



Separately Managed Account

# Franklin Templeton Dividend Strategy Balanced Portfolios

4Q 2025

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# Your trusted partner for what's ahead™



## For our clients, we are:



## At-a-glance

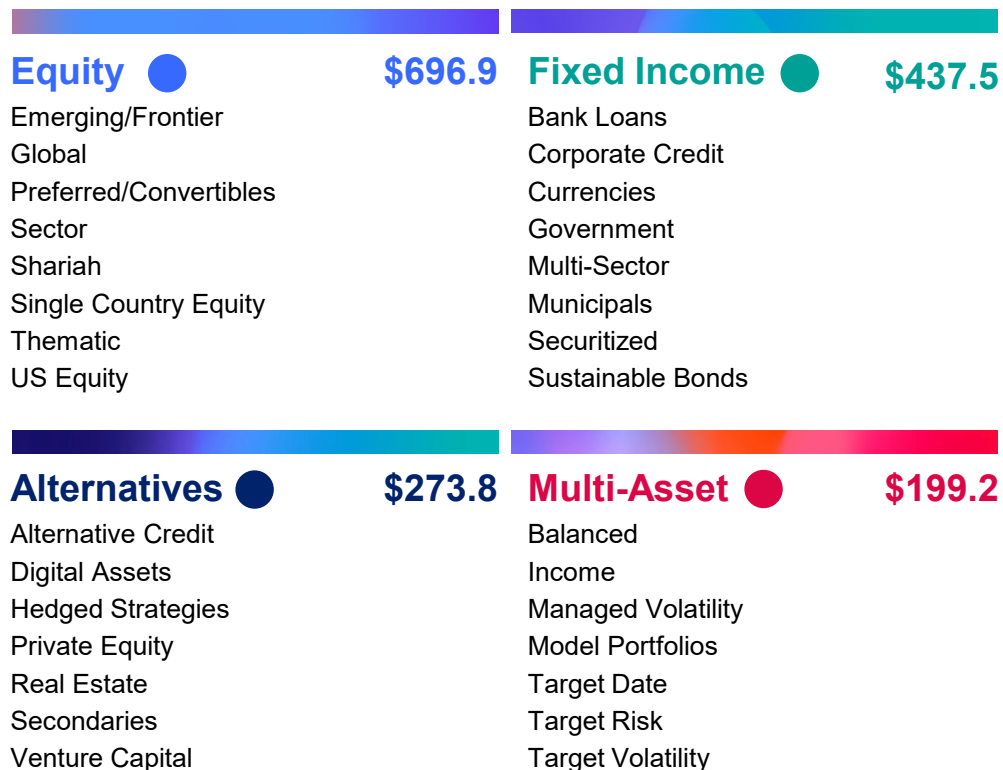
<b>75+</b>	years of asset management experience
<b>\$1.7tn</b>	total assets under management <sup>1</sup>
<b>10</b>	investment managers added to our platform since 2019
<b>1,500+</b>	investment professionals in 25+ countries
<b>150</b>	countries with clients

1. AUM is in USD as of December 31, 2025. Total AUM of \$1.7tn includes \$76.5 Billion in cash management that is not represented here.

# Investment specialization across public and private markets



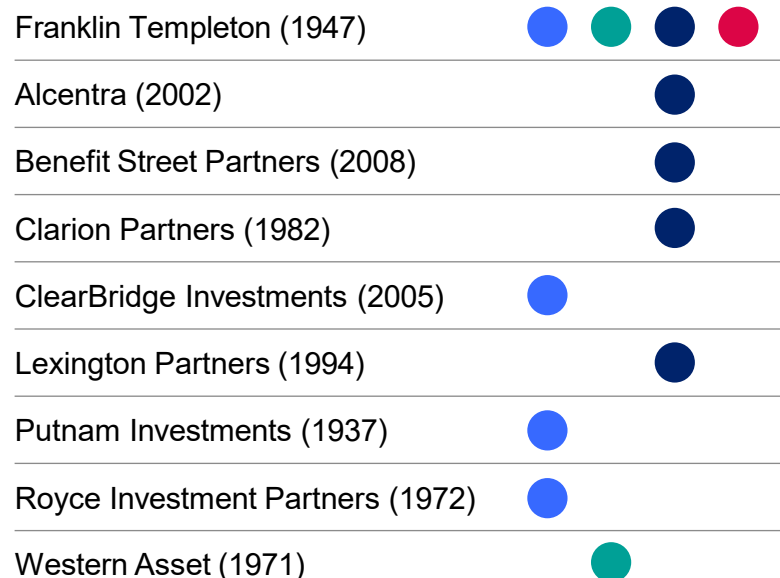
## Our Investment Capabilities (USD Billion)



### Complemented by innovations in

Sustainable and Impact investing, ETFs, Custom Indexing, Frontier Risk Alternatives, and others

## Our Investment Managers Asset Classes



1. AUM is in USD as of December 31, 2025.

# Franklin Templeton Dividend Strategy Balanced Portfolios



## Overview

Franklin Templeton Dividend Strategy Balanced Portfolios aim to meet long-term financial goals with dividend income, dividend income growth and long-term capital appreciation, while utilizing high-quality bonds to manage portfolio volatility.

## Philosophy

### **We believe that:**

- A total return portfolio—with exposure to companies that either pay an existing dividend or have the potential to pay and/or significantly grow their dividends—combined with the potential added stability of bonds—has the potential to outperform over the long term.
- Competitive risk-adjusted returns may be achieved by investing in select large- and mid-cap companies and by seeking to limit portfolio turnover to capitalize on potential for long-term growth.

## Objectives

### **The strategy seeks to:**

- Dividend income.
- Achieve growth of dividend income.
- Achieve long-term capital appreciation.
- Utilize fixed income as an anchor to manage volatility in the overall portfolio, as well as to provide income and total return.

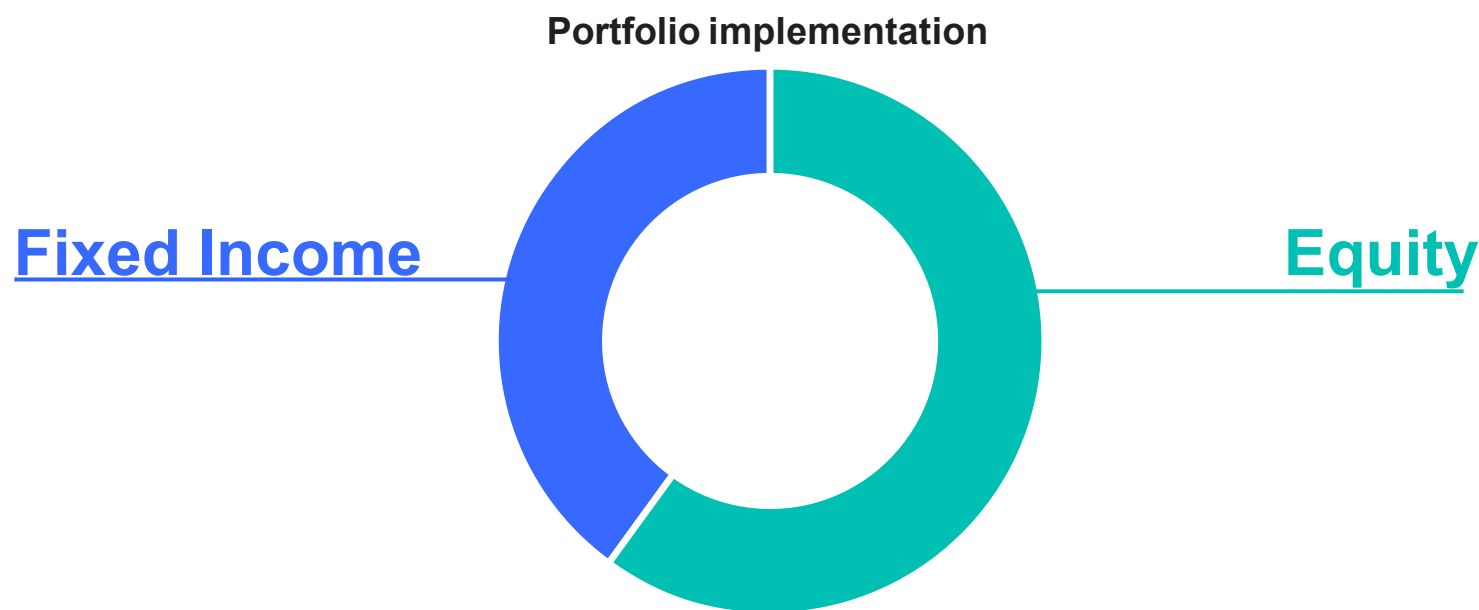
# Franklin Templeton Dividend Strategy Balanced Portfolios

## Investment process



### Portfolio Implementation Dividend Strategy Balanced Taxable Portfolios

- Two strategies are managed independently by the Dividend Strategy Team and the Taxable Fixed Income Team.
- Allocation to fixed income will vary depending upon portfolio managers' discretion and market conditions.



An account's actual allocations to its equity and fixed income segments will vary over time as markets change. An account will be rebalanced to its target allocation in the event that the account's allocations to its equity and fixed income segments drift 10% or more from their target allocations. An account generally will not be rebalanced unless such 10% drift threshold is reached. However, cash flows into and out of an account will be applied towards the account's more underweight segment in order to bring such account's allocations back towards their target allocations.

For Illustrative Purposes Only. Asset allocations are approximate and subject to change.

The investment process may change over time. The characteristics set forth 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 investment objectives will be achieved.

# Franklin Templeton Dividend Strategy Balanced Portfolios

## Equity investment process



### STEP 1

#### Define the investment universe

Emphasize domestic large-capitalization stocks but also consider mid- and small-capitalization companies and ADRs of foreign companies opportunistically.

### STEP 2

#### Evaluate stocks using proprietary discipline

Screen for companies across all market sectors with either an attractive dividend yield, a history of (or prospects for) dividend growth, strong balance sheets, dominant positions and/or reasonable valuations.

### STEP 3

#### Select securities and construct portfolio

Conduct fundamental research and dividend analysis to identify companies with attractive growth characteristics relative to their valuation levels.

### STEP 4

#### Review process

Re-examine a current holding when valuation is realized, fundamentals deteriorate, and/or cyclical shifts alter industry's attractiveness.

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# Franklin Templeton Dividend Strategy Balanced Portfolios

## Fixed Income investment process



### STEP 1

#### Interest Rate Exposure/Duration Weighting

Western Asset's investment team comprehensively analyzes a variety of domestic and international macroeconomic factors to establish a duration target.

### STEP 2

#### Term Structure Weighting

The Firm carefully employs strategies in an attempt to take advantage of changes in the yield curve's shape and shifts in the relationship between short-, intermediate-, and long-maturity securities.

### STEP 3

#### Sector Allocation

Western Asset seeks to add value to a portfolio by actively rotating between the Treasury and Agency sectors.

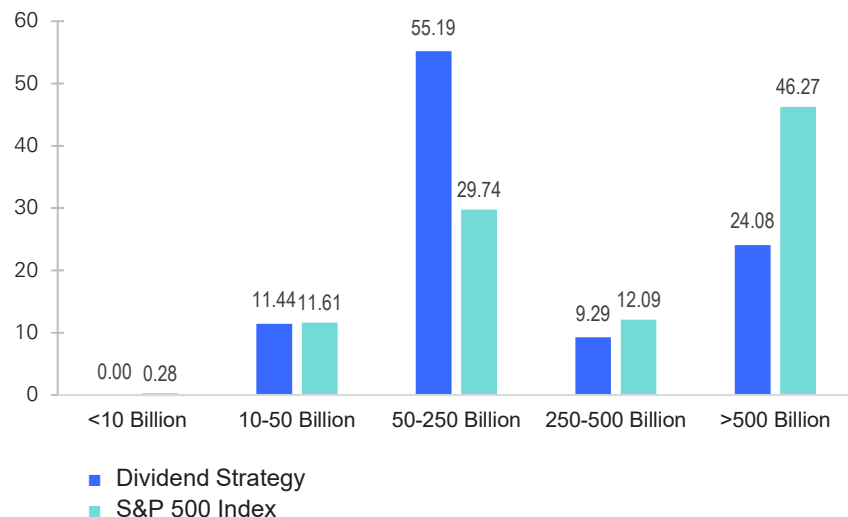
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# Equity portfolio characteristics

## As of 12/31/2025



### Market capitalization breakdown in USD (%)



### Portfolio characteristics

	Dividend Strategy	S&P 500 Index
Number of Issuers	54	503
Estimated 3-5 Year EPS Growth	9.10%	12.93%
Price to Earnings (12-Month Forward)	19.67x	24.68x
Price to Book	6.47x	8.02x
Dividend Yield	2.16%	1.13%
Median Market Cap (Millions USD)	\$142,531	\$382,809
Weighted Average Market Capitalization (Millions USD)	\$526,455	\$1,362,847

Portfolio characteristics and composition are currently inaccessible at the representative account level for the Dividend Strategy Balanced portfolio. In lieu of this, the following pages show portfolio characteristics for a model portfolio of Dividend Strategy for the equity portion and for a representative account of GSM 5-Year for the fixed income portion.

Source: FactSet. Portfolio characteristics and market capitalization breakdown are based on a model portfolio, not an actual client account. The model portfolio is a hypothetical portfolio whereby the Portfolio characteristics and market capitalization breakdown 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 and market capitalization breakdown 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. **Please see appendix for term definitions.**

P/E ratio Year 1 and Long-term EPS growth are provided by I/B/E/S, are inherently limited and should not be used as an indication of future performance.

**Yields and dividends represent past performance and there is no guarantee they will continue to be paid.**



# Equity portfolio characteristics

## As of 12/31/2025



### Sector weightings (%)

	Dividend Strategy	S&P 500 Index
Information Technology	14.37	34.43
Financials	14.26	13.40
Health Care	11.08	9.59
Communication Services	10.31	10.58
Industrials	10.20	8.16
Energy	9.57	2.81
Consumer Staples	8.43	4.71
Materials	7.07	1.83
Real Estate	4.88	1.83
Utilities	3.73	2.25
Consumer Discretionary	3.16	10.41
Cash & Cash Equivalents	2.94	0.00

### Top holdings (%)

### Dividend Strategy

Microsoft Corp	3.87
Exxon Mobil Corp	3.75
Broadcom Inc	3.73
Williams Cos Inc/The	3.29
Alphabet Inc	3.17
Nestle SA	2.86
Becton Dickinson & Co	2.69
Texas Instruments Inc	2.63
JPMorgan Chase & Co	2.43
Air Products and Chemicals Inc	2.43
<b>Total</b>	<b>30.86</b>

Source: FactSet. Weightings and holdings are based on a model portfolio, not an actual client account. The model portfolio is a hypothetical portfolio whereby the weightings and holdings 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. Weightings and holdings 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. **Please see appendix for term definitions.**

# Fixed Income portfolio characteristics

## As of 12/31/2025



Sector weightings	GSM 5-Year
Treasury	100.00

Characteristics (%)	GSM 5-Year
Effective Duration	3.61 Years
Yield to Worst	3.66%
Weighted Average Life	4.01 Years
Cash Flow	3.66%

Source: Western Asset. Portfolio characteristics and weightings listed are based on representative accounts and assumes no withdrawals, contributions, or client-imposed restrictions. Portfolio characteristics and weightings of individual client accounts may differ from those of the representative accounts as a result of account size, client-imposed restrictions, the timing of client investments, market conditions, contributions, withdrawals and other factors. **Please see appendix for term definitions.**

**Yield to Worst is calculated without the deduction of fees and expenses.**

# Performance



## Annualized rates of return – pure gross and net of fees (%) as of December 31, 2025

	1 Mth	3 Mths	YTD	1 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
Dividend Strategy Bal (70/30)—Pure Gross of Fees—(USD)	0.35	1.22	11.19	11.19	12.14	9.45	10.85	9.76	9.71	8.72
Dividend Strategy Bal (70/30)—Net of Fees—(USD)	0.10	0.48	7.97	7.97	8.90	6.27	7.64	6.58	6.53	5.57
Index Mix (70/30)—(USD)	0.05	2.21	14.51	14.51	17.26	10.32	12.80	11.01	10.51	8.75

## Calendar-year total returns – pure gross and net of fees (%) ending December 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Dividend Strategy Bal (70/30)—Pure Gross of Fees—(USD)	11.19	13.36	11.89	-6.70	19.34	6.96	22.47	-2.42	13.77	11.18
Dividend Strategy Bal (70/30)—Net of Fees—(USD)	7.97	10.09	8.65	-9.45	15.91	3.85	18.95	-5.28	10.48	7.97
Index Mix (70/30)—(USD)	14.51	17.90	19.43	-14.77	18.92	15.33	23.28	-2.41	15.27	8.73

**70/30 Index Mix** consists of the following: 70% S&P 500 Index and 30% Bloomberg Intermediate Treasury Bond Index.

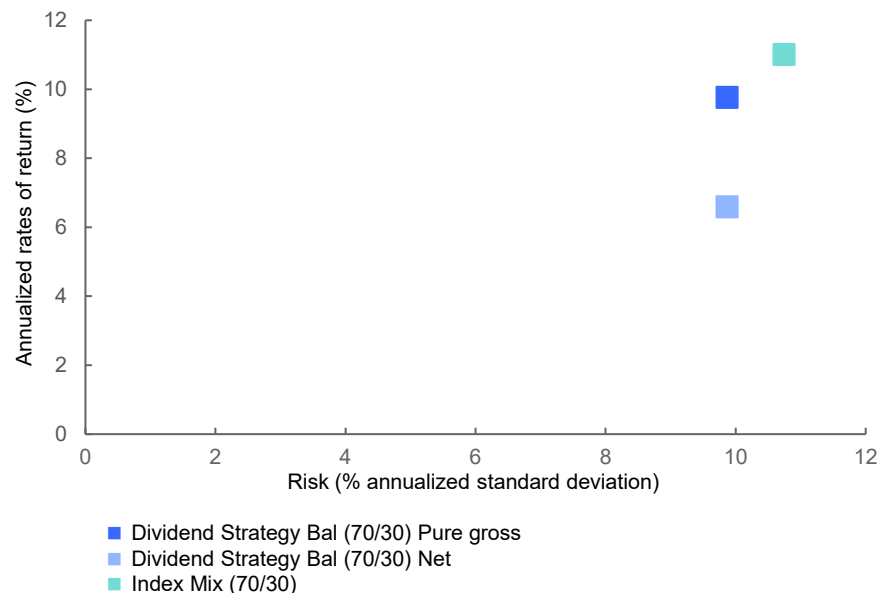
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# Risk/return profile



**Pure gross and net of fees** (based on 10-year period ending December 31, 2025)



**Modern portfolio statistics** as of December 31, 2025

	Dividend Strategy Bal (70/30) Pure gross	Dividend Strategy Bal (70/30) Net	Index Mix (70/30)
Annualized Return (%)	9.76	6.58	11.01
Annualized Standard Deviation (%)	9.87	9.87	10.74
Sharpe Ratio	0.77	0.47	0.82
Beta	0.86	0.86	N/A
Alpha (%)	-0.02	-2.94	N/A
R-Squared	0.88	0.88	N/A

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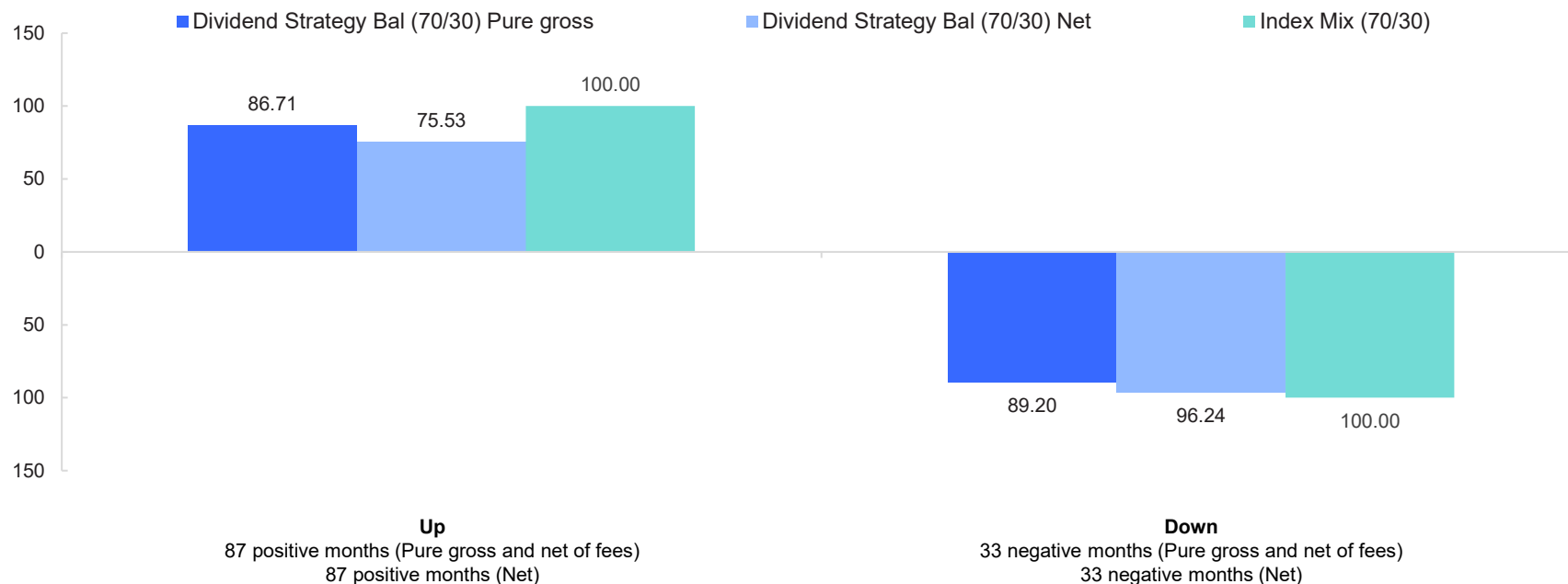
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# Up down market capture ratios (%)



Pure gross and net of fees (based on 10-year period ending December 31, 2025)



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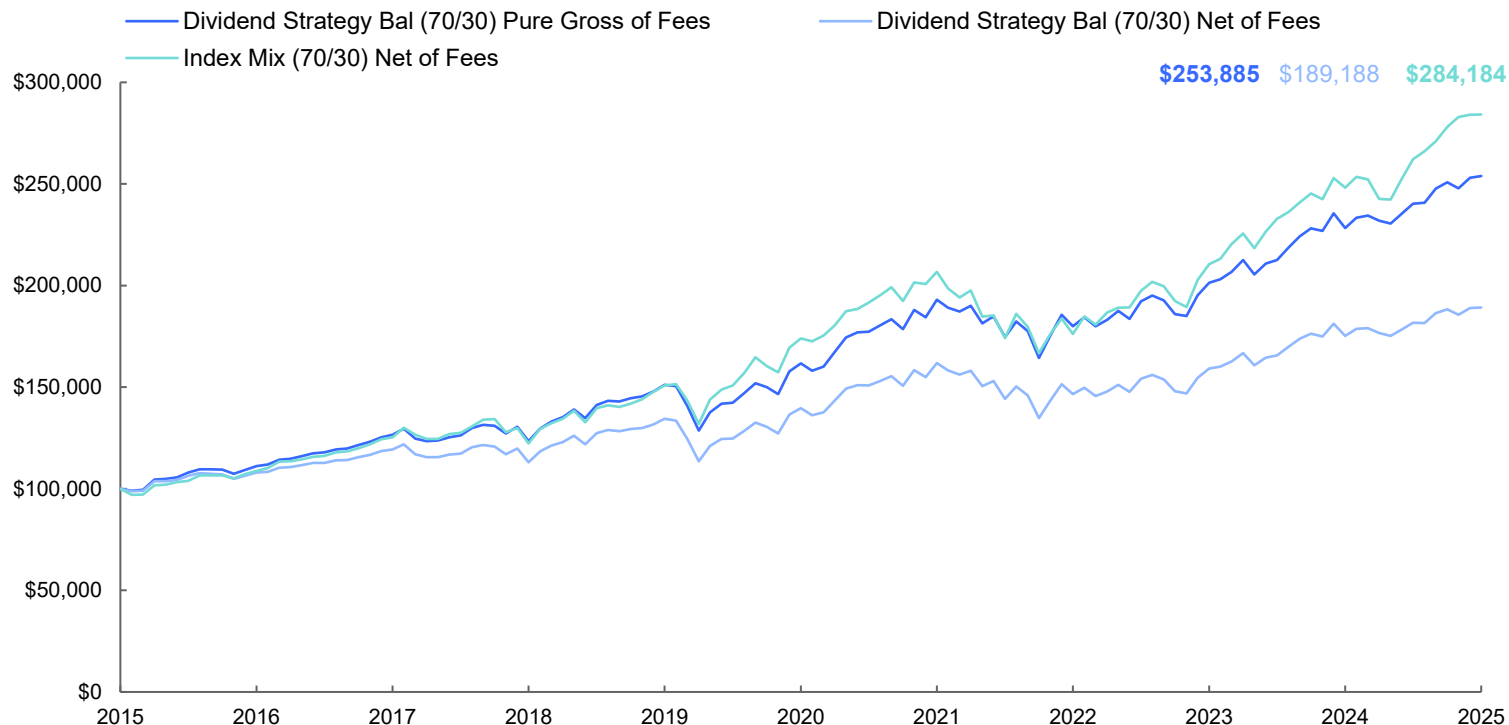
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# Growth of \$100,000



**Pure gross and net of fees** (based on 10-year period ending December 31, 2025)



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# Performance



## Annualized rates of return – pure gross and net of fees (%) as of December 31, 2025

	1 Mth	3 Mths	YTD	1 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year
Dividend Strategy Bal (60/40)—Pure Gross of Fees—(USD)	0.29	1.19	10.53	10.53	10.92	8.16	9.56	8.60	8.59	7.91
Dividend Strategy Bal (60/40)—Net of Fees—(USD)	0.04	0.45	7.33	7.33	7.71	5.02	6.39	5.45	5.44	4.78
Index Mix (60/40)—(USD)	0.05	2.06	13.38	13.38	15.38	8.94	11.28	9.72	9.30	7.95

## Calendar-year total returns – pure gross and net of fees (%) ending December 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Dividend Strategy Bal (60/40)—Pure Gross of Fees—(USD)	10.53	11.56	10.68	-6.68	16.24	6.86	19.80	-1.95	11.97	9.64
Dividend Strategy Bal (60/40)—Net of Fees—(USD)	7.33	8.33	7.48	-9.42	12.89	3.76	16.36	-4.81	8.73	6.46
Index Mix (60/40)—(USD)	13.38	15.59	17.20	-13.70	15.78	14.16	20.60	-1.80	13.15	7.64

**60/40 Index Mix** consists of the following: 60% S&P 500 Index and 40% Bloomberg U.S. Intermediate Treasury Bond Index.

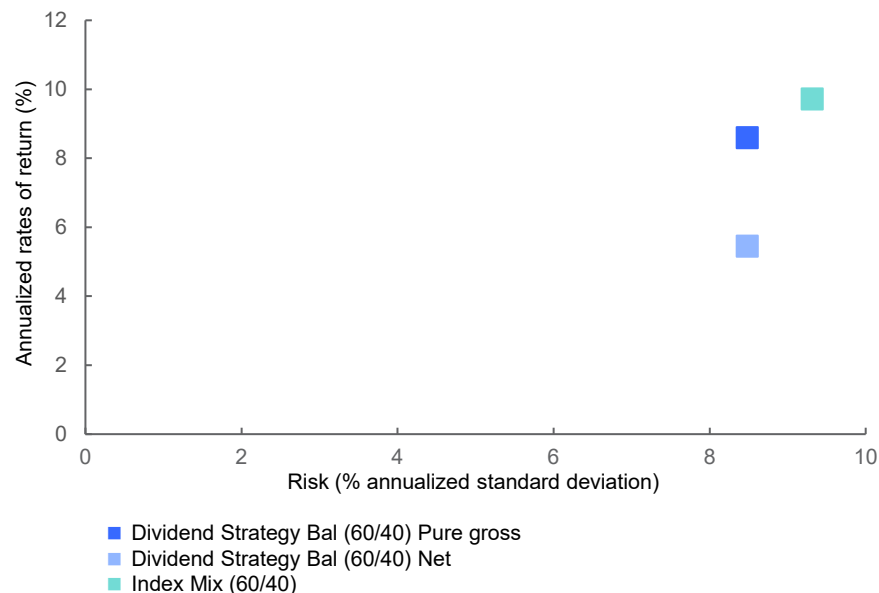
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# Risk/return profile



**Pure gross and net of fees** (based on 10-year period ending December 31, 2025)



**Modern portfolio statistics** as of December 31, 2025

	Dividend Strategy Bal (60/40) Pure gross	Dividend Strategy Bal (60/40) Net	Index Mix (60/40)
Annualized Return (%)	8.60	5.45	9.72
Annualized Standard Deviation (%)	8.48	8.48	9.32
Sharpe Ratio	0.76	0.41	0.81
Beta	0.86	0.86	N/A
Alpha (%)	-0.03	-2.95	N/A
R-Squared	0.88	0.88	N/A

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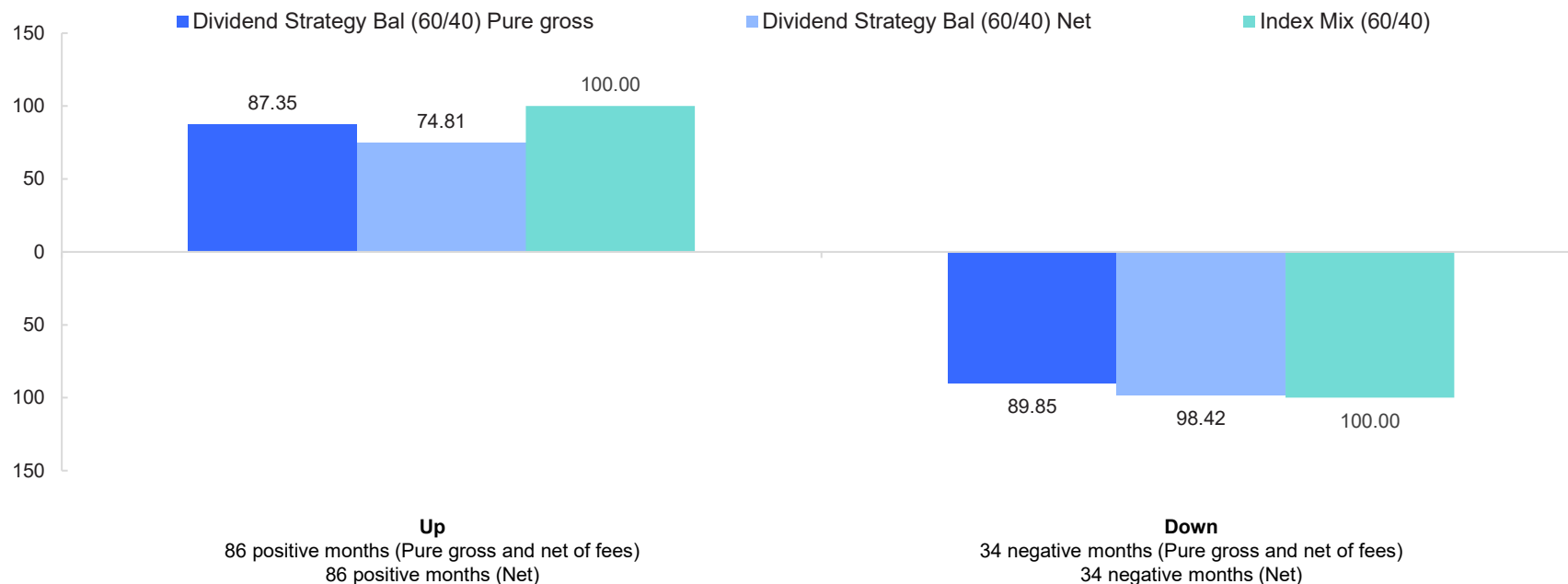
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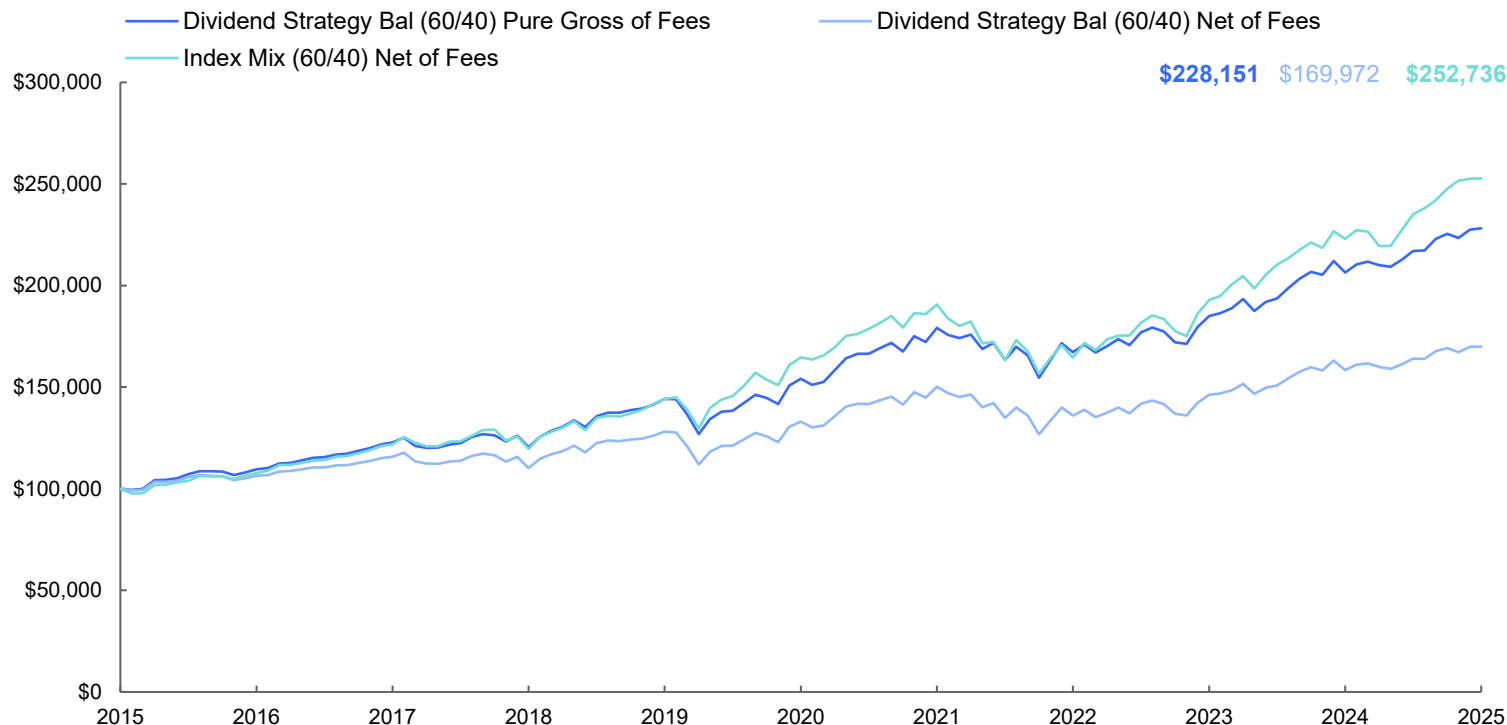
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# Investment management team



## John Baldi

*Managing Director, Portfolio Manager*

- Industry since 1999
- Firm since 2004
- BS in Finance and Economics from Boston College
- JPMorgan Chase — Senior Analyst, Specialty Finance

## Michael Clarfeld, CFA

*Managing Director, Portfolio Manager*

- Industry since 2000
- Firm since 2006
- Duke University — BA in History
- Member of the CFA Institute
- CFA Society New York
- Hygrove Partners, LLC — Equity Analyst
- Goldman Sachs — Equity Research, Financial Analyst

## Diane Keady

*Managing Director, Portfolio Manager*

- Industry since 2000
- Firm since 1994
- New York University, Leonard N. Stern School of Business — MBA
- Rutgers University — BS
- Citigroup Asset Management — U.S. Sales and Distribution, Vice President
- Salomon Smith Barney — GAAP Reporting, Vice President
- Smith Barney Shearson — Technology Finance, Expense Analyst

## Investment management team



Western Asset Management is one of the world's leading global fixed income managers. Founded in 1971, the firm is known for team management and proprietary research, supported by robust risk management and a long-term fundamental value approach.

# What are the risks?



## Franklin Templeton Dividend Strategy Balanced Portfolios (70/30)

**All investments involve risks, including possible loss of principal. Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. The managers' **environmental, social and governance (ESG) strategies** may limit the types and number of investments available and, as a result, may forgo favorable market opportunities or underperform strategies that are not subject to such criteria. There is no guarantee that the strategy's ESG directives will be successful or will result in better performance.

# What are the risks?



## Franklin Templeton Dividend Strategy Balanced Portfolios (60/40)

**All investments involve risks, including possible loss of principal. Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. The managers' **environmental, social and governance (ESG) strategies** may limit the types and number of investments available and, as a result, may forgo favorable market opportunities or underperform strategies that are not subject to such criteria. There is no guarantee that the strategy's ESG directives will be successful or will result in better performance.

# GIPS Composite Report



## Franklin Templeton Dividend Strategy Balanced Taxable 70/30

Strategy Inception Date: March 2005

Reporting Currency: USD

Composite Creation Date: January 2013

Period	Total Return (Net)	Total Return ("Pure Gross")	Benchmark Return	Number of Portfolios	% of Wrap Fee Portfolios in the Composite	Composite Dispersion	Composite 3 Yr. St. Dev.	Benchmark 3 Yr. St. Dev.	Total Composite Assets at End of Period (USD million)	Percentage of Firm Assets	Total Firm Assets at End of Period (USD million)
2024	10.09%	13.36%	17.90%	146	100	0.53%	11.68%	13.09%	74.6	0.09%	79,007.4
2023	8.65%	11.89%	19.43%	154	100	0.32%	12.19%	13.04%	71.2	0.09%	75,344.4
2022	-9.45%	-6.70%	-14.77%	167	100	0.35%	14.39%	15.03%	72.9	0.11%	65,194.3
2021	15.91%	19.34%	18.92%	166	100	0.62%	11.84%	11.87%	80.5	0.10%	78,206.6
2020	3.85%	6.96%	15.33%	175	100	0.58%	11.91%	12.81%	72.9	0.11%	69,403.0
2019	18.95%	22.47%	23.28%	214	100	0.77%	7.27%	8.27%	78.2	0.13%	61,593.5
2018	-5.28%	-2.42%	-2.41%	203	100	0.41%	6.55%	7.41%	60.2	0.12%	50,961.6
2017	10.48%	13.77%	15.27%	132	100	0.54%	6.67%	6.78%	53.0	0.10%	53,956.9
2016	7.97%	11.18%	8.73%	107	100	0.49%	7.24%	7.32%	41.6	0.09%	46,104.9
2015	-4.75%	-1.88%	1.54%	106	100	0.22%	7.42%	7.37%	32.9	0.08%	42,608.6

\*Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs, and are presented as supplemental to the net of fee returns.

### Compliance Statement:

Franklin Templeton Private Portfolio Group, LLC ("FTPPG") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. FTPPG has been independently verified for the periods January 1, 2013 - December 31, 2024. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

### Firm Information:

Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), formerly known as Legg Mason Private Portfolio Group, LLC ("LMPPG"), is a wholly owned indirect subsidiary of Franklin Resources, Inc. ("Franklin"). In July 2020 Legg Mason, Inc., its parent company, was purchased by Franklin. FTPPG has used Subadvisers for all periods presented. FTPPG, together with its Subadvisers, provides investment advisory services primarily in investment programs sponsored by Sponsor Firms. The investment advisory services FTPPG and the Subadvisers provide differ depending on the type of Sponsor Firm investment program in which a client participates.

### Composite Information:

The Franklin Templeton Dividend Strategy Balanced Taxable 70/30 composite consists of discretionary wrap accounts with an account minimum of US \$25,000. The strategy aims to meet long-term financial goals with dividend income, dividend income growth and long-term capital appreciation, while utilizing high-quality bonds to manage portfolio volatility. The main risks of this strategy are General Investment Risk, Small Cap Risk, Mid Cap Risk, Credit Risk, and Interest Rate Risk.

### Input and Calculation Data:

The fee schedule currently in effect is 3.00% on all assets. Net of fee composite returns are calculated by reducing each monthly composite pure gross rate of return by the highest "bundled" fee charged (3.00%) annually, prorated to a monthly ratio. The "bundled" fee includes transaction costs, investment management, custodial, and other administrative fees. The internal dispersion of annual returns is measured by the asset-weighted standard deviation of portfolio returns included in the composite for the entire year. Gross returns are used to calculate presented risk measures. The composite employs a 10% significant cash flow policy which started in January 2021. A list of composite and limited distribution pooled fund descriptions and a list of broad distribution pooled funds is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Past performance is not necessarily indicative of future results. 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.

### Primary Benchmark Information:

The composite uses a custom blended benchmark consisting of 70% S&P 500® / 30% Bloomberg US Intermediate Treasury which is calculated by weighting the respective index returns monthly.

# GIPS Composite Report



## Franklin Templeton Dividend Strategy Balanced Taxable 60/40

Strategy Inception Date: March 2005

Reporting Currency: USD

Composite Creation Date: January 2013

Period	Total Return (Net)	Total Return (*Pure Gross)	Benchmark Return	Number of Portfolios	% of Wrap Fee Portfolios in the Composite	Composite Dispersion	Composite 3 Yr. St. Dev.	Benchmark 3 Yr. St. Dev.	Total Composite Assets at End of Period (USD million)	Percentage of Firm Assets	Total Firm Assets at End of Period (USD million)
2024	8.33%	11.56%	15.59%	7,459	100	0.36%	10.32%	11.68%	1,990.2	2.52%	79,007.4
2023	7.48%	10.68%	17.20%	4,918	100	0.33%	10.69%	11.57%	1,276.7	1.69%	75,344.4
2022	-9.42%	-6.68%	-13.70%	2,609	100	0.22%	12.28%	13.01%	652.5	1.00%	65,194.3
2021	12.89%	16.24%	15.78%	1,832	100	0.52%	9.89%	10.04%	531.3	0.68%	78,206.6
2020	3.76%	6.86%	14.16%	1,690	100	0.63%	9.95%	10.84%	453.1	0.65%	69,403.0
2019	16.36%	19.80%	20.60%	1,239	100	0.77%	6.21%	7.00%	349.9	0.57%	61,593.5
2018	-4.81%	-1.95%	-1.80%	825	100	0.26%	5.58%	6.25%	221.1	0.43%	50,961.6
2017	8.73%	11.97%	13.15%	552	100	0.44%	5.54%	5.70%	167.3	0.31%	53,956.9
2016	6.46%	9.64%	7.64%	381	100	0.42%	6.06%	6.20%	113.3	0.25%	46,104.9
2015	-4.27%	-1.38%	1.55%	363	100	0.17%	6.30%	6.31%	99.1	0.23%	42,608.6

\*Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs, and are presented as supplemental to the net of fee returns.

### Compliance Statement:

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### Composite Information:

The Franklin Templeton Dividend Strategy Balanced Taxable 60/40 composite consists of discretionary wrap accounts with an account minimum of US \$25,000. The strategy aims to meet long-term financial goals with dividend income, dividend income growth and long-term capital appreciation, while utilizing high-quality bonds to manage portfolio volatility. The main risks of this strategy are General Investment Risk, Small Cap Risk, Mid Cap Risk, Credit Risk, and Interest Rate Risk.

### Input and Calculation Data:

The fee schedule currently in effect is 3.00% on all assets. Net of fee composite returns are calculated by reducing each monthly composite pure gross rate of return by the highest "bundled" fee charged (3.00%) annually, prorated to a monthly ratio. The "bundled" fee includes transaction costs, investment management, custodial, and other administrative fees. The internal dispersion of annual returns is measured by the asset-weighted standard deviation of portfolio returns included in the composite for the entire year. Gross returns are used to calculate presented risk measures. The composite employs a 10% significant cash flow policy which started in January 2021. A list of composite and limited distribution pooled fund descriptions and a list of broad distribution pooled funds is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Past performance is not necessarily indicative of future results. 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.

### Primary Benchmark Information:

The composite uses a custom blended benchmark consisting of 60% S&P 500® / 40% Bloomberg US Intermediate Treasury which is calculated by weighting the respective index returns monthly.



# Definitions

## Index Definitions

The **Alerian MLP Index** is a composite of the 50 most prominent energy master limited partnerships (MLPs) and is calculated using a float-adjusted, capitalization-weighted methodology. Source: Alerian.

The **MSCI All Country World ex-US Growth Index** measures the performance of growth stocks in developed and emerging markets, excluding the US. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

The **MSCI All Country World Index** is a market capitalization-weighted index that is designed to measure equity market performance of developed and emerging markets. Net Returns (NR) include income net of tax withholding when dividends are paid. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

The **MSCI EAFE Index** is a free float-adjusted market capitalization-weighted index designed to measure developed market equity performance, excluding the U.S. and Canada. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

The **MSCI Emerging Markets Index** captures large and mid cap representation across emerging markets. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

The **MSCI U.S.A. High Dividend Yield Index** is designed to reflect the performance of mid- and large-cap equities (excluding REITs) with higher dividend income, which is sustainable and persistent, than average dividend yields of securities in the MSCI USA Index. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

The **MSCI US REIT Index** is a free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs). Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. Source: FTSE.

The **Russell 1000 Index** measures the performance of the large-cap segment of the U.S. equity universe. Source: FTSE.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. Source: FTSE.

The **Russell 2000 Growth Index** measures the performance of the small-cap growth segment of the U.S. equity universe. Source: FTSE.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. Source: FTSE.

The **Russell 2000 Value Index** measures the performance of the small-cap value segment of the U.S. equity universe. Source: FTSE.

The **Russell 2500 Growth Index** measures the performance of those companies in the small/mid-cap Russell 2500 Index chosen for their growth orientation. Source: FTSE.

The **Russell 2500 Index** measures the performance of the small to midcap segment of the U.S. equity universe, commonly referred to as "SMID" cap.

The **Russell 2500 Value Index** measures the performance of U.S. companies in the small/mid-cap Russell 2500 Index chosen for their value orientation. Source: FTSE.

The **Russell 3000 Growth Index** measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. Source: FTSE.

The **Russell 3000 Index** measures the performance of the 3,000 largest U.S. companies based on total market capitalization. Source: FTSE.

The **Russell 3000 Value Index** measures the performance of the broad value segment of U.S. equity value universe. Source: FTSE.

The **Russell Microcap Index** measures the performance of the microcap segment of the U.S. equity universe. Source: FTSE.

The **Russell Mid Cap Index** measures the performance of the mid-cap segment of the U.S. equity universe. Source: FTSE.

The **Russell Midcap Growth Index** measures the performance of the mid-cap growth segment of the U.S. equity universe. Source: FTSE.

The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. Source: © S&P Dow Jones Indices LLC. All rights reserved.

The **S&P Global Infrastructure Index** includes listed infrastructure stocks from around the world across energy, transportation and utilities clusters. Source: © S&P Dow Jones Indices LLC. All rights reserved.

Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

# Definitions

## Term definitions

**Earnings before interest, taxes, depreciation and amortization (EBITDA)** approximates a firm's operating cash flow by considering its earnings before interest, taxes, depreciation and amortization.

**Free Cash Flow** measures the cash remaining after accounting for a firm's cash expenditures to support its operations and maintain its capital assets.

**Market Capitalization** measures the number of outstanding common shares of a given corporation multiplied by the latest price per share.

**Weighted Median Market Capitalization** represents the value at which half the portfolio's market capitalization weight falls above, and half falls below.

**Weighted Average Market Capitalization** represents the average value of the companies held in the portfolio. When that figure is weighted, the impact of each company's capitalization on the overall average is proportional to the total market value of its shares.

**Dividend Yield** is determined by dividing a stock's annual dividends per share by the current market price per share. Dividend yield is a financial ratio that shows how much a company pays out in dividends. **Dividend Yield is calculated without the deduction of fees and expenses.**

**P/E (Year 1)** is the previous day's closing price of the stock divided by the consensus earnings per share (EPS) of fiscal year 1 (FY1) provided by I/B/E/S. Forecasts are inherently limited and should not be relied upon as indicators of future performance.

The **Price-to-Book** ratio (P/B) is a stock's price divided by the stock's per share book value.

**Earnings Per Share** (EPS) is the portion of a company's profit allocated to each outstanding share of a common stock.

The **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 the portfolio's historical adjusted performance.

**Alpha** is a measure of the difference between actual returns and expected performance, given the level of risk as measured by Beta, where **Beta** measures sensitivity to benchmark movements.

**R-Squared** measures the strength of the linear relationship between the portfolio and its benchmark. R-squared at 1.0 implies perfect linear relationship and zero implies no relationship exists.

**Standard Deviation** is based on quarterly data. Standard deviation is a measure of the variability of returns; the higher the standard deviation, the greater the range of performance (i.e., volatility).

The **Capture Ratios** measure a manager's composite performance relative to the benchmark, considering only those quarters that are either positive (Up) or negative (Down) for the benchmark.

An **Up Market Capture Ratio** greater than 1.0 indicates a manager who has outperformed the benchmark in the benchmark's positive quarters.

A **Down Market Capture Ratio** of less than 1.0 indicates a manager who has outperformed the relative benchmark in the benchmark's negative quarters.

# Definitions



## Index Definitions

The **Citi 3-Month T-Bill Index** is an unmanaged index of three-month Treasury bills. The index consists of an average of the last three-month U.S. Treasury bill issues.

The **Bloomberg Government Bond 1-3 Year Index** is an index that measures the performance of all public U.S. government obligations with remaining maturities of approximately 1-3 years. Source: Bloomberg Indices.

The **Bloomberg 1-15 Year Blend (1-17) Municipal Bond Index** consists of a broad selection of investment-grade general obligation and revenue bonds of maturities from 1 to 17 years. Source: Bloomberg Indices.

The **Bloomberg Intermediate U.S. Government/Credit Index** is an unmanaged index that measures the performance of intermediate (one to ten years) government and corporate fixed-rate debt issues. Source: Bloomberg Indices.

The **Bloomberg Municipal 1 Year Index** is an unmanaged Index of municipal bonds with a remaining maturity of one to two years. Source: Bloomberg Indices.

The **Bloomberg Municipal 5 Year Index** is an unmanaged index that tracks USD-denominated long-term, tax-exempt bond market with maturities of 4-6 years, including state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. Source: Bloomberg Indices.

The **Bloomberg Municipal Bond Index** is a broad measure of the municipal bond market with maturities of at least one year. Source: Bloomberg Indices.

The **Bloomberg Municipal Managed Money Short Intermediate Index** measures the performance of the publicly traded municipal bonds that cover the USD-denominated short/intermediate term tax-exempt bond market, including state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. Source: Bloomberg Indices.

The **Bloomberg U.S. Aggregate Index** is comprised of investment-grade, U.S. dollar-denominated government, corporate, and mortgage- and asset-backed issues having at least one year to maturity. Source: Bloomberg Indices.

The **Bloomberg U.S. Government 1-5 Year Index** measures the performance of US dollar denominated, fixed-rate, nominal U.S. Treasuries and U.S. agency debentures with maturities greater or equal than 1 year but less than 5 years. Source: Bloomberg Indices.

The **Bloomberg U.S. Government/Credit Bond Index** is an index that tracks the performance of U.S. government and corporate bonds rated investment grade or better, with maturities of at least one year. Source: Bloomberg Indices.

The **Bloomberg U.S. High Yield Very Liquid Index (VLI)** is a component of the US Corporate High Yield Index designed to track a more liquid component of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market. Source: Bloomberg Indices.

The **Bloomberg U.S. Intermediate Corporate Index** measures the performance of investment grade, fixed-rate, US dollar-denominated taxable corporate securities with maturities of 1-10 years. Source: Bloomberg Indices.

The **Bloomberg U.S. Intermediate Treasury Index** measures the performance of the U.S. Treasury debentures with maturities of 1-10 years. Source: Bloomberg Indices.

The **ICE BofA 1-3 Year Treasury Index** is a market-capitalization-weighted index including all U.S. Treasury notes and bonds with maturities greater than or equal to one year and less than three years. Source: The index data referenced herein is the property of Intercontinental Exchange ("ICE") and/or its licensors and has been licensed for use by Franklin Templeton. ICE and its licensors accept no liability in connection with this use.

Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

# Definitions



## Term Definitions

**Maturity** is the date at which a debt instrument is due and payable. A bond due to mature on January 1, 2025, will return the bondholder's principal and final interest payment when it reaches maturity on that date. Bond yields are frequently calculated on a yield-to-maturity basis.

**Duration (Modified Duration)** is the measure of the price sensitivity of a fixed income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

**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. **Yield to Worst is calculated without the deduction of fees and expenses.**

**Insured** municipal bonds are ones where scheduled interest and principal payments are guaranteed by AAA-rated municipal bond insurers.

**General Obligation** municipal bonds are backed by the credit and taxing power of the issuing jurisdiction rather than the revenue of a given project.

**Revenue** bonds are municipal bonds supported by the revenue from a specific project.

**Pre-refunded** bonds are municipal bonds that are generally backed or secured by U.S. Treasury bonds.

**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.

**Average Maturity** is the average length of maturity for all fixed-rate debt instruments held in a portfolio.

**Average Coupon** based on the portfolio's underlying holdings, which may differ and are subject to change. Coupon rate is the annual coupon payments paid by the issuer relative to a bond's face or par value. **Average Coupon is calculated without the deduction of fees and expenses.**

**Yield to Maturity** - The rate of return anticipated on a bond if it is held until the maturity date. The calculation of YTM takes into account the current market price, par value, coupon interest rate and time to maturity. **Yield to Maturity is calculated without the deduction of fees and expenses.**

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

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

**Alpha** is a measure of the difference between actual returns and expected performance, given the level of risk as measured by **Beta**, where Beta measures sensitivity to benchmark movements.

**R-Squared** measures the strength of the linear relationship between the portfolio and its benchmark. R-squared at 1.0 implies perfect linear relationship and zero implies no relationship exists.

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An **Up-Market Capture Ratio** greater than 1.0 indicates a manager who has outperformed the benchmark in the benchmark's positive months.

A **Down-Market Capture Ratio** of less than 1.0 indicates a manager who has outperformed the relative benchmark in the benchmark's negative months.

## Notes



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## Notes



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## Notes



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**At Franklin Templeton, everything we do has a single focus: to deliver better client outcomes.**

- We have deep expertise across equity, fixed income, alternatives, multi-asset solutions and cash strategies
- We offer an unmatched range of specialist investment managers, consisting of more than 1,500 investment professionals
- Over 75 years of experience in identifying opportunities and delivering investment solutions to clients.

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**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.**