



Franklin Intermediate Municipal SMA – National

Sample Portfolio Holdings

Investment Philosophy

Investing in coupon-bearing bonds can provide a steady stream of income and is intended to give our clients a high level of tax-free income consistent with preservation of capital.

Investment Process

The SMA municipal bond team evaluates the structure and liquidity of municipal bonds and conducts in depth credit analysis to identify attractive investment opportunities. Based on these research results, portfolio managers construct portfolios that seek high income with lower relative risk, independent of interest rate movements. We invest in issues that are generally:

- High in credit quality;
- Allocated across maturities of 5 to 15 years;
- Essential service revenue or general obligation bonds;
- Offering attractive call protection for a given price and coupon;
- Able to offer good liquidity.

SAMPLE PORTFOLIO HOLDINGS¹

Portfolio Weight ²	State	Description	Sector	Coupon	Stated Maturity	Call Date	Quality ³	Enhanced ⁴
8.41%	TX	UNIV OF TEXAS SYS BOR	HGR	5.00%	8/15/2025	N/A	AAA	N
8.55%	SC	BERKELEY CNTY	WTR	5.00%	6/1/2026	N/A	AA	N
8.28%	UT	SALT LAKE CO	GOB	5.00%	12/15/2027	N/A	AAA	N
8.28%	WA	PIERCE CO WABREF	GOB	5.00%	8/1/2028	N/A	AA	N
8.38%	CO	ARAPAHOE CO WTRREF	WTR	5.00%	12/1/2028	N/A	AA	N
8.51%	VA	ARLINGTON CO VA	GOB	5.00%	6/15/2029	N/A	AAA	N
8.11%	NJ	NEW JERSEY EDUCTNL	HGR	5.00%	7/1/2030	7/1/2027	AAA	N
8.29%	MN	MINNEAPOLIS SPL SD #1	SCD	5.00%	2/1/2031	2/1/2029	AAA	Y
8.22%	UT	UT STBREF	HGR	4.00%	12/1/2032	6/1/2029	AA	N
8.30%	TX	SAN ANTONIO TX ELEC &	UTL	5.00%	2/1/2033	2/1/2030	AA	N
8.14%	IN	INDIANAPOLIS IN LOCAL	BBK	5.00%	1/1/2034	1/1/2029	AAA	N
8.53%	DC	WASHINGTON DC METB	TRN	5.00%	7/1/2035	7/1/2027	AA	N

The information provided is not a recommendation to purchase, sell or hold any particular security. There is no assurance that securities purchased will remain in an account's portfolio, or that securities sold will not be repurchased. Please see Important Information slide for more information.

1. Based on the Franklin Intermediate Municipal Fixed Income SMA-National model portfolio, representative of the investment strategy. The model portfolio represents the estimated allocation that would be used for new accounts coming in updated as of the end of each calendar quarter. The securities used in developing this model portfolio do not reflect actual purchases in an account and may not reflect the impact that material economic and market factors might have had on decision making if Franklin Separately Managed Accounts were actually managing the account. The allocation of existing accounts may differ from the allocation used for new accounts due to differences in the timing of purchases and sales, changes in the purchase and sell list during the course of a quarter, general market conditions, and factors specific to each existing account due to client considerations.

2. Figures may not total 100% due to rounding and/or cash.

3. Quality Weightings: Ratings shown are assigned by one or more Nationally Recognized Statistical Credit Rating Organizations ("NRSRO"), such as Standard & Poor's, Moody's and Fitch. The ratings are one potential indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the top rating is used; when two are available, the higher rating is used; and when only one is available, that rating is used. The AA category includes unrated cash equivalents maturing in 7 days or less. **Past performance is not an indicator or a guarantee of future performance.**

4. Enhanced securities are those that receive any form of additional credit support such as from an insurance company, bank or other foreigner domestic entity including state governments. They may receive backing by letters of credit, guarantees, or escrow or trust accounts to potentially secure the payment of principal and interest. Insured securities are generally covered by policies issued by municipal bond insurers rated BBB or higher, at time of purchase. Franklin Separately Managed Accounts are not insured by any US or other government agency.

DISCLOSURE

All investments involve risks, including possible loss of principal. Before investing in municipal bonds, you should understand the risks involved, including interest rate risk, credit risk and market risk. Because municipal bonds are sensitive to interest rate movements, a portfolio's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds adjust to a rise in interest rates, a portfolio's value may decline. Portfolios investing principally in a single state are subject to greater risk of adverse economic and regulatory changes in that state than a geographically diversified portfolio. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. A portfolio may invest a significant part of its assets in municipal securities that finance similar types of projects, such as utilities, hospitals, higher education and transportation. A change that affects one project would likely affect all similar projects, thereby increasing market risk. The value of the portfolio will fluctuate based on the value of the underlying securities, and you may lose some or all of your principal. Please contact your tax advisor regarding the suitability of tax-exempt investments in your portfolio, the applicability of local taxes and the Alternative Minimum Tax to municipal bond income, and any gains or losses on sales prior to maturity.

This piece summarizes certain information regarding the structure of a Franklin portfolio and the types of bonds currently being purchased by Franklin Separately Managed Accounts for the Franklin Intermediate Municipal SMA strategy, and any state of residence customizations selected by the prospect and/or the prospect's financial advisor. It does not reflect an actual Franklin Templeton portfolio (although securities included may be included in such portfolios). Actual bonds in a portfolio are subject to availability of bonds at the time of purchase as well as the dollar amount invested by the client. This sample is not intended to serve as a list of bonds that will be in the client's portfolio, but rather as a tool to demonstrate portfolio characteristics. Ratings are provided for the date shown and may materially differ from current data.

The holdings of an actual account managed by Franklin Templeton may vary materially from a prospective client's current holdings. This information is provided for discussion purposes only and does not represent investment advice of any kind or securities recommendations and is subject to change without notice. It should not be assumed that investments in the securities identified were or will be profitable. Certain information has been provided by third party sources which we believe to be reliable, but not guaranteed for accuracy or completeness.

Franklin Separately Managed Accounts is a division of Franklin Templeton Portfolio Advisors, Inc., a subsidiary of Franklin Resources, Inc. and is a unit of the broader Franklin organization.

Additional information regarding the firm's policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. To receive a complete list of composite descriptions and/or a performance presentation that adheres for any composite, contact your Franklin Templeton Portfolio Advisors representative at 1-800-822-8464.

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**FRANKLIN
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One Franklin Parkway
San Mateo, CA 94403-1906
(800) 822-8464
franklintempleton.com