

Beta-Select™

A customizable, professionally managed equity and integrated option solution

Overview

Canvas Managed Options Beta-Select™ is a customizable solution combining ETF-based equity beta with professionally managed options solutions that complement and enhance the selected equity exposure which seeks to reshape the portfolio's risk vs. return profile.

Beta-Select™ offers investors access to strategic, turnkey, risk-managed investment capabilities. Depending on an investor's goals and objectives, the solution may seek to increase cash flow or reduce portfolio beta risk.

Investors select:

- 1 | **Desired beta;**
- 2 | **Desired outcome—whether it be income, cash flow or risk mitigation;**
- 3 | **Targeted cash distribution¹**

This Beta-Select™ investing solution allows investors to customize according to individual goals and objects.

Beta-Select™ investing defined

Beta-Select™ solutions utilize short-term options with a robust, risk-controlled, rules-based process to seek to achieve long-term investment objectives.

Benefits

Desired Beta	Beta-Select™ solutions attempt to maintain the client selected diversified equity exposure by owning broadly diversified ETFs.
Desired Outcome	<p>Income/cashflow: Beta-Select™ call selling solutions generate incremental cash flow through the sale of covered call options and have the potential to enhance total return in down, flat, and moderately rising markets, while attempting to maintain equity exposure in strongly appreciating markets. Beta-Select™ call selling has the potential to reduce portfolio volatility and increase the Sharpe ratio relative to an investment in the ETF alone.</p> <p>Risk mitigation: Beta-Select™ risk-managed equity solutions have the potential to mitigate portfolio downside (and benchmark beta) while maintaining portfolio upside participation and single stock alpha. Beta-Select risk-managed equity combines call selling with the purchase of put spreads to potentially reduce volatility and downside portfolio risk.</p>
Targeted Cash Distribution	<p>Beta-Select™ investors can choose a monthly or quarterly, annual target cash distribution range:</p> <ul style="list-style-type: none"> • 0% total return² • 2%–3% market distribution³ • 5%–6% enhanced cash flow⁴

1. Distributions may be funded by dividends, option premiums, ETF appreciation, or in some cases return of invested capital.

2. No cash distribution: portfolio managed for growth. ETF dividends and option profits, if any, are all reinvested in the ETF.

3. ETF equivalent yield target: portfolio managed to distribute approximate ETF dividend yield.

4. Above market distribution: portfolio managed to distribute cash greater than ETF dividend yield. See footnote 1.

A unique and innovative approach to managed options investing



A customizable risk, return and diversification solution

Throughout market cycles, options overlay solutions have the potential to enhance cash flow or mitigate downside risk while maintaining potential upside performance.



Rigorous, rules-based approach

Solutions adhere to a transparent, rules-based investment process, designed with strict guardrails to attempt to deliver cash flow enhancement and total return while managing risk through minimizing the effect of directional movements in the selected beta.



Deep industry experience

Over 30 years of option experience, having helped create today's "risk-managed" options asset management business, along with designing and implementing industry leading research, technology, and strategies.

Our approach

Canvas Managed Options applies a strategic approach to Beta-Select managed option investing, utilizing short-dated options to help investors meet their long-term goals. Solutions adhere to rules-based and transparent investment processes with the goal of delivering expected outcomes and reducing volatility.

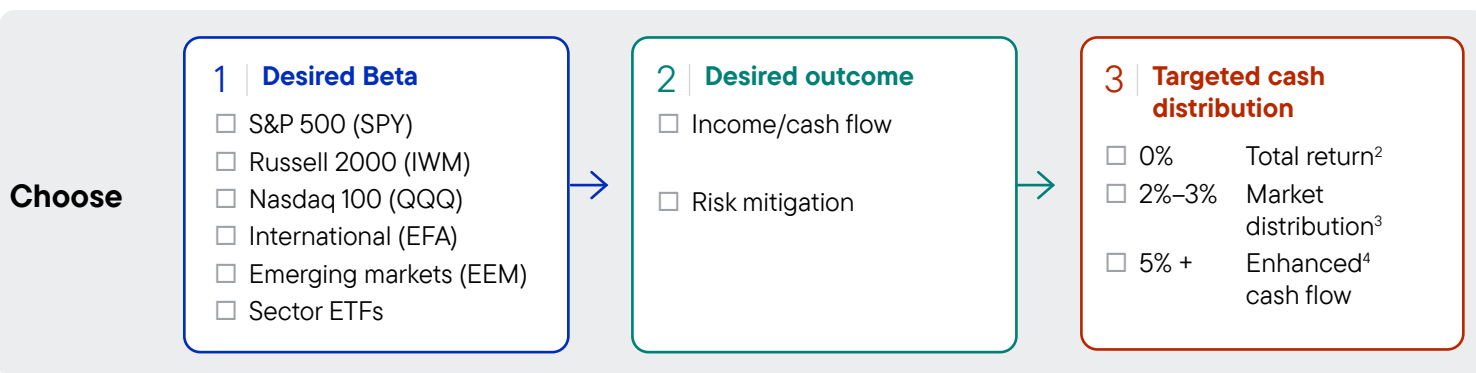
- 1 **Equity beta exposure**—client selected underlying beta, delivered through a static portfolio of ETFs.
- 2 **Staggered portfolio**—disperse exposures across tranches of options to partially mitigate potential date and time specific risk.
- 3 **Risk-based strike selection**—seeks to achieve optimal balance of risk and return through careful selection of option maturities and strikes.
- 4 **Rules-based portfolio rebalancing**—when risk targets are met, the portfolio is systematically rebalanced with the goal of mitigating loss and capturing gains.

“We believe holders of equity, whether concentrated or diversified positions, are inherently owners of equity volatility. Managed option investing has the potential to monetize that volatility in the form of excess cash flow and attractive risk-adjusted total return.”

Brad Berggren
Co-Chief Investment Officer,
Portfolio Manager

Simple implementation

Clients can choose their desired levels of beta, outcome and target cash distribution:



Featured investment capabilities

Equity call selling | Index call selling | Hedged equity

Pioneers in managed options investing

The Canvas Managed Options team has over 30 years of options investing experience. As pioneers in the “risk-managed” options asset management business, the team also has a strong reputation for working seamlessly with client’s existing custodians such as trust banks, investment advisors and broker dealers.



Jon Orseck
Co-Chief Investment Officer,
Portfolio Manager
Canvas Managed Options



Brad Berggren
Co-Chief Investment Officer,
Portfolio Manager
Canvas Managed Options

**To learn more about Canvas Managed Options,
please visit franklintempleton.com/MOST**

IMPORTANT INFORMATION

Prior to January 1, 2026, Canvas Managed Options were provided by Franklin Managed Options Strategies, LLC, an affiliate of Franklin Templeton and federally registered investment advisor.

Canvas Managed Options Strategies (Canvas Managed Options) are provided by O’Shaughnessy Asset Management, LLC, an affiliate of Franklin Templeton, and federally registered investment advisor.

Canvas Managed Options may rely on the investment objectives described in the relevant investment management agreement and communicated to the Client until such time as it shall receive written notice of the modification, alteration or amendment of such investment objective.

When determining which options to sell and/or repurchase, Canvas Managed Options will consider factors including (but not limited to) option liquidity, maturity, volatility, interest rates, underlying dividends and time to maturity.

Fees

The fee paid to O’Shaughnessy Asset Management is separate from and does not include the costs of stock and option commissions, clearing member trade agreement fees, exchange fees, dealer spreads (which are embedded in pricing) and other costs associated with the purchase or sale of securities, custodian fees, interest, taxes and other portfolio expenses, which shall be the sole responsibility of client and shall be paid to parties other than O’Shaughnessy Asset Management. The custodian of the client account will debit the account for payments of any such fees payable to other parties.

Management fees will reduce the rate of return on any account or portfolio.

Tax implications

Buying or selling options, and any potential asset sales required to satisfy option obligations, if any, may result in tax consequences for the investors. Investors are encouraged to seek the guidance of their own independent tax advisor prior to implementing any option program. Under no circumstance is O’Shaughnessy Asset Management or its Canvas Managed Options team offering tax advice.

Franklin Templeton, its affiliates and its employees are not in the business of providing tax or legal advice to taxpayers. These materials and any tax-related statements are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties or complying with any applicable tax laws or regulations. Tax-related statements, if any, may have been written in connection with the “promotion or marketing” of the transaction(s) or matter(s) addressed by these materials, to the extent allowed by applicable law. Any such taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

WHAT ARE THE RISKS?

All investments are subject to risk, including possible loss of principal. There is no guarantee or assurance that any option strategy will achieve its investment objective.

Risk of loss/opportunity cost

The gain to an investor selling an option is limited to the premium received for the sale of that option. The loss to an investor buying an option is limited to the premium paid for the purchase of that option. The loss to an investor selling a put option is limited to the strike price of that option, less the premium received for the sale of that option.

No guarantee of performance

Regardless of the appreciation or depreciation of the strategy's underlying security or securities, the option strategy may underperform a portfolio that is otherwise identical to the underlying securities or equities owned by the client but did not engage in the option strategy. There is no guarantee that the option strategy will be profitable on a gross or net of fees basis.

Liquidity

There is no guarantee a secondary market in options will be liquid. If Canvas Managed Options is unable to close positions prior to expiry the risk management techniques described herein may not be implemented as described resulting in outsized losses or resulting in the sale of collateral shares.

Not a hedge

Investors selling call options have a maximum profit limited to the value of the premium received. Beyond the premium received, investors retain all the risk of the underlying portfolios and could suffer a loss of 100% of their equity holdings.

Unlimited loss

Investors selling call options accept the potential for unlimited loss as call options have no maximum value, or the risk of their shares being called away. For investors selling covered calls, their loss may be realized in the form of opportunity cost, with the possibility of their shares or ETFs being called away (and sold) at prices far below the market price of those shares or ETFs at the time of exercise.

Options and derivatives risk

Canvas Managed Options and O'Shaughnessy Asset Management offer no guarantee that any of the strategies illustrated herein, will be successful or meet their intended objectives. Market movements or events, both foreseen and unforeseen, may render any strategy unsuccessful and may result in unforeseen losses.

Options are not suitable for all investors and carry additional risks. Investors must ensure that they have read and understood the current options risk disclosure document before entering any options transactions. In addition, investors should consult with a tax, legal and/or financial advisor prior to contemplating any derivative transactions. The options risk disclosure document, "Characteristics and Risks of Standardized Options," can be accessed at the following web address:

<https://www.theocc.com/Company-Information/Documents-and-Archives/Options-Disclosure-Document>.



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