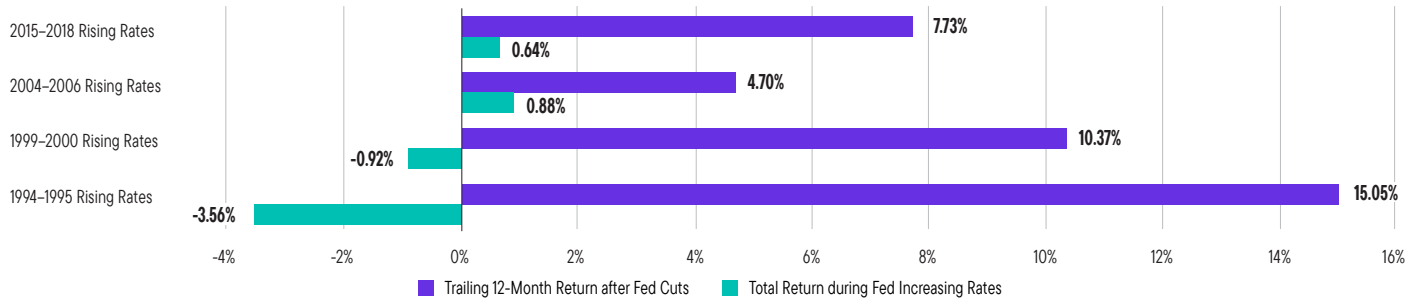


# Franklin Municipal Ladders

Franklin Municipal Bond Ladders seek to deliver tax-free income opportunities while preserving capital and reducing interest rate risk.

## A Municipal bond performance following a rate hiking cycle

Total Return in Munis during Federal Reserve (Fed) Rate Increases & Decreases<sup>1</sup>



- Historically, the municipal bond market has enjoyed a robust trailing 12-month return after the Fed has cut interest rates.

**Past performance is not an indicator or a guarantee of future performance.** Rising Rate Cycle constitutes a start date of the first Federal Reserve Rate increase until the date of the final Federal Reserve Rate Increase. The rate increases listed are all the periods of rate increases until the most recent period from 2022-present.

1. Source: Bloomberg, 3/31/26.

## B Full range of customizable laddered strategies

	1-3-Year SMA	1-7-Year SMA	1-15-Year SMA	5-20-Year SMA
<b>AMT Exposure</b>	Excluded	Excluded	Excluded	Excluded
<b>Credit Quality</b>	Minimum credit rating of A-	Minimum credit rating of A-	Minimum credit rating of A-	Minimum credit rating of A-
<b>Coupon Income</b>	Choice to reinvest coupon income or receive cash	Choice to reinvest coupon income or receive cash	Choice to reinvest coupon income or receive cash	Choice to reinvest coupon income or receive cash
<b>State Availability<sup>2</sup></b>	National, 22 state-specific portfolios; 4 state preference	National, 22 state-specific portfolios; 4 state preference	National, 22 state-specific portfolios; 4 state preference	National, 22 state-specific portfolios; 4 state preference
<b>Number of Bonds<sup>3</sup></b>	Minimum 4 bonds every rung Minimum 14 positions	Minimum 2 bonds every rung Minimum 14 positions	Minimum 1 bond every rung Minimum 15 positions	Minimum 1 bond every rung Minimum 16 positions
<b>Benchmark</b>	Bloomberg Municipal 1-3-Year Index	Bloomberg Municipal 1-5-Year Blend	Bloomberg Municipal 1-15-Year Index	Bloomberg Municipal Bond Index

2. State-specific mandates include Arizona, California, Colorado, Connecticut, Florida, Georgia, Louisiana, Massachusetts, Maryland, Michigan, Missouri, Minnesota, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Utah and Virginia. State preference mandates include Alabama, Hawaii, Indiana and Kentucky. At time of implementation, state-specific portfolios will have 100% of the portfolio in the state requested and state preference portfolios will have a minimum of 25% of the portfolio in the state requested. Certain state-specific portfolios may not be available in all programs. Additional state-specific portfolios may be available upon request and are subject to review. Strategy availability may vary by firm. Please contact your Financial Professional or sponsor firm for availability.

3. The number of bonds in a portfolio may vary by the timing of purchases and sales, changes in the purchase and sell list, general market conditions, and factors specific to each existing account due to client considerations. A concentration in a small number of holdings may increase risk exposure. Any decline in value of an individual bond may have a material impact on the account value.

## C Portfolio characteristics

	Average Duration (Years)	Average Weighted Maturity (Years)	Average Coupon (%)	Yield to Worst (%)	Yield to Maturity (%)	Average Price
<b>Franklin Municipal Ladder 1-3-Year SMA</b>	2.15	2.31	4.85	2.60	2.60	\$105.04
<b>Franklin Municipal Ladder 1-7-Year SMA</b>	3.83	4.40	5.00	2.78	2.80	\$108.43
<b>Franklin Municipal Ladder 1-15-Year SMA</b>	5.79	8.12	5.00	3.20	3.35	\$108.97
<b>Franklin Municipal Ladder 5-20-Year SMA</b>	8.00	12.75	4.94	3.63	3.89	\$108.48

Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. 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.

**Average coupon, yield to worst and yield to maturity are calculated without the deduction of fees and expenses.**

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## Franklin Templeton Fixed Income

### Pursuing alpha from every angle

As active managers, we believe the best way to pursue alpha is by integrating three areas of expertise into our portfolios: top-down macroeconomic analysis, robust bottom-up fundamental sector analysis and quantitative science. We also believe risk should be optimized, not minimized.

### Collaborative, specialized team with a focus on risk management

Our team of 230+ investment professionals are located in 20 markets. Our global presence helps us to connect deeply-rooted localized knowledge in providing global expertise to manage \$300+ billion in assets.

### Strategies that address numerous client needs

We offer investors a wide range of fixed income strategies spanning all major sectors and covering benchmark-aware and unconstrained portfolios, that seek to meet a diverse set of client needs.



**FRANKLIN  
TEMPLETON**

Find out more at  
[www.franklintempleton.com](http://www.franklintempleton.com)

## D Key statistics

### Pricing Difference: Client vs. Institutional

Same Muni Bond, Same Day

Purchaser	Client	Institutional
Volume (in thousands)	30	6,000
Price	117.349	114.571
Markup	2.200	0.096
Yield	2.08%	2.36%

Trade date: 9/18/19. Ref CUSIP: 13063DRA8. Source: Bloomberg.

### Credit Quality Allocation<sup>4,5</sup> (%)

	1-3-Yr	1-7-Yr	1-15-Yr	5-20-Yr
AAA	38.65	42.78	13.46	31.54
AA	61.35	57.22	86.54	68.46

### Average Annual Total Returns (%) (USD)

	3-Mth*	YTD*	1-Yr	3-Yr	5-Yr	Since Inception	Inception Date
<b>Municipal Ladder 1-3-Year SMA - Pure Gross</b>	<b>0.45</b>	<b>0.45</b>	<b>2.82</b>	<b>2.51</b>	—	<b>2.64</b>	<b>12/31/2022</b>
<b>Municipal Ladder 1-3-Year SMA - Net</b>	<b>0.08</b>	<b>0.08</b>	<b>1.31</b>	<b>1.00</b>	—	<b>1.13</b>	<b>12/31/2022</b>
Bloomberg Municipal 1-3-Year Index	0.59	0.59	3.20	2.99	—	3.11	—
<b>Municipal Ladder 1-7-Year SMA - Pure Gross</b>	<b>-0.12</b>	<b>-0.12</b>	<b>3.45</b>	<b>2.35</b>	<b>0.98</b>	<b>1.20</b>	<b>12/31/2019</b>
<b>Municipal Ladder 1-7-Year SMA - Net</b>	<b>-0.49</b>	<b>-0.49</b>	<b>1.92</b>	<b>0.84</b>	<b>-0.51</b>	<b>-0.29</b>	<b>12/31/2019</b>
Bloomberg Municipal 1-5-Year Blend	0.31	0.31	3.66	2.92	1.38	1.60	—
<b>Municipal Ladder 1-15-Year SMA - Pure Gross</b>	<b>-0.54</b>	<b>-0.54</b>	<b>4.18</b>	<b>2.32</b>	<b>0.87</b>	<b>1.38</b>	<b>12/31/2019</b>
<b>Municipal Ladder 1-15-Year SMA - Net</b>	<b>-0.91</b>	<b>-0.91</b>	<b>2.64</b>	<b>0.81</b>	<b>-0.62</b>	<b>-0.12</b>	<b>12/31/2019</b>
Bloomberg Municipal 1-15-Year Index	-0.27	-0.27	4.49	2.88	1.17	1.63	—
<b>Municipal Ladder 5-20-Year SMA - Pure Gross</b>	<b>-0.43</b>	<b>-0.43</b>	<b>4.61</b>	<b>2.19</b>	<b>0.22</b>	<b>0.94</b>	<b>12/31/2019</b>
<b>Municipal Ladder 5-20-Year SMA - Net</b>	<b>-0.80</b>	<b>-0.80</b>	<b>3.07</b>	<b>0.68</b>	<b>-1.26</b>	<b>-0.55</b>	<b>12/31/2019</b>
Bloomberg Municipal Bond Index	-0.18	-0.18	4.29	2.87	0.84	1.44	—

\*Cumulative total returns.

**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](http://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.**

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 US 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.

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 FTTPG'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.

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Separately managed accounts (SMAs) are investment services provided by Franklin Templeton Private Portfolio Group, LLC (FTPPG),

### Sector Allocation<sup>4</sup> (%)

	1-3-Yr	1-7-Yr	1-15-Yr	5-20-Yr
Local General Obligation	34.55	49.51	40.89	44.07
Utilities	19.10	21.14	19.18	6.49
State General Obligation	11.24	8.54	—	6.35
Special Tax	7.19	—	—	—
Lease	20.70	13.79	27.22	30.55
Education	7.23	—	6.79	12.53
Transportation	—	—	5.92	—

a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by affiliated subadvisors of Franklin Templeton. Management is implemented by FTTPG, the designated subadvisor or, in the case of certain programs, the program sponsor or its designee.

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4. 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.

5. 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.**

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