

Franklin Templeton Digital Assets Dynamic BTC/ETH

Separately Managed Account

March 31, 2025 | Factsheet

FRANKLIN TEMPLETON®
digital assets

Why Invest in Digital Assets?

Both Web1 and Web2 brought innovation that led to new companies that have become standard names in investor portfolios. Web3 marks the next iteration of how businesses use new tech-driven capabilities to deliver goods and services to clients. Digital assets are part of the emerging Web3 universe and are the vehicles that allow investors to obtain exposure to this emerging space.

- **Bitcoin** is the first and largest decentralized blockchain with a provable, scarce, programmable native currency (BTC) introduced in 2008 by Satoshi Nakamoto. It enables permissionless, peer-to-peer transactions. BTC has a fixed supply and is often used as a decentralized store of value, removing the need for trusted financial intermediaries, and functioning as a hedge against monetary and systemic financial risk.
- **Ethereum** is a decentralized general purpose blockchain that enables the creation and execution of smart contracts and decentralized applications. Ethereum was proposed by Vitalik Buterin in late 2013 and went live on July 30, 2015. Its native token ether (ETH) is used for multiple purposes including payment for transaction fees, and protocol governance.

Investment Team

Anthony Pecore
Senior Vice President
Director, Digital Asset Management

Twelve investment team members who are involved in fundamental and quantitative research, data science, and trading.

Strategy Overview

At Franklin Templeton, our dedicated independent group has been building digital assets expertise since 2018, developing platforms, product expertise and strategy differentiation to help clients achieve investment in the digital assets ecosystem. Franklin Templeton Digital Assets Dynamic Bitcoin/Ethereum SMA seeks to provide excess return or alpha over a market capitalization weighted benchmark of Bitcoin (BTC) and Ethereum (ETH) through long only exposure to BTC and ETH.

The Franklin Templeton Digital Assets investment team determines weights for BTC and ETH based on fundamental research, which includes our proprietary tokenomics scoring system, and establishes relative risk and return of each digital asset.

Investor Benefits:

- ✓ Active strategy that incorporates the Digital Asset investment team's ongoing fundamental and tokenomics research to ensure dynamic allocation
- ✓ Managed exposure to the two leading "large cap" or "blue chip" digital assets (BTC and ETH) that hold majority market share in the ecosystem, with access to liquidity at a registered custodian
- ✓ SMA structure enables potential tax benefits through tax-loss harvesting to help limit your tax liability

Key Terms

Investment Strategy	Franklin Templeton Digital Assets Dynamic BTC/ETH SMA
Structure	Separately Managed Account
Ownership	Direct ownership (The client is the sole legal owner of the digital assets).

Benchmark Information

S&P Cryptocurrency MegaCap Index

The SPCMC Index is designed to track the performance of the digital assets Bitcoin and Ethereum.

The investment process may change over time.

The characteristics set forth above are intended as a general illustration of some of the criteria the strategy team considers in selecting assets for client portfolios. There is no guarantee that investment objectives will be achieved. Allocations are subject to change. Actual underlying allocations may vary over time as markets change.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Investment Process

STEP 1

Deep Fundamental Research

Our team of seasoned research professionals have developed both a macro and fundamental view of Bitcoin and Ethereum.

STEP 2

Portfolio Construction – Weight Selection

Determine BTC/ETH weights based on market weights, relative value, and conviction from fundamental and quantitative research.

STEP 3

Active Portfolio Rebalancing

Consistently monitoring BTC and ETH allocations to ensure the portfolio is positioned to take advantage of relative value opportunities in a risk managed way.

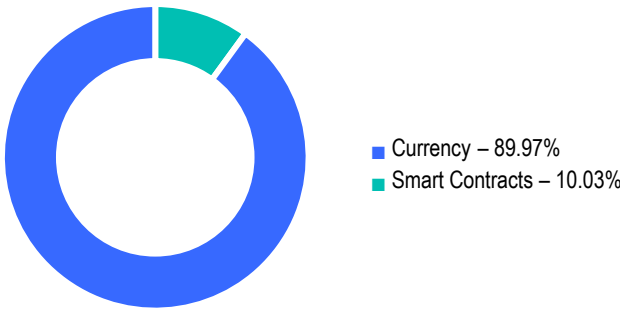
Portfolio Characteristics

As of March 31, 2025

Digital Asset Holdings

Ticker	Name	Description	Weight
BTC	Bitcoin	The original cryptocurrency	89.97%
ETH	Ethereum	Decentralized, smart contract blockchain with its own cryptocurrency	10.03%

Sector Allocation



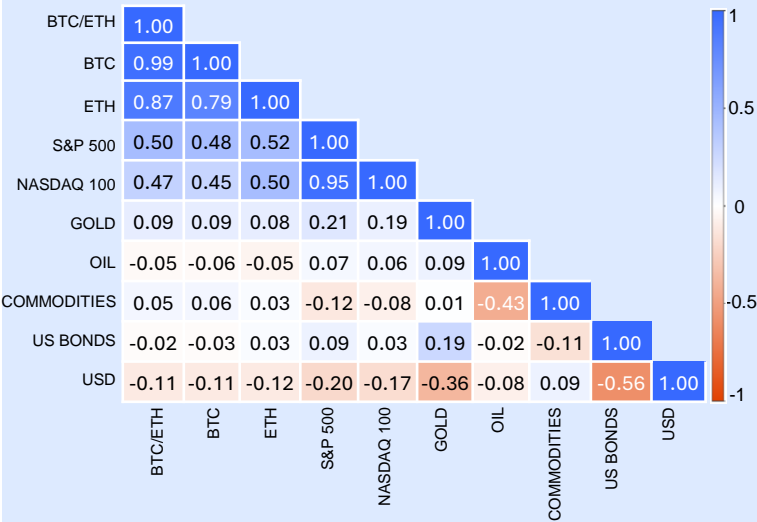
Market Capitalization

Large Cap	100%
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The global adoption of Bitcoin and Ethereum has been driven by several factors, including the decentralized nature of the underlying technology, more secure transactions and the potential for high returns. The uniqueness of both tokens and their low correlation to traditional assets has made them relatively attractive tools for portfolio diversification.

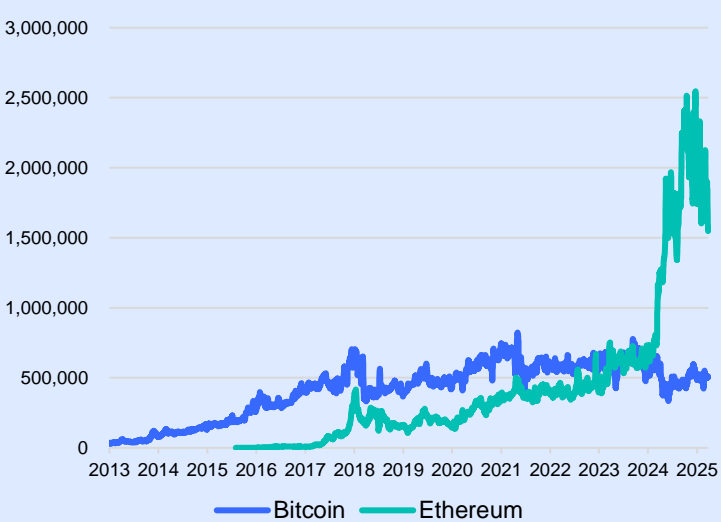
Correlation:

BTC/ETH Correlation to Traditional Assets (4/24 – 3/25)¹



Adoption:

Daily Active Users BTC/ETH (01/13 – 03/25)



Portfolio characteristics are based on a representative account taken from the Franklin Templeton Digital Assets Dynamic BTC/ETH SMA Composite. A representative portfolio may vary significantly from other similarly managed separate accounts, depending on a variety of factors, such as portfolio size, specific investment guidelines and inception date of the account. Weight based on market cap as of March 31, 2025. Percentage may not total 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

1. Asset classes (representative benchmarks): BTC/ETH (S&P Cryptocurrency Megacap Index, Ticker: SPCMC), BTC (S&P Bitcoin Index, Ticker: SPBTC), ETH (S&P Ethereum Index, Ticker: SPETH), S&P 500 (S&P 500 Index, Ticker: SPX), NASDAQ (NASDAQ 100 Index, Ticker: NDX), Gold (Composite Gold Index, Ticker: BBGOLD), Oil (Dow Jones Commodity Crude Oil Total Return Index, Ticker: DJCICLT), Commodities (S&P GSCI Total Return, Ticker: SPGSCITR), US Bonds (Bloomberg U.S. Aggregate Index, Ticker: LBUSTRUU), U.S. Dollar (U.S. Dollar Spot Index, Ticker: DXY).

Performance

As of March 31, 2025

Average Annual Total Returns (%)

	3 Months*	6 Months*	1-Year	Since Inception (03/31/23)
Gross of Fees (USD)	-16.84	19.77	3.03	54.27
Net of Fees (USD)	-17.50	18.04	0.00	49.88
S&P Cryptocurrency Megacap Index (Benchmark)	-17.72	18.06	2.80	53.67

Past performance is not a guarantee of future results. An investment in this strategy can lose value. Please, visit www.franklintempleton.com for the latest performance figures. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Note: Performance calculations reflect business day performance and does not reflect any weekend performance data.

Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns is reduced by a model "wrap fee" (3.0% is the maximum anticipated wrap fee), which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.

For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), refer to FTPPG's Form ADV Part 2A disclosure document. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs.

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*Cumulative Total Returns

Benchmark Description

The **S&P Cryptocurrency MegaCap Index** is designed to track the performance of the digital assets Bitcoin and Ethereum by market capitalization.

Indexes are unmanaged and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

The investment process may change over time. Note: Performance calculations reflect business day performance and does not reflect any weekend performance data.

Glossary

Tokenomics: The topic of understanding the supply, demand and economics characteristics of digital assets.

Web1: Known as the first stage of the Internet, characterized by simple static web pages that consisted only of text and did not offer interactivity.

Web2: This phase refers to the version of the Internet that most use today, a second generation of the web that enables collaboration and the sharing of information. It is dominated by centralized companies that provide services in exchange for data.

Web3: This new iteration of the Internet is decentralized and uses blockchain technology to build peer-to-peer networks, relying on network participants to validate data and in turn, gain benefits from their participation.

What should I know before investing?

All investments involve risks, including possible loss of principal. Digital assets are subject to risks relating to immature and rapidly developing technology, security vulnerabilities of this technology, credit risk of digital asset exchanges, regulatory uncertainty, high volatility in their value/price, unclear acceptance by users and global marketplaces, and manipulation or fraud. **Liquidity risk** exists when securities or other investments become more difficult to sell, or are unable to be sold, at the price at which they have been valued. **Active management** does not ensure gains or protect against market declines. The portfolio is **non-diversified** and may invest in a relatively small number of issuers, which may negatively impact the performance and result in greater fluctuation in value.

Important Information

Any information, statement or opinion set forth herein is general in nature, is not directed to or based on the financial situation or needs of any particular investor, and does not constitute, and should not be construed as, investment advice, forecast of future events, a guarantee of future results, or a recommendation with respect to any particular security or investment strategy or type of retirement account. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional.

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