FRANKLIN TEMPLETON

Franklin High Yield Municipal SMA

Separately Managed Accounts Factsheet | as of September 30, 2026

Investment overview

The Franklin High Yield Municipal SMA consists of individual municipal bonds including investment grade, below investment grade, and non-rated bonds, with a target duration of 8-9 years that seeks to provide a high level of current-tax-free income.

Investment objective

- Seeks to provide investors with a high level of tax-free income via investments in municipal bonds across the investment & non-investment grade credit spectrum and across the entire maturity spectrum. The portfolio is typically offered as a nationally diverse portfolio.

Investment philosophy

Active research matters

- An active, research-driven approach is critical given the vast size and complexity of the municipal bond market. Our deep team of research analysts conduct comprehensive analysis of every opportunity across all sectors in the municipal bond universe, covering the quality spectrum in both primary and secondary markets.

Seek to take advantage of relative value opportunities

- We seek to identify and capture attractive relative value opportunities across the municipal bond landscape by carefully analyzing and managing yield curve positioning, credit spreads, coupon and call structures to help deliver tax-efficient portfolios, while aiming to provide attractive risk-adjusted returns.

Emphasis on risk management

- Our team places a premium on risk management which is incorporated fully within our deep credit research and portfolio construction processes.
- Having dedicated risk management professionals on the team enables us to better understand, quantify and optimize where we allocate risk across our portfolios.

Key Differentiators

- A portfolio consisting only of individual securities, including those rated below investment grade, provides clients with direct ownership of each bond.
- The portfolio will invest in opportunistic areas of the municipal market and add value through relative value opportunities, security selection, and sector allocation.
- Backed by an experienced management team and research team - our experienced team of 33 investment professionals has an average of 23 years of tenure with the firm. The team's experience navigating through multiple market cycles helps them uncover opportunities and identify indications of risk others may miss.

Investment management team

Lloyd Nemerever
Portfolio Manager
Industry since 1996

April H Goodman
Portfolio Manager
Industry since 2004

Daniel C Riordan
Portfolio Manager
Industry since 1994

Francisco F Rivera
Portfolio Manager
Industry since 1998

Dylan G Sanderson
Portfolio Manager
Industry since 1993

Jeffrey Richard Snyder
Portfolio Manager
Industry since 2003

Christopher S Sperry
Portfolio Manager
Industry since 2006

Daniel M Workman
Portfolio Manager
Industry since 2008

For investors subject to the alternative minimum tax, a portion of interest income may be taxable. Capital gains are generally taxable. For investors subject to the alternative minimum tax, a portion of interest income may be taxable. Capital gains are generally taxable.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

Investment process

In-depth fundamental research of the entire municipal market

STEP 1

Identify opportunities

- Review entire municipal supply
- Primary markets
- Secondary markets

STEP 2

Screen by strategy

- Region/national
- High-yield
- Yield curve

STEP 3

Apply research process

- Credit and non-credit driven steps
- Rigorous review and debate
- Provide recommendations for portfolio managers

STEP 4

Portfolio construction and implementation

- Security selection (based on relative value of Fixed Income strategy inputs)
- Income lens
- Risk management and diversification
- Long-term focus, opportunistic flexibility
- Ongoing risk and attribution analysis

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 securities for client portfolios. There is no guarantee that investment objectives will be achieved.

Portfolio Information‡

As of September 30, 2026

Characteristics

	Portfolio
Effective Duration	7.84 Years
Duration to Worst	9.80 Years
Yield to Maturity	5.52%
Yield to Worst	5.51%
Weighted Average Coupon	4.98%
Weighted Average Price	93.05
Weighted Average Maturity	20.77 Years

Credit Quality (%)

	Portfolio
AAA	1.88
AA	7.47
A	29.03
BBB	22.80
BB	2.57
NR	36.25

Sector Weightings (%)

	Portfolio
Special Tax	34.73
Industrial Dev. Revenue and Pollution Control	20.24
Health Care	12.13
Lease	8.85
State General Obligation	6.33
Transportation	5.44
Education	3.97
Local	3.19
Refunded	1.88
Utilities	1.44
Other Revenue Bonds	1.80

Average Maturity (%)

	Portfolio
0 to 1 Year	2.88
1 to 2 Years	1.45
3 to 5 Years	13.36
5 to 7 Years	6.57
7 to 10 Years	6.45
10 to 15 Years	7.89
15 to 20 Years	18.97
20 to 30 Years	35.33
30+ Years	7.11

Average Coupon, Current Yield, Yield to Maturity, and Yield to Worst are calculated without the deduction of fees and expenses.

‡Source: Franklin Templeton. Portfolio characteristics are based on a model portfolio, not an actual client account. The model portfolio is a hypothetical portfolio whereby the portfolio characteristics are based on simulated trading and account activity of a client account invested in this strategy. The model portfolio assumes no withdrawals, contributions, or client-imposed restrictions. Portfolio characteristics of individual client accounts may differ from those of the model portfolio as a result of account size, client-imposed restrictions, the timing of client investments, market conditions, contributions, withdrawals and other factors.

Yield figures quoted should not be used as an indication of the income that has or will be received. Yield figures are based on the portfolio's underlying holdings and do not represent a payout of the portfolio. Past performance is not an indicator or a guarantee of future performance.

Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations (NRSRO), such as S&P Global Ratings, Moody's Investors Service and Fitch Ratings, Inc. When ratings from multiple agencies are available, the highest is used, consistent with the portfolio investment process. Ratings reflect an NRSRO's opinion of an issuer's creditworthiness and typically range from AAA (highest) to D (lowest). The Refunded category consists of refunded bonds secured by the US government or other high-quality securities. The Not Rated category consists of ratable securities that have not been rated by an NRSRO. The Not Applicable category consists of third-party exchange-traded funds and securities that have only a short-term rating and are not cash equivalents. Cash includes equivalents, which may be rated. The methodology used for the calculation of credit quality ratings displayed may differ from the methodology for monitoring investment limits, if applicable.
Please note, the portfolio itself has not been rated by an independent rating agency.

Performance

Annualized Rates of Return – Pure Gross and Net of Fees (%) as of September 30, 2026 – PRELIMINARY – (Inception date: 10/30/2022)

	YTD*	1 Mth*	3 Mths*	1 Year	3 Year	Since Incept
Franklin High Yield Municipal SMA–Pure Gross of Fees—(USD)	**-3.50**	**-4.70**	**-6.59**	**-1.74**	**4.50**	**4.85**
Franklin High Yield Municipal SMA–Net of Fees—(USD)	**-4.57**	**-4.82**	**-6.95**	**-3.19**	**2.96**	**3.31**
Bloomberg Municipal Bond Index—(USD)	-4.18	-4.36	-6.35	-2.68	2.89	3.11

Calendar-Year Total Returns – Pure Gross and Net of Fees (%) ending December 31

	YTD	2025	2024	2023
Franklin High Yield Muni–Pure Gross of Fees—(USD)	-3.50	4.39	3.66	10.21
Franklin High Yield Muni–Net of Fees—(USD)	-4.57	2.85	2.13	8.59
Bloomberg Muni Bond Index—(USD)	-4.18	4.25	1.05	6.40

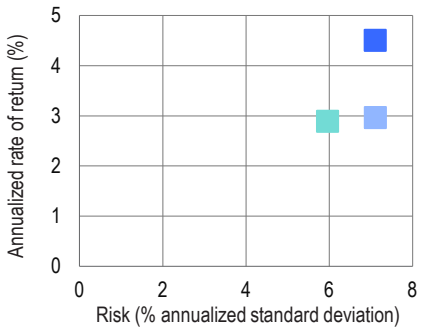
The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Past performance is not a guarantee of future results. An investment in this strategy can lose value. Please visit www.franklintempleton.com for the latest performance figures. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

[1] **Fees:** 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" (1.5% is the maximum anticipated wrap fee for equity and balanced portfolios) 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. **To obtain specific information on available products and services or a GIPS® Report, contact your Franklin Templeton separately managed account sales team at (800) DIAL BEN/342-5236. Franklin Templeton claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.**

Performance Statistics [1] Preliminary (based on 3-year period ending September 30, 2026)

Risk/Return profile (%)



Franklin High Yield Muni (Pure Gross)	
Annualized Return (%)	4.50
Annualized Standard Deviation (%)	7.10
Franklin High Yield Muni (Net)	
Annualized Return (%)	2.96
Annualized Standard Deviation (%)	7.10
Bloomberg Muni Bond Index	
Annualized Return (%)	2.89
Annualized Standard Deviation (%)	5.96

Modern portfolio statistics

	Portfolio (Pure gross)	Portfolio (Net)	BM
Sharpe Ratio	0.01	-0.20	-0.27
Beta	1.16	1.16	N/A
Alpha (%)	1.91	0.41	N/A
R-Squared	0.95	0.95	N/A

[1] Source: Franklin Templeton.

*For illustrative purposes only. Assumes no withdrawals or contributions. These statistics are based on pure gross and net-of-fees quarterly composite returns, were calculated assuming reinvestment of dividends and income, and take into account both realized and unrealized capital gains and losses.

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" (1.5% is the maximum anticipated wrap fee for fixed income portfolios) 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.

Terms and definitions:

Weighted Average Life: An estimate of the number of years to maturity, taking the possibility of early payments into account, for the underlying holdings.

Effective Duration is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

Duration measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates. The higher the duration number, the more sensitive a fixed-income investment will be to interest rate changes.

Yield to worst (YTW) is based on a portfolio's current holdings on one specific day, is gross of all portfolio expenses, and is calculated based on assumptions that prepayment occurs if the bond has called or put provisions and the issuer can offer a lower coupon rate based on current market rates. If market rates are higher than the current yield of a bond, the YTW calculation will assume no prepayments are made, and YTW will equal the yield to maturity. The YTW will be the lowest of yield to maturity or yield to call (if the bond has prepayment provisions). The YTW of a bond portfolio is the market-weighted average of the YTWs of all the bonds in the portfolio.

Standard deviation measures the risk or volatility of an investment's return over a particular time period; the greater the number, the greater the risk.

The **up-capture ratio** measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark. An up-capture ratio of more than 100 indicates a manager who outperforms the relative benchmark in the benchmark's positive quarters.

The **down-capture ratio** is the ratio of the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark. A down-capture ratio of less than 100 indicates a manager who outperforms the relative benchmark in the benchmark's negative quarters and protects more of a portfolio's value during down markets.

Alpha is a measure of performance vs. a benchmark on a risk-adjusted basis. A positive alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%. Alpha is a measure of the difference between actual returns and expected performance measuring sensitivity to index movements.

Beta measures the sensitivity of an investment to the movement of its benchmark. A beta higher than 1.0 indicates the investment has been more volatile than the benchmark and a beta of less than 1.0 indicates that the investment has been less volatile than the benchmark.

Sharpe ratio is a risk-adjusted measure, calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe ratio, the better a portfolio's historical risk-adjusted performance.

R-squared measures the strength of the linear relationship between a fund and its benchmark. R-squared at 1.00 implies perfect linear relationship and zero implies no relationship exists.

The **Bloomberg Municipal Bond Index** is a broad measure of the municipal bond market with maturities of at least one year. Returns for the benchmark include dividends or income not adjusted for foreign withholding taxes. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

What are the risks?

All investments involve risks, including possible loss of principal. Fixed income securities involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. Investments in **underlying funds** are subject to the same risks as, and indirectly bear the fees and expenses of, the underlying funds. **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. Portfolios focused on a single state are subject to greater risk of adverse economic and regulatory changes than a geographically diversified portfolio.

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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