



A smarter approach to US equity investing

[Franklin US Equity Index](#)



It is not possible to invest directly in an index

Not FDIC Insured | No Bank Guarantee | May Lose Value

What is the Franklin US Equity Index?

Developed by the quantitative investment experts at Franklin Templeton, the Franklin US Equity Index is a rules-based quantitative index that invests in high-quality US large-cap stocks. With a targeted approach that seeks to deliver strong risk-adjusted returns while limiting downside exposure, it helps provide the confidence to stay invested in the US stock market and harness its full long-term growth potential.



The index's design provides exposure to three powerful benefits:



Smarter approach

The index targets the factors our proprietary research has shown to be the most reliable indicators of a stock's future performance and uses them to select attractively valued stocks poised for strong performance.



Downside mitigation

After a loss, it takes a greater gain to fully recover. Because the index seeks to minimize losses in times of market volatility, it is better positioned to provide higher total returns as market conditions stabilize.



Consistent returns

Designed to minimize drawdowns and lower overall volatility, the index positions investors to pursue long-term growth and have the confidence to stay invested for the future.



Smarter approach

Investing in the US stock market is one of the most effective ways to save for the future. Many strategies follow traditional market-cap-weighted indices that offer a market snapshot. But is casting a wide net the smartest way to invest?

The Franklin US Equity Index was designed to outpace traditional indices. It selects only the highest-quality US large-cap stocks, based on factors that our proprietary research has determined to be the most reliable indicators of future performance. The index can also periodically add or remove a stock, so it can better navigate evolving markets.

1 Investment universe

Starts with broad-based market-cap weighted index.

Russell 1000® Index

2 Application of custom factor weights and definitions

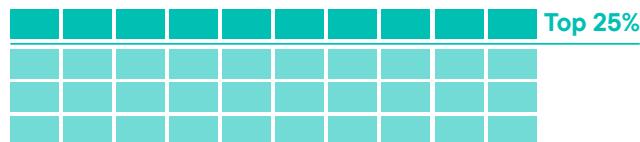
Our proprietary research identifies a strategic mix of factors that is designed to provide stronger risk-adjusted returns than market-cap weighted indices over time.



Each stock receives a score that is representative of its strength across these four factors (a "factor score") and stocks are ranked by this score.

3 Index construction

Once the top 25% stocks from the investment universe are selected, their weight in the new index is partially determined by their factor score. Each stock's weight is capped at 2% and the index is rebalanced semi-annually.



Franklin US Equity Index

Quality
Value
Momentum
Low vol

What is a factor?

Think of a factor as a DNA marker of an investment that causes it to respond to certain events, driving it to behave the way it does over time.

For illustrative and discussion purposes only. It is not possible to invest directly in an index.



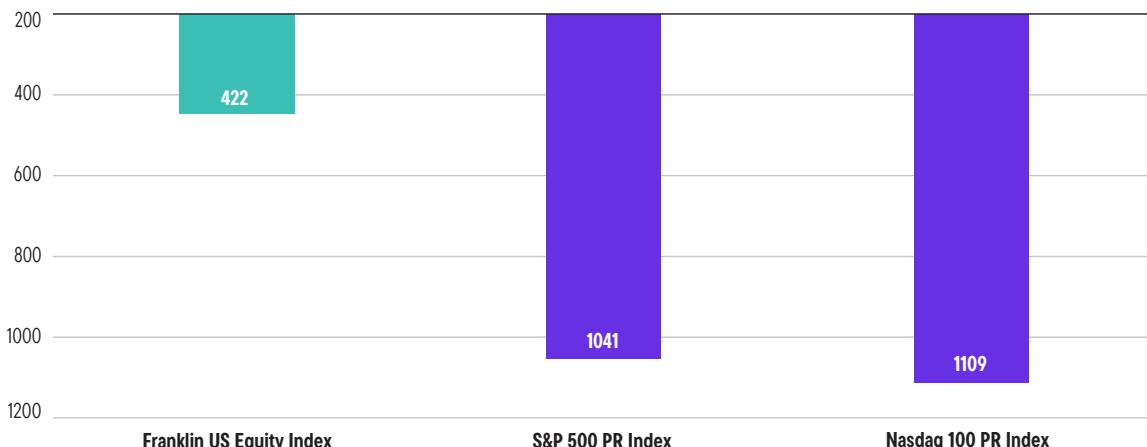
Downside mitigation

After a loss, it takes a greater gain to fully recover, so it's crucial to minimize losses in the first place. That's why the Franklin US Equity Index aims to provide strong downside mitigation in times of market volatility. It's a strategy with proven results.

Better downside mitigation

Backtested rolling daily 1 year losses greater than -10%¹

June 30, 1998 to December 31, 2024

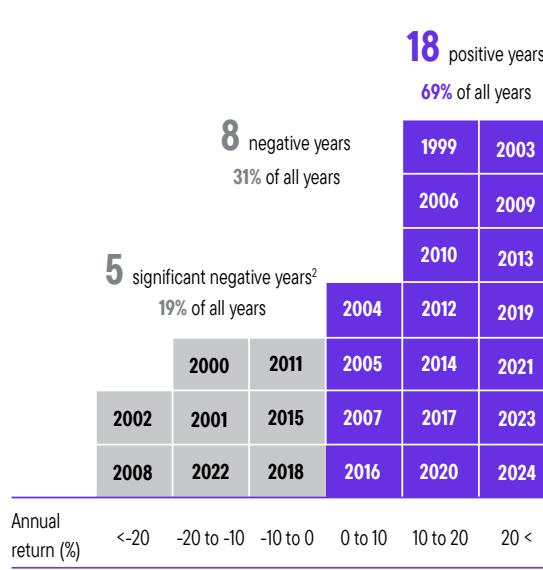
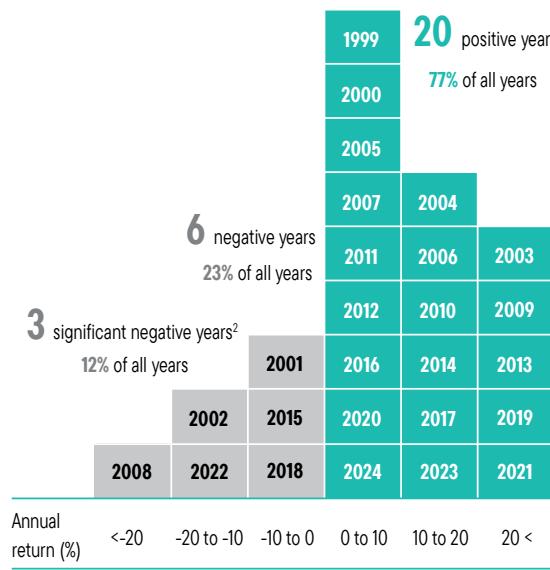


The Franklin US Equity Index has **half as many daily 1-year losses** as traditional indices.

Less downside means more upside

Backtested annual dispersion of returns

January 1, 1999 to December 31, 2024



The Franklin US Equity Index also has **fewer down years and more positive years** than the S&P 500.

1. Backtested rolling daily 1-year returns of Franklin US Equity Index vs. S&P 500 PR Index and Nasdaq 100 PR Index.

2. Significant negative years defined as performance less than -10%.

Source: Bloomberg. The Franklin US Equity Index is a price return index. All information for the index prior to its launch date is backtested, based on the methodology that was in effect on the **launch date of December 16, 2016**. Backtested performance, which is subject to inherent limitations because it reflects application of an index methodology and selection of index constituents in hindsight. No theoretical approach can take into account all of the factors in the markets in general and the impact of decisions that might have been made during the actual operation of an index. Actual returns may differ from, and be lower than, backtested returns. The performance data does not reflect the deduction of any fees/charges and assumes reinvestment of interest or dividends. **Past performance information is not indicative or a guarantee of future results.**



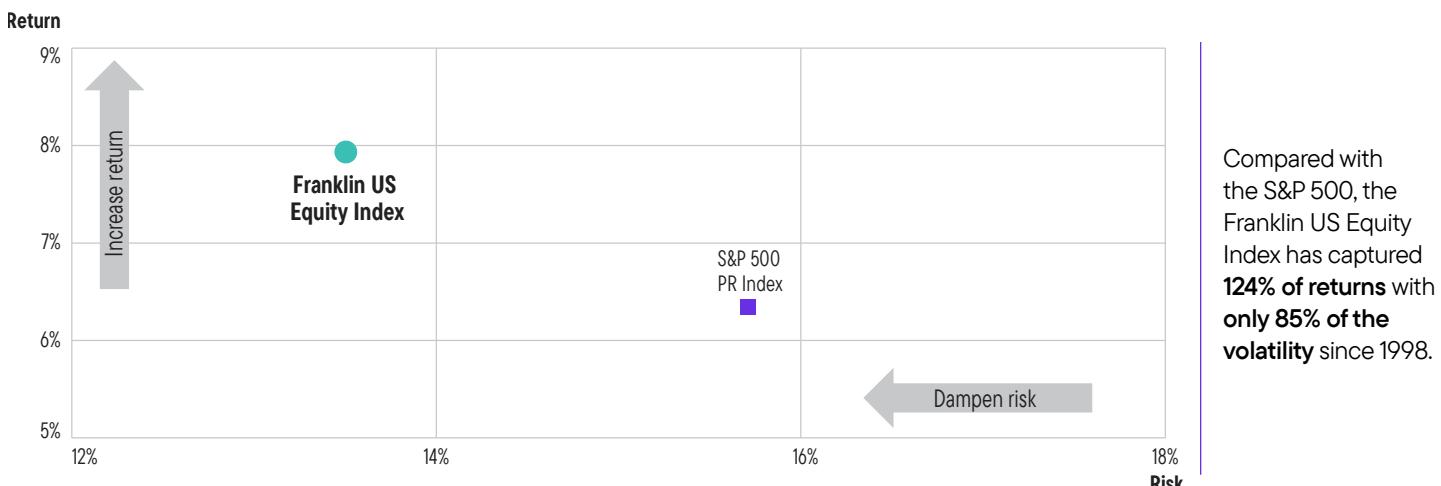
Consistent returns

The quest for lower risk can often come at the expense of returns. But the Franklin US Equity Index aims to achieve both—maximizing gains while minimizing volatility. For more than 20 years, we've captured a better risk-return balance than the S&P 500.

Maximized gains, minimized volatility

Backtested risk/return profile

June 30, 1998 to December 31, 2024

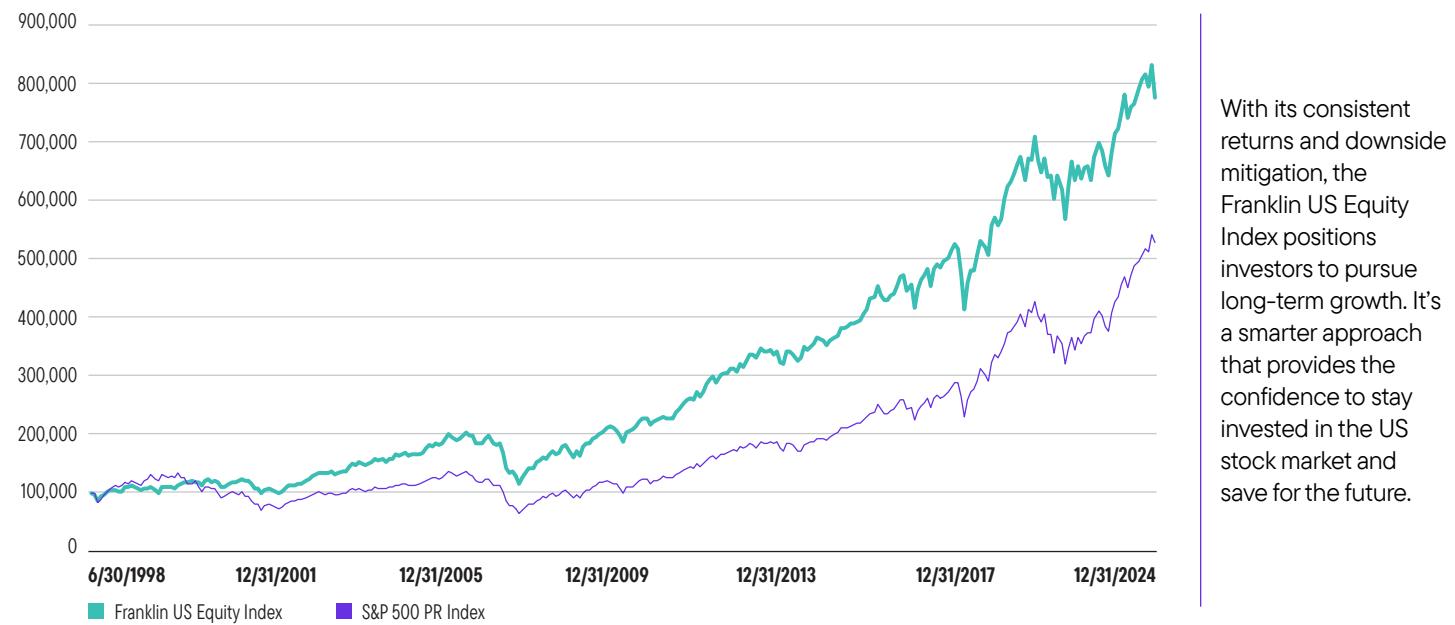


Compared with the S&P 500, the Franklin US Equity Index has captured **124% of returns** with **only 85% of the volatility** since 1998.

Higher quality means higher performance

Backtested cumulative performance

June 30, 1998 to December 31, 2024



With its consistent returns and downside mitigation, the Franklin US Equity Index positions investors to pursue long-term growth. It's a smarter approach that provides the confidence to stay invested in the US stock market and save for the future.

As of December 31, 2024.

Source: Bloomberg. The Franklin US Equity Index is a price return index. All information for the index prior to its launch date is backtested, based on the methodology that was in effect on the **launch date of December 16, 2016**. Backtested performance, which is subject to inherent limitations because it reflects application of an index methodology and selection of index constituents in hindsight. No theoretical approach can take into account all of the factors in the markets in general and the impact of decisions that might have been made during the actual operation of an index. Actual returns may differ from, and be lower than, backtested returns. The performance data does not reflect the deduction of any fees/charges and assumes reinvestment of interest or dividends. **Past performance information is not indicative or a guarantee of future results.**

For more information about the Franklin US Equity Index:



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www.franklinusequityindex.com

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The Index is a price return index.

Backtesting and other statistical analysis material that is provided in connection with the Index use simulated analysis and hypothetical circumstances to estimate how it may have performed prior to its actual existence. The results obtained from "backtesting" information should not be considered indicative of the actual results that might be obtained from an investment or participation in a financial instrument or transaction referencing the Index. Neither Franklin nor FTSE Russell provide assurance or guarantee that the products linked to the Index will operate or would have operated in the past in a manner consistent with these materials. The hypothetical historical levels have inherent limitations. Alternative simulations, techniques, modeling or assumptions might produce significantly different results and prove to be more appropriate. Actual results will vary, perhaps materially, from the simulated returns presented in this document.

The hypothetical performance information presented herein does not reflect the results of actual trading and calculation of the Index levels and performance do not reflect the fees and expenses that an investor would pay. These fees and expenses would cause the actual and backtested performance of the Index to be lower. For example, if an investor invested \$100,000 in an investment product that returned 10% (\$10,000 in gains) over a 12-month period and was charged an asset-based fee of 1.5% at the end of the period on the investment plus gains (a \$1,650 fee), the investor's net return would be 8.35% (\$8,350). Over three years, an annual 1.5% fee taken at the end of each year with the same assumed 10% return per year would result in a cumulative gross return of 33.10% but a net return (after \$5,375 in fees) of 27.2%.

WHAT ARE THE RISKS?

Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. During times of extreme market volatility, the Index will not be able to eliminate market losses or capture all market gains.