



Franklin BofA Passport Index

Unlock global growth potential



It is not possible to invest directly in an index.

Not FDIC Insured | May Lose Value | No Bank Guarantee

What is the Franklin BofA Passport Index?

Powered by the quantitative insights of Franklin Templeton and Bank of America, the Franklin BofA Passport Index is designed to capture long-term growth by systematically allocating to companies around the world with the potential for high profitability. Bringing together an equity core engine and a factor-based screen with a multi-bond and commodity allocation, the index's primary goal is to achieve consistent returns.

The index's design provides the potential to capture three powerful benefits:



Global opportunities

Provides exposure to an evolving global economy that has the potential to create attractive new growth opportunities.



Systematic allocation

Pursues consistent returns, the index applies a factor scorecard to an equity core, combined with a bond allocation and static commodity overlay.



Powerful partnership

Harnesses the combined history, strength and expertise of Franklin Templeton and Bank of America—two of the industry's leading financial institutions.



Three steps of index methodology

Three asset universe

● FT Global Equities

Approximately 250 global stocks selected from a universe of large-cap and mid-cap stocks.

● BofA Strategic Bonds Index

Allocates to as many as 10 fixed income asset classes, and can allocate up to 100% cash.

● BofA Commodities Indices

Two relative value commodity indices aim to diversify equity and bond exposures.

Step 1

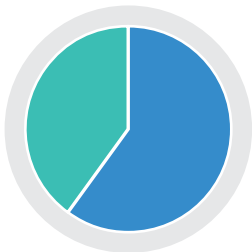
Allocate between equities and bonds



- Each day, the weight of the equity and bond allocations are systematically set using long- and short-term risk, measured by volatility.
- Generally, when the equity risk measurements are low, more weight will be allocated to equities and when the equity risk measurements are high, more weight will be allocated to the bond components.
- The dynamic bond Index allocates to as many as 10 fixed income asset classes and can allocate up to 100% cash.

Step 2

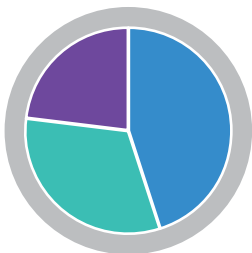
Add commodity exposure



- To diversify equity and bond exposure, the Index adds a 30% commodity overlay.
- Made up of 2 relative value commodity indices:
 - » 50% Commodity Carry Strategy
 - » 50% Commodity Liquidity Strategy

Step 3

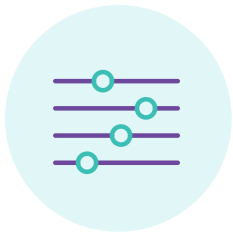
Target 8% annualized volatility



- In low-risk environments, the Index can apply leverage, up to 225%, with the goal of capturing gains.
- In high-risk environments, the Index can allocate to cash with the goal of mitigating draw-downs.

The Franklin BofA Passport Index is an excess return index.

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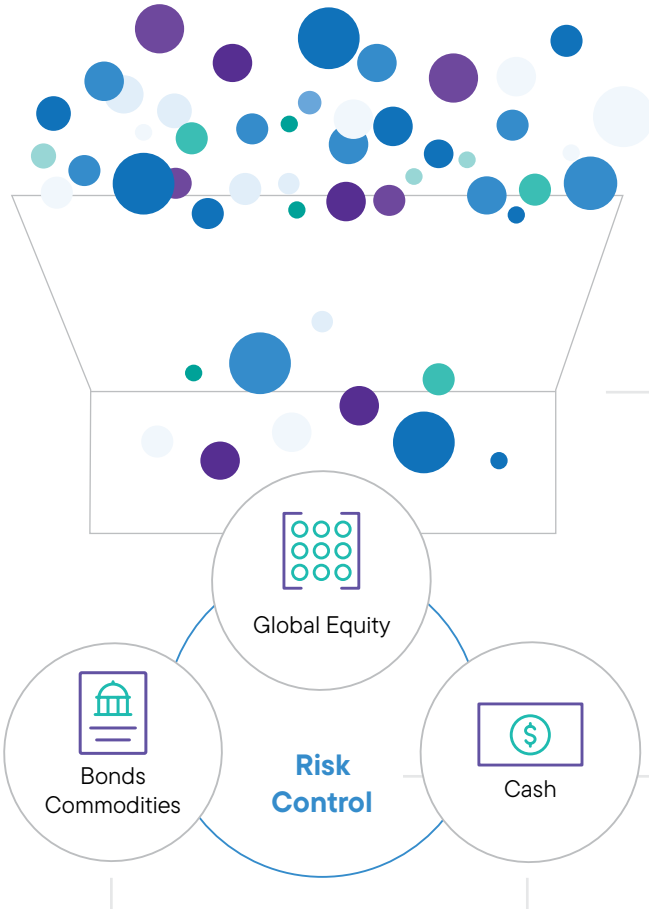
Systematic allocation

To take advantage of changing market conditions, the Index systematically shifts its weight allocations between the equity component, the fixed income component, commodities, and cash based on signals in the market.

Dynamic asset allocation aims to adapt to changing markets

Proprietary risk management overlay

This feature is designed to reduce the impact of equity and fixed income losses during volatile markets.



The equity component of the Franklin BofA Passport Index begins with a universe of nearly 1,700 global stocks.

Proprietary factor-based screen

Stocks are then ranked based on:
Quality | Value | Momentum

The top 250 stocks selected as the **global equity engine**

During periods of heightened risk, the index systematically shifts allocations from the equity component to the fixed income and commodities component, seeking to **provide balance and improve risk-adjusted returns**.

During periods of extreme risk, cash is used as a safety net. When markets become too risky, the risk control systematically shifts allocations more to cash, seeking to **mitigate risk**.

During periods of less risk, the index systematically shifts exposure to the equity component with the primary goal of **boosting performance**.

Market risk can change quickly and there can be no assurance that the risk management strategy will be successful. During times of extreme market risk, the index will not be able to eliminate investment losses or capture all investment gains. Because this index applies a volatility control mechanism, the range of both positive and negative performance of the Index is limited.

3 potential benefits of systematic allocation:

Screen for only the highest quality companies from around the world

Provide consistent risk-adjusted returns

Preserve capital during periods of market risk



Powerful partnership

Powered by the quantitative insights of Franklin Templeton and Bank of America, two of the world's leading financial institutions, the Index is designed to provide balance, diversification and access to global growth potential. Unlock the possibility of helping reach your financial goals with the Franklin BofA Passport Index.

Franklin Templeton is the sixth largest independent asset manager in the world, with one of the industry's broadest global footprints.

75+

years of asset management experience

\$1.5T

(USD) total assets under management¹

1,500+

investment professionals¹

150

countries with investors



**Franklin BofA
Passport Index**

Bank of America: a powerful brand across market segments.

\$1.9T

in total deposits²

#1

in estimated consumer deposits²

3,800

financial centers and 5,000 ATMs²

1 in 7

US business served



BofA SECURITIES

1. June 30, 2024.

2. 2023 Bank of America Annual Report, Bank of America Investor Relations.

**DISCLAIMER**

It is not possible to invest directly in an index. There is no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. There is no guarantee that any strategies utilizing the Index will be effective or successful. Multi-asset indices and diversification do not promise any level of performance, success, or guarantee against loss of principal. This does not serve as an offer to sell or a solicitation of an offer to buy any product or security or the use or suitability of the Index. This information should not be relied upon as investment advice, research, or a recommendation by Franklin Templeton regarding (a) any products tied to the Index, (ii) the use or suitability of the Index or (iii) any security in particular.

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.

Index Information

Merrill Lynch International, a subsidiary of BofA Securities, Inc. (BofAS), is the sponsor of the index. Franklin Templeton owns the intellectual property of the equity component, Franklin World Equity Index "FWRLDEQ", and BofAS owns the intellectual property for the strategic bonds index, commodity curve alpha index, and commodity liquidity alpha index, (BofAS Strategic Bonds Index "BOFASTBD Index", Commodity Curve Alpha Index "MLCXSX6L Index", and Commodity Liquidity Alpha Index "MLCIHC1A"). The Franklin BofAS Passport Index (the "Index"). Franklin Templeton Companies, LLC ("Franklin"), has contracted with Merrill Lynch International ("MLI"), a subsidiary of BofAS, to calculate and maintain the Index. Franklin and MLI (collectively, "Index Parties") will not be liable for any errors, omissions or interruptions in calculating the Index. The Index Parties make no representations or warranties, express or implied and shall have no liability with respect to the adequacy, accuracy, timeliness and/or completeness of the Index. Products based on the Index are not sponsored, endorsed, sold or promoted by the Index Parties and the Index Parties have no responsibilities, obligations or duties to purchasers of such products.

The Index is an excess return index. The Index levels represent performance in excess of the US Fed Funds Rate.

"Volatility Control" Indices are designed to shift allocations, based on signals in the market, to help keep volatility at or near the stated target. When market volatility is relatively low the index will likely maintain exposure to riskier assets, such as equities. When volatility increases, the index is likely to reallocate so that it is weighted toward low-risk assets, such as cash. The Index's "volatility control" mechanism may reduce the appreciation potential of the Index at this time.

Index-linked annuities are insurance contracts issued by an insurance company. Index-linked annuities are not invested in the Index itself, but rather interest is credited based on the performance of the Index and the rules prescribed in the insurer's Index crediting strategy. Index-linked annuities are not issued by Franklin or BofAS.

Hypothetical and Live Performance

Any data for the period prior to index inception consists of pre-inception data calculated by retroactively applying the Index methodology. Simulated returns and pre-inception data are hypothetical and included for illustrative purposes only. Performance is based on hypothetical returns prior to index inception and actual returns thereafter.

The Index was created on June 28, 2024, (live inception). The back-tested inception date is August 16, 2006. Levels for the Index prior to June 28, 2024, represent hypothetical data determined by retroactive application of a back-tested model, itself designed with the benefit of hindsight. Actual performance will vary, perhaps materially, from the performance set forth herein.

Index Closing Levels between the index back-tested inception date and the index live date have been determined by the Index Calculation Agent by reference to historical data and must be considered as simulated and thus purely hypothetical.

The performance of the Index may include certain embedded transaction costs but does not include fees or costs of any financial instrument referencing the Index.

Hypothetical performance results may have other inherent risks. No representation is being made that any account will or is likely to achieve profit or loss. The relevant market and economic conditions that prevailed will not necessarily reoccur. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be accounted for. All hypothetical results are presented for illustrative purposes only.

Hypothetical and past performance is no guarantee of future performance.

Back-testing 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 "back-testing" 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 BofAS 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 back-tested performance of the Index to be lower.

Index Risks

There are risks relating to the Index discussed herein. Please request a copy of the applicable Index rulebook for additional information and disclosure.

Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds adjust to a rise in interest rates, the performance of the Index may decline. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. During times of extreme market volatility, the Index will not be able to eliminate market losses or capture all market gains.