



Franklin Templeton Investment Solutions

# Designed for outcomes and changing markets

Franklin Templeton Model Portfolios



Not FDIC Insured | May Lose Value | No Bank Guarantee

# You, your financial professional and the power of outcome investing

Your financial professional has you, your goals, and your future in mind. Whether your goals include income or growth—or somewhere in between—they will use their expertise to identify and adapt the Franklin Templeton model portfolio best suited to where you're at... and where you're going.

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## A financial professional can help you:



### Prioritize your goals

...even if they seem to be competing with each other



### Measure your progress

Demonstrate over time how your model is working towards achieving your goal



### Stick to your plan

Regardless of what happens in the markets, your diversified portfolio is closely monitored by experts, helping you to stick to your plan

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*Diversification does not guarantee a profit or protect against a loss.*

This information is not personalized investment advice or an investment recommendation to you. It is intended for use as a resource to help build a portfolio or for your financial professional (if applicable) to use as an input in the development of investment advice for his/her own clients. Such financial professionals are responsible for making their own independent judgment as to how to use this information. Your adviser and not Franklin Templeton, maintains discretionary authority over your client account and will direct the purchase, sale or exchange of assets in any portfolio or account. Franklin Templeton does not have, nor expects to receive information regarding your individual financial situation, investment needs or objectives. Please review the disclosures at the end of this document and consult your financial professional for more information.

# Designed for a range of outcomes

Match your desired investment outcome with a model portfolio built by a dedicated team of portfolio construction experts. Our models include a curated collection of mutual funds and ETFs from Franklin Templeton's specialist investment managers.



## Core allocation

Low | Growth potential | High

Core allocation models seek total return consistent with distinct risk profiles.



## Income

Low | Yield potential | High

Income models primarily seek to produce a steady stream of current income with capital appreciation as a secondary objective.



## Thematic/Specialty

Tax advantaged | Rising rates

Models range in objective, from tax-advantaged to rising rates defense.

## Available implementation options

- Advisor Class mutual funds and ETFs
- ETFs only\*

There is no guarantee that the models will achieve their investment objective.

All implementation options shown may not be available on all platforms that feature Franklin Templeton Model Portfolios.

\*The Rising Rates Defense model is not available in the ETF-only series.

# Disciplined, repeatable investment process

## How we build and maintain models

Our integrated and collaborative research process is powered by Franklin Templeton's best thinking around the globe. Our investment team leverages this extensive research, tools and techniques to manage each model to align with the clients' desired outcome.

### THREE SOURCES OF RESEARCH



#### **Macro/ Thematic research**

Models are informed by robust quantitative and qualitative research including capital market expectations



#### **Asset class research**

Top-down asset class research incorporating bottom-up views from across Franklin Templeton



#### **In-house dedicated manager research**

Our in-house Manager Research Team works to determine "best fit" in each sub-asset class for precise allocation

### ACTIVE PORTFOLIO CONSTRUCTION



#### **Assemble, test, and validate**

Roster of funds/ETFs selected and sized; risk analysis and scenario/stress testing



#### **Align with strategic policy views**

Review and reallocate 4–6 times a year in line with the views of our Investment Strategy & Research Committee

Our investment process is dynamic and subject to change.

# Multilevel diversification

We look through and across asset classes to assemble and adjust the models 4–6 times per year.

## Across asset classes



## Calibrated for exposures



For illustration only. Our investment process is dynamic and subject to change.

# Putting the models into practice



**“I received a severance package and need an income stream that’s separate from my retirement nest egg.”**

► Consider an **Income** model aimed at paying regular distributions.



**“I’m at an early stage in my career, but I’d like to think about retirement someday. I like the idea of starting early with easy steps that I can afford.”**

► Consider a **Core Allocation** model with a higher risk tolerance.



**“My husband and I are looking to travel to Switzerland in two years’ time.”**

► Consider a **Tax-Advantaged** model that fits your goal.

The investor profiles above are general in nature and intended for educational purposes only; they should not be considered tax, legal or investment advice, or an investment recommendation. Please consult your financial professional for personalized advice that is tailored to your specific goals, individual situation and risk tolerance.

# Benefits of using Franklin Templeton model portfolios

Leverage our best thinking to simplify investment decisions

## What we offer:

- 1 Asset allocation guidance informed by Franklin Templeton's investment professionals around the globe
- 2 Strategy selection informed by our dedicated manager research team
- 3 Active portfolio construction with clear portfolio management goals for:
  - Target risk calibration
  - Income generation

## The team behind the models—Franklin Templeton Investment Solutions

**\$130+ billion**

assets under management

**100+**

multi-asset investment professionals

**1948**

first fund launched

**9+ countries**

with FTIS office

**Consult with your financial professional to see how Franklin Templeton Model Portfolios can help you reach your financial goals**



## DISCLOSURES

**Model portfolio construction:** The Franklin Templeton Investment Solutions (FTIS) model portfolio construction process consists of an assessment of specific model parameters and goals, including allocation targets, volatility limits, income levels, and investable regions, as well as other objectives or constraints. Longer-term strategic asset allocation and shorter-term views provide an allocation framework for each model. Portfolio managers customize model allocations according to specific objectives including a wide range of targets for growth and income as well as risk expectations. Managers also consider fund recommendations from the FTIS manager research to find the right fit for each model. FTIS portfolio managers review models regularly, applying the team's latest views to each model.

While FTIS takes an active approach to fund selection by comparing the attractiveness of in-house funds with third-party managers to support potential alpha creation, the model portfolios focus on, and often consist largely of Franklin Templeton proprietary funds. As part of the portfolio construction analysis, portfolio managers consider several key factors when selecting underlying investments. The criteria used may include, but are not limited to: dealer platform constraints, underlying currencies, volatility ranges, the mix of active and passive strategies and/or an allocation mix of Franklin Templeton and third-party funds. Considerations like investment objectives, competitive rankings and positioning, expense ratio cap, historical risk and returns, are additional factors that may be used for final fund recommendations and allocations.

**Potential conflicts of interest:** Franklin Templeton may not receive a fee for developing and updating these model portfolios, however, Franklin Templeton has a financial interest in the models as they include funds for which Franklin Templeton serves as investment advisor, and from which Franklin Templeton or its affiliates receives fees for investment management, shareholder servicing, and transfer agent services.

**Suitability/Recommendations:** Any investment products or services named herein are for illustrative purposes only and should not be considered an offer to buy or sell, or an investment recommendation for any specific security, strategy or investment product or service.

There can be no assurance that any or all funds included in the models will be available for investment. An investment in any fund that appears in a model is subject to satisfaction of eligibility and applicable account opening requirements, for which Franklin Templeton takes no responsibility. The model portfolios described may not be appropriate for all investors or available for investment to all investors.

Neither Franklin Templeton nor its affiliates conducts investor suitability analysis regarding the models or their underlying investments. Suitability determination is the responsibility of the financial advisor or sponsor firm.

**Additional information:** The Franklin Templeton Model Portfolios are provided on a non-discretionary basis to sponsor firms and Financial Advisors on whose platform the models are available. It is the sponsor firm/Financial Advisor that has investment authority and discretion over accounts on their platform. The Franklin Templeton Model Portfolios are not available as investable products through Franklin Distributors, LLC.

The Model Portfolios may be offered with different share classes and/or placed on trading platforms that require changes such as an allocation to cash and a pro rata allocation of the remainder according to the Model Portfolio(s). These modifications will change reported specifics such as performance, estimated portfolio yield, etc. Refer to the materials and terms of the offering and/or platform for additional information.

The composition of the models may change without notice. Investment allocations may not achieve model objectives and actual underlying fund allocations may vary over time as markets change. Any periodic rebalancing or allocation changes to the models are initiated by and at the discretion of FTIS.

Please note that allocation changes to the underlying funds for some of the models may also be made at the discretion of the sponsor firm or Financial Advisor.

This communication is general in nature and should not be considered or relied upon as legal, tax or investment advice or an investment recommendation, or as a substitute for legal or tax counsel. Franklin Templeton does not provide legal or tax advice.

**Risks of the underlying investments:** All investments involve risk, including possible loss of principal. These models include funds which engage in a variety of investment

strategies involving certain risks. The model's risks are directly related to the risks of the underlying funds and may include, but is not limited to, the risks as described below. Model allocation strategies are not designed to maximize return or predict the highest performing fund or group of funds within each class in the model. There are expenses associated with the underlying funds in addition to any fees charged by the sponsor firm.

**Equity:** Equity securities are subject to price fluctuation and possible loss of principal. Securities may not increase in price as anticipated or may decline further in value.

**Small and mid cap:** Investments may be made in small- and mid-cap companies, which involve a higher degree of risk and volatility than investments in large-cap companies.

**Fixed income:** Fixed income securities involve interest rate, credit, inflation and reinvestment risks. As interest rates rise, the value of fixed income securities falls. Fixed income securities are also subject to illiquidity risk, which is the risk that securities may be difficult to sell at certain prices when no market participants are willing to purchase the securities at such prices.

**High-yield bonds:** High-yield bonds are subject to greater price volatility, illiquidity and possibility of default.

**International:** International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets.

**ETFs:** Investments may include ETFs representing U.S. securities markets, industry and market capitalization sectors, non-U.S. country and regional markets, and other types of non-U.S. markets and sectors. In addition, a client will bear a proportionate share of the separate fees and expensed incurred by any ETF in which the clients' account is invested.

**Derivatives:** Derivatives, such as options and futures, can be illiquid, may disproportionately increase losses, and have a potentially large impact on Portfolio performance. Certain underlying strategies may use derivatives to a significant extent, which could result in substantial losses and greater volatility in the Portfolio's net assets.

**Short selling:** Short selling is a speculative strategy. Unlike the possible loss on a security that is purchased, there is no limit on the amount of loss on an appreciating security that is sold short.

**REITs:** Real estate investment trusts (REITs) are closely linked to the performance of the real estate markets. REITs are subject to illiquidity, credit and interest rate risks, and risks associated with small and mid-cap investments.

**Asset- and mortgage-backed:** Asset-backed, mortgage-backed or mortgage-related securities are subject to prepayment and extension risks.

**ADRs:** Underlying mutual funds investments may also be made in ADRs and other securities of non-U.S. companies in developed and emerging markets, which involve risks in addition to those ordinarily associated with investing in domestic securities, including the potentially negative effects of currency fluctuation, political and economic developments, foreign taxation, and differences in auditing and other financial standards.

**ESG:** The managers' environmental social and governance (ESG) investment strategies may limit the types and number of investment opportunities available and, as a result, may underperform strategies that are not subject to such criteria.

Some underlying strategies may be classified as nondiversified, which means they may be permitted to invest a higher percentage of its assets in anyone issuer than a diversified Portfolio, which may magnify the strategy's losses from events affect in gap articular issuer.

**Diversification and asset allocation:** Diversification and asset allocation does not guarantee a profit or protect against a loss.

**Entities/Affiliates:** Franklin Distributors, LLC is the principal distributor of Franklin Templeton's US-registered funds.

FTIS is a global investment management group dedicated to multi-strategy solutions. On October 1, 2020, QS Investors, LLC combined with Franklin Templeton Multi-Asset Solutions to form FTIS.

**Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.**



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