

Bear market weighing you down?



A history of previous bear markets

Period	Through	# of Months	Period Decline
April 1956	January 1958	21	-24%
August 1959	September 1960	13	-16%
September 1961	October 1962	13	-14%
April 1965	September 1966	17	-14%
May 1969	June 1970	13	-12%
April 1971	October 1971	6	-13%
October 1973	November 1974	13	-33%
August 1975	October 1975	3	-11%
May 1976	November 1976	6	-13%
June 1981	June 1982	12	-39%
December 1983	July 1984	6	-14%
August 1987	November 1987	3	-25%
January 1990	October 1990	9	-20%
April 1998	September 1998	4	-27%
September 2000	September 2001	14	-38%
March 2002	March 2003	12	-18%

The bear facts

	Correction (-10% to -20%)	Bear Market (more than -20%)
Number of times since 1954	10	6
Average frequency	1 every 5 years	1 every 9 years
Last time this happened	March 2002	September 2000
Average loss during decline	-15%	-31%
Average duration	10 months	11 months

Source: FactSet Research Systems, S&P/TSX as of December 31, 2007

Bear markets have historically led to new opportunities...



Remember... the bulls have a tendency to charge back!

S&P 500—bull and bear markets—1960 to 2007

Bear Market Period	Length of Bear	Bear Decline		Bull Market Period	Length of Bull	Bull Rise
May 65—Sep 66	17 mos.	-10%	→	Oct 66—Nov 68	26 mos.	52%
Dec 68—Jun 70	19 mos.	-29%	→	Jul 70—Dec 72	30 mos.	76%
Jan 73—Dec 74	24 mos.	-37%	→	Jan 75—Dec 76	24 mos.	70%
Jan 77—Feb 78	14 mos.	-14%	→	Mar 78—Nov 80	33 mos.	87%
Dec 80—Jul 82	19 mos.	-17%	→	Aug 82—Aug 89	86 mos.	335%
Sep 89—Oct 90	14 mos.	-10%	→	Nov 90—Aug 00	118 mos.	526%
Sep 00—Sep 02	25 mos.	-45%	→	Oct 02—Oct 07	60 mos.	66%
Nov 07—	?	?	→	Unknown	?	?
Average	19 mos.	-23%	→	Average	54 mos.	173%

Source: FactSet Research Systems, S&P 500 in US\$ as of December 31, 2007

Stay Focused

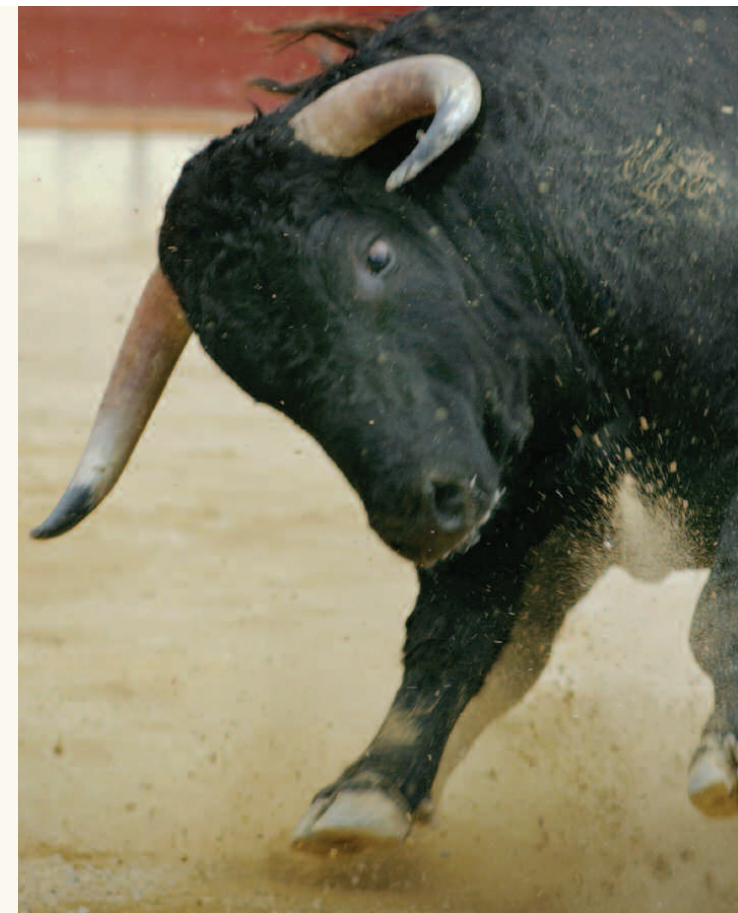
Don't let a bear market make you lose sight of long-term investment returns

Stay Invested

Missing the best days of a bull market can drastically reduce your long-term returns

Stay Diversified

A diversified portfolio is a key strategy to participate in bull markets across different sectors, industries and geographic regions



Contact your investment advisor to learn how to make market volatility work for you or visit www.franklintempleton.ca



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