Why now for Franklin BSP Lending Fund

March 2026

Fund overview and potential benefits

Franklin BSP Lending Fund (FBLUX) seeks to provide attractive income benefits through primarily direct lending to the core middle market. The fund is managed by Benefit Street Partners (BSP), a seasoned expert with over 16 years of experience navigating credit markets.

Fee alpha

We aim to maximize net returns for investors by providing access to Benefit Street Partners' (BSP) high-quality direct lending deals with no incentive fee and a 75-bps management fee

Core middle market

BSP sees opportunity outside of the crowded large and enterprise markets, targeting a diverse set of deals in the core middle market where we believe there are attractive opportunities

Meticulous underwriting

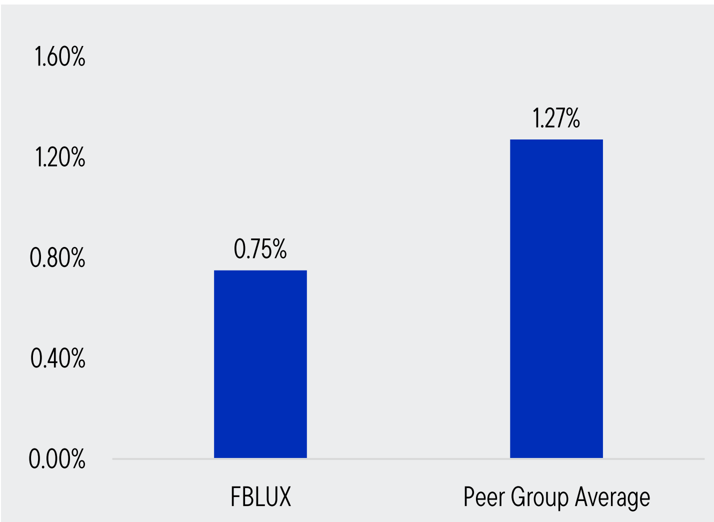
BSP maintains a rigorous and disciplined investment approach, investing in only 4% of total private debt deals reviewed since 2022,[1] demonstrating a highly selective approach focused on what we view as the most compelling opportunities

1 Maximize potential income through an attractive fee structure

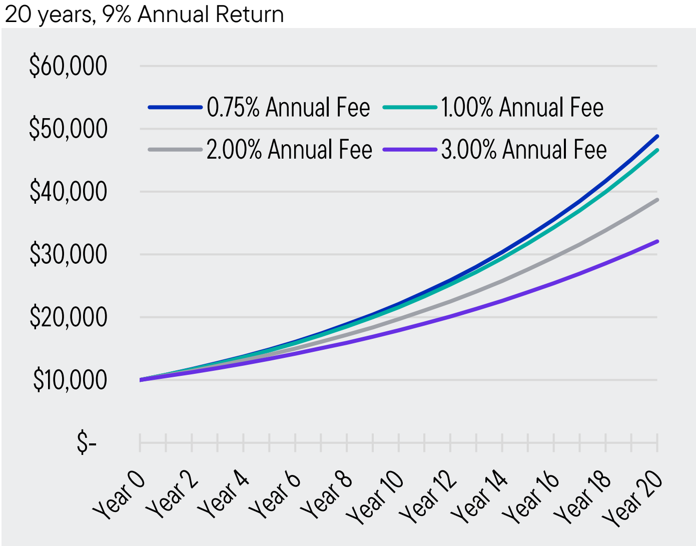
Direct lending exhibits the tightest dispersion of returns of all private markets asset classes;[2] therefore, fees matter.

- FBLUX aims to maximize net returns for investors by providing access to BSP's high-quality direct lending deals at an industry leading cost
- Compared the entire peer group,[3] FBLUX has one of the lowest management fees at 75 bps and does not charge a performance fee, while over 76% of the peer group does

Management Fee Comparison[3]



Growth of $10,000 Investment at Different Fee Levels
20 years, 9% Annual Return



For illustrative purposes only to demonstrate the impact of fees on a portfolio over time.

1. Represents 2022–December 31, 2025. Deal Sourcing Statistics for new private debt deals including pending close deals. Excludes add-ons and follow-on investments.
2. Sources: MSCI Private Capital Solutions, as of March 31, 2025. Notes: The returns for real Estate, secondaries, private equity, venture capital (VC) and private debt are the internal rate of return (IRR) of the funds with vintage years from 2005 to 2018, as of March 31, 2025. Past performance is not an indicator or a guarantee of future results. Important data provider notices and terms available at www.franklintempletondatasources.com.
3. As of 04/06/2026. The peer group is the Morningstar US CE Private Debt – Direct Lending category which consists of 42 investment vehicles.

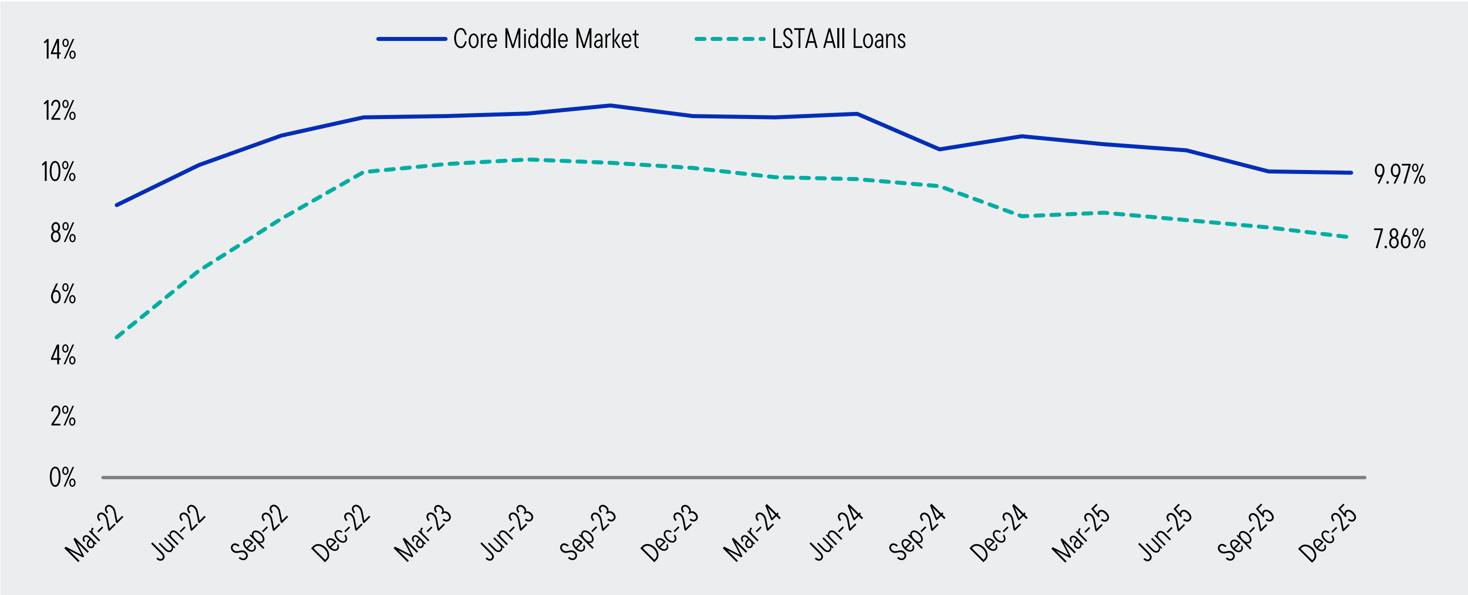
Definitions: Alpha is the return an investment generates above or below its expected return relative to a benchmark, adjusted for market risk. "Fee alpha" refers to the potential contribution to relative returns resulting from lower investment costs compared to peer funds or benchmarks, all else being equal.

2 Direct lending spread compression has eased strengthening opportunity for favorable income

Spreads appear to have stabilized, and direct lending provides a yield premium to syndicated loans. As of 12/31/2025, core middle market lending is yielding 9.97% compared to 7.86% for syndicated loans.

- ➢ FBLUX will seek to provide strong differentiated income benefits by capitalizing on opportunities in the current market

Yields of Core Middle Market Direct Lending and Syndicated Loans



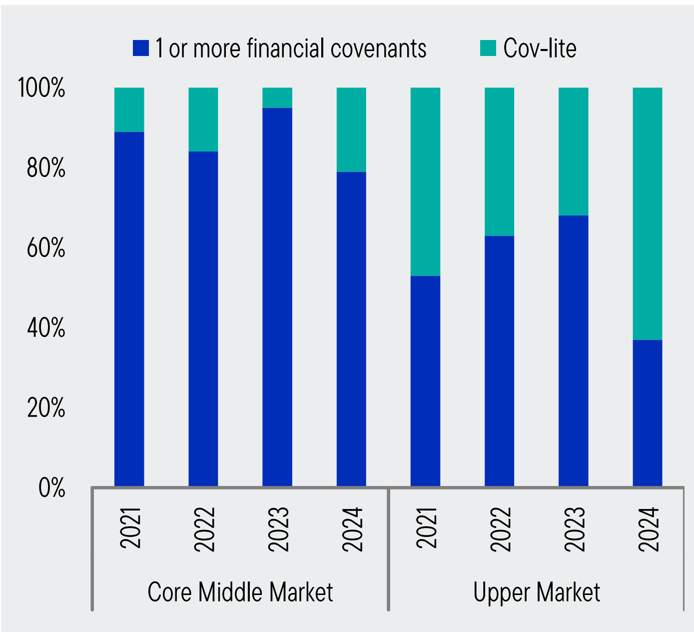
Sources: Lincoln International VOG, PitchBook | LCD, Morgan Stanley Research.

3 Core middle market deals have preserved strong lender terms

Competition in the upper market has led to more borrower friendly deal features such as looser covenants and a higher prevalence of Payment-in-Kind (PIK) toggles creating risks for lenders. Additionally, "bad PIK," investments that did not include PIK at origination, has risen meaningfully since 2021 and is more pronounced in the lower middle market.

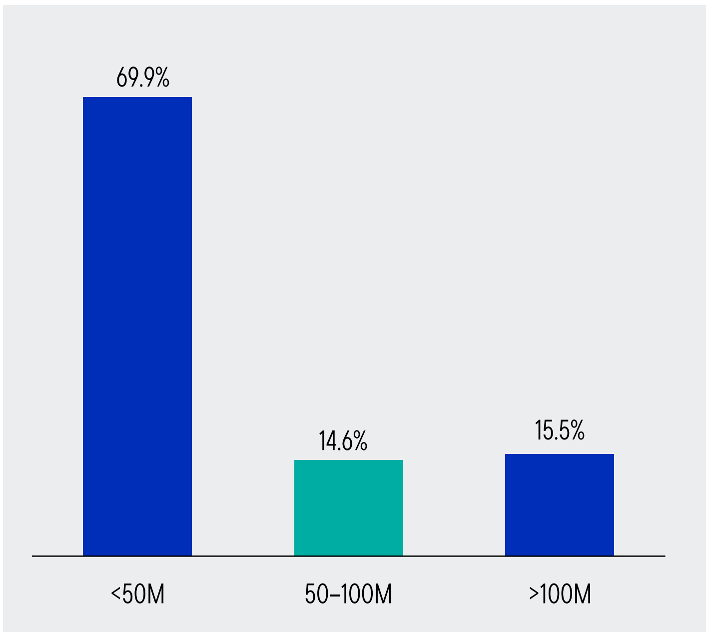
- ➢ FBLUX targets deals in the core middle market with compelling risk-return profiles, avoiding potential risks associated with upper and lower middle markets

Covenants Across Vintages and Market Segments



Source: S&P, Morgan Stanley Research. As of 12/31/2024.

Bad PIK Across Market Size



Source: Lincoln VOG Proprietary Private Market Database. As of 09/30/2025.

Definitions: Spreads are the interest rate premium (in basis points) borrowers pay above a benchmark rate to compensate lenders for credit risk and illiquidity. A PIK toggle is a loan feature that allows the borrower to choose between paying interest in cash or by issuing additional debt, effectively deferring cash interest payments to preserve liquidity. "Bad PIK" is interest that was not originally structured at loan origination.

4 Low software exposure relative to the industry

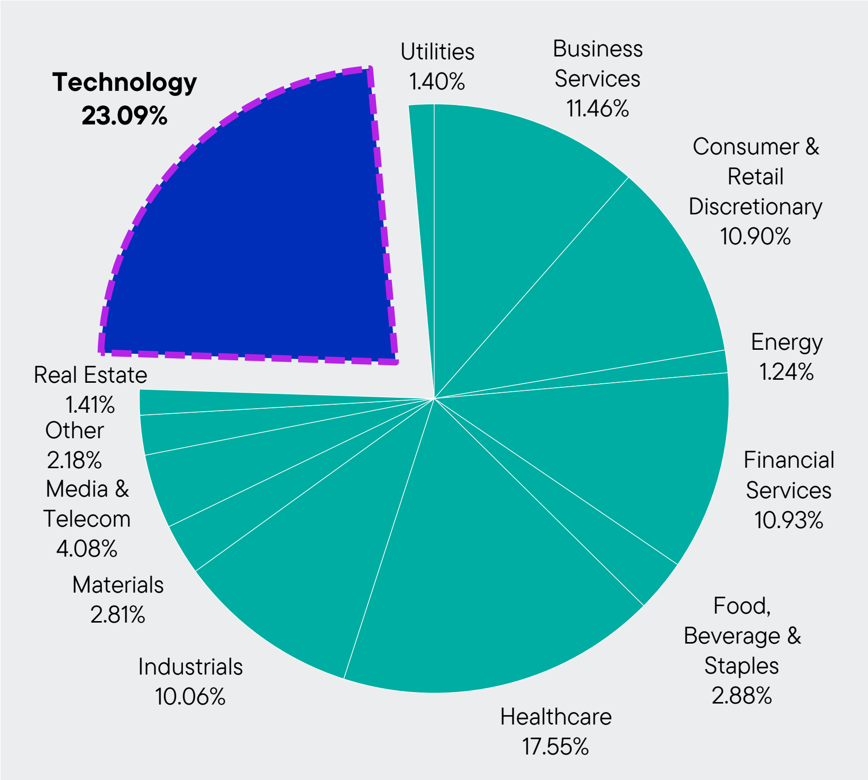
AI disruption has impacted a significant amount of the software market fundamentally changing the way companies operate. Furthermore, software is a substantial portion of most direct lending portfolios.

- BSP has deliberately lower exposure to software and tech due to their conservative approach and preference for strong cash-flow businesses in the core middle market
- FBLUX is focused on broad industry diversification in the core middle market
- While FBLUX has 11% exposure to software, it's a newer fund so these are recent investments with today's dynamics in the space in mind

11%
FBLUX software exposure[4]

20%
Average exposure by ten largest funds in peer group[5]

Cliffwater Direct Lending Index Loan Exposure by Industry



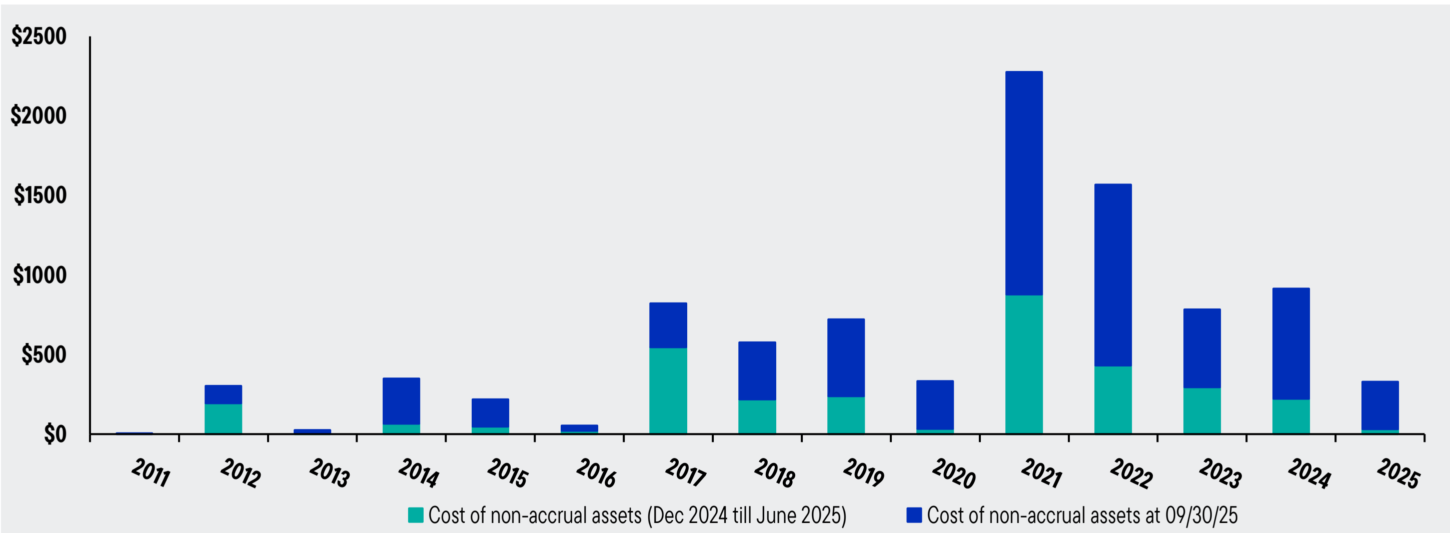
Source: Cliffwater Direct Lending Index as of 09/30/2025.

5 Market conditions have changed enabling FBLUX to make deals in a fresh vintage with insight into today's market dynamics

The competitive 2021 lending environment, marked by abundant capital, low borrowing costs and weaker underwriting standards, has since revealed its risks, reflected in meaningfully higher non-accruals from that vintage.[5]

- Direct lending remains a critical source of capital for the large universe of private companies and FBLUX is well positioned to deploy into attractive core middle market opportunities

Non-Accruals by Origination Vintage
(cost value, $ millions)



Source: Cliffwater Direct Lending Index as of 09/30/2025.

4. As of 01/31/2026.
5. Data as of 01/31/2026. Based on the average exposure of the top ten funds/BDCs by size in the Morningstar US CE Private Debt - Direct Lending category which consists of 42 investment vehicles as of 04/06/2026.
Definitions: Non-Accruals are unsecured loans no longer generating its stated interest rate because no payment has been made by the borrower for 90 days or more.

Important disclosures

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Franklin BSP Lending Fund is structured as a continuously offered, closed-end interval fund due to the relatively illiquid nature of many of the Fund's investments. Investors can purchase shares on any day the markets are open, but shares are not redeemed daily. Instead, Franklin BSP Lending Fund intends to make a quarterly offer to repurchase 5%–25% of the outstanding shares at NAV. Under normal market conditions, the Fund currently expects to offer to repurchase 5% of outstanding shares per quarter, subject to approval by the Fund's Board. There is no guarantee all shares can be repurchased.

Concentration risk: An investment should be considered long-term within a multi-asset portfolio and should not be viewed individually as a complete investment program.

Liquidity risks: The Fund should be viewed as a long-term investment, as it is inherently illiquid and suitable only for investors who can bear the risks associated with the limited liquidity of the Fund. Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers for at least 5% of the Fund's shares outstanding at net asset value (NAV). There is no guarantee these repurchases will occur as scheduled, or at all. Shareholders may not be able to sell their shares in the Fund at all or at a favorable price.

Redemptions/tender offers: Franklin Templeton intends to recommend that the Fund conduct quarterly repurchase offers of at least 5% of the Fund's net assets, subject to the approval of the Fund's board in its sole discretion. There can be no assurance that the Fund will conduct repurchase offers in any particular period and shareholders may be unable to tender any or all shares for repurchase for an indefinite period of time. Shareholders should not expect to be able to sell their shares regardless of how the fund performs. Shares tendered within 12 months of the original issue date will be subject to an early withdrawal fee of 2.00%. Please see Fund prospectus for additional information.

Leverage risk: The use of leverage can increase the volatility of investment returns and subject a fund to magnified losses underlying investments decline in value. A fund with a higher leverage ratio will be more sensitive to volatility and more susceptible to losses due to declines in asset values, than a fund with a lower ratio.

Fund Distributions: Distributions are not guaranteed and are subject to change.

Private market investment risks: The fund may be able to invest in private securities that are illiquid and thinly traded, which may limit the manager's ability to sell such securities at their fair market value or when necessary to meet the portfolio's liquidity needs. To the extent the fund invests in privately held companies they present certain challenges and involve incremental risks as opposed to investments in public companies, such as dealing with the lack of available information about these companies as well as their general lack of liquidity. There also can be no assurance that companies will list their securities on a securities exchange, as such, the lack of an established, liquid secondary market for some investments may have an adverse effect on the market value of those investments and on an investor's ability to dispose of them at a favorable time or price.

Derivatives Risk: Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance.

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

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The Cliffwater Direct Lending Index ("CDLI") seeks to measure the unlevered, gross of fees performance of US middle market corporate loans, as represented by the underlying assets of Business Development Companies ("BDCs"), including both exchange-traded and unlisted BDCs, subject to certain eligibility criteria.

The Morningstar LSTA US Leveraged Loan Index is designed to deliver comprehensive, precise coverage of the US leveraged loan market. Underpinned by PitchBook | LCD data, the index brings transparency to the performance, activity, and key characteristics of the market.

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