECT SUPPLIERS OR ANY THIRD PARTY INVOLVED IN THE MAKING OR COMPILING OF THE INFORMATION (EACH, AN "MSCI PARTY") MAKES ANY WARRANTIES OR REPRESENTATIONS AND, TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH MSCI PARTY HEREBY EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING ANY OF THE FOREGOING AND TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT SHALL ANY OF THE MSCI PARTIES HAVE ANY LIABILITY REGARDING ANY OF THE INFORMATION FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL (INCLUDING LOST PROFITS) OR ANY OTHER DAMAGES EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. The foregoing shall not exclude or limit any liability that may not be applicable by law be excluded or limited.

© 2016 MSCI Inc. All rights reserved.