



Separately Managed Account

# Franklin Templeton Value Balanced Portfolios

4Q 2025

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# Your trusted partner for what's ahead™



## For our clients, we are:



## At-a-glance

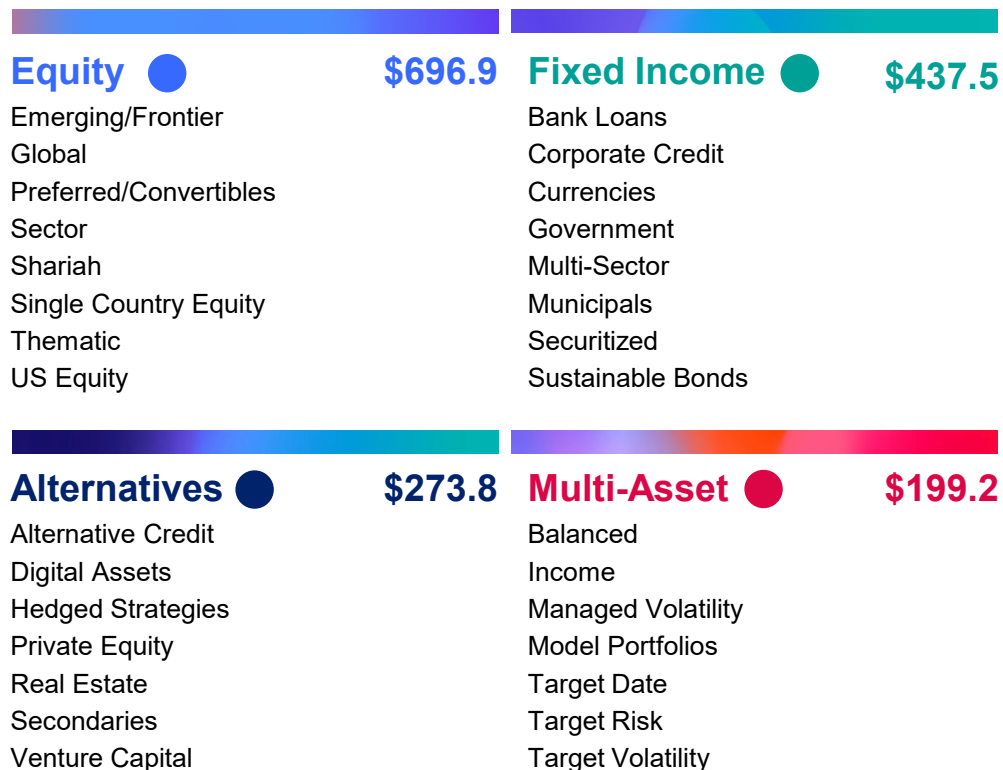
|                |  |
|----------------|--|
| <b>75+</b>     | years of asset management experience                 |
| <b>\$1.7tn</b> | total assets under management <sup>1</sup>           |
| <b>10</b>      | investment managers added to our platform since 2019 |
| <b>1,500+</b>  | investment professionals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



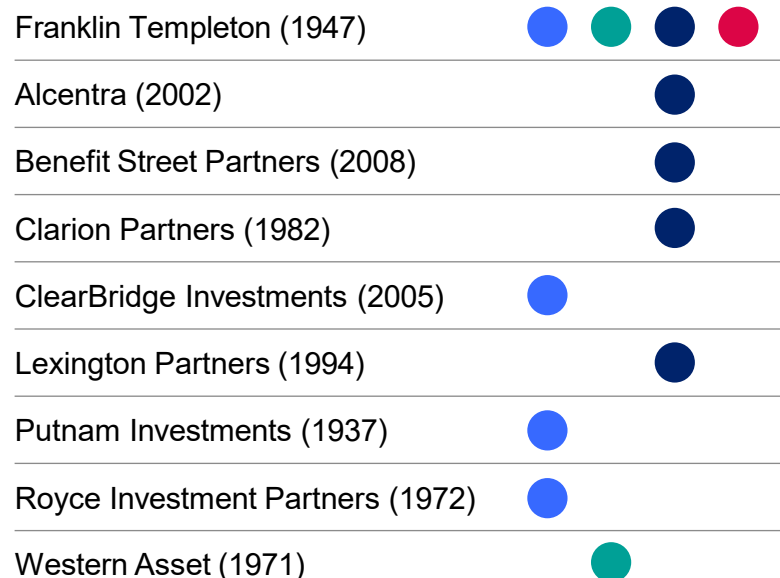
## Our Investment Capabilities (USD Billion)



### 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 Value Balanced Portfolios



## Overview

Franklin Templeton Value Balanced Portfolios, a core value portfolio that invests in stocks of varying capitalizations and high-quality bonds and seeks to deliver solid returns while managing risks.

## Philosophy

### **We believe that:**

Investing in large-, mid-, and small-cap stocks, whose market prices are attractive in relation to their underlying fundamentals, reduces risk through diversification and provides potential for long-term capital appreciation.

## Objectives

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

- Achieve growth of capital and income by investing in stocks of varying capitalizations and high-quality bonds.
- Deliver above-average returns while also providing risk management.

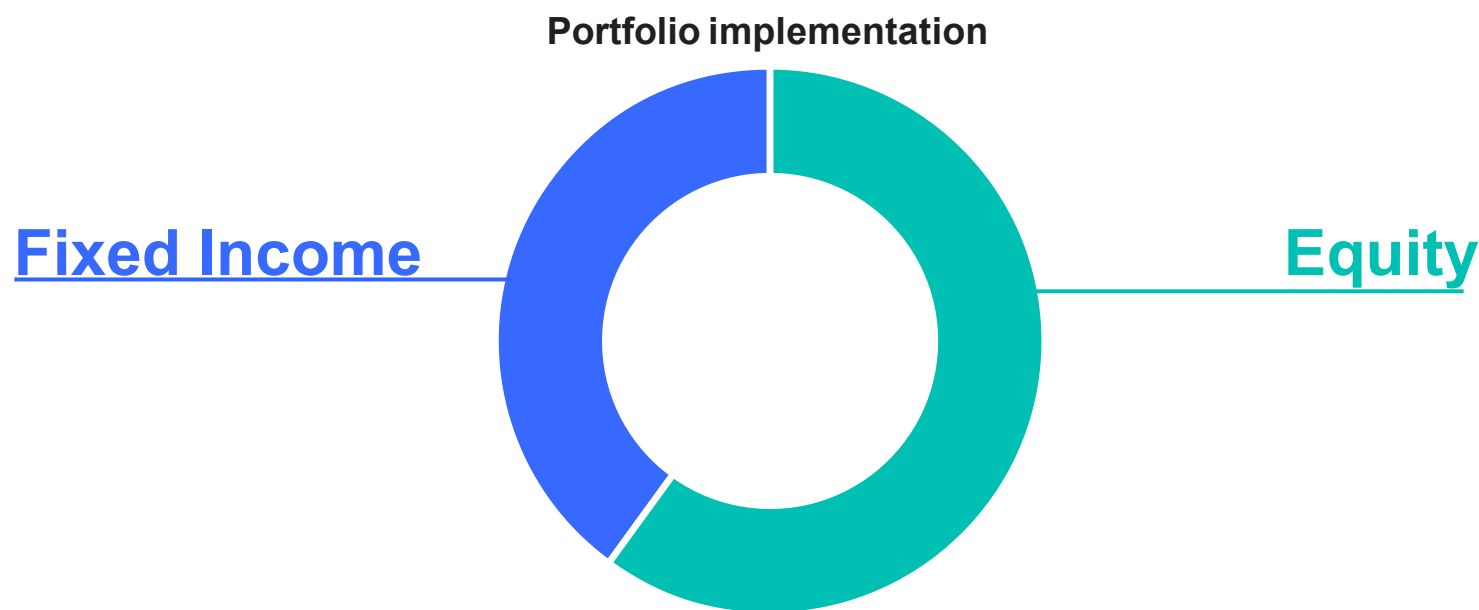
# Franklin Templeton Value Balanced Portfolios

## Investment process



### Portfolio Implementation Value Balanced Taxable (60/40) Portfolios

- Two strategies are managed independently by the Value Team and the Taxable Fixed Income Team.
- Allocation to fixed income will vary depending upon portfolio managers' discretion and market conditions (typically split 60/40).



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 Value Balanced Portfolios

## Equity investment process



### STEP 1

#### Define the investment universe

Identify quality equity investments in different categories, which may include common stocks in the Russell 1000 Value Index, and ADRs.

### STEP 2

#### Evaluate stocks using proprietary discipline

- Emphasize market and industry themes and trends.
- Stress long-term value in analyzing quantitative, fundamental and technical factors.

### STEP 3

#### Apply fundamental analysis to select securities

Emphasize companies with healthy balance sheets selling at or near book value and at prices that do not accurately reflect cash flows, tangible assets or management skills.

### STEP 4

#### Construct a diversified portfolio

Build a portfolio of best ideas.

### STEP 5

#### Review holdings

Re-examine a current holding when fundamentals or technical factors deteriorate, full growth potential is reached, or there is unusual insider buying/selling.

Allocations may vary overtime.

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.

# Western Asset Municipal Bond Ladders Portfolios

## Investment process



### STEP 1

#### Identify term structure of ladder

##### Term structure

- Purchase municipal bonds maturing at regular intervals from 1-15 or 1-30 years<sup>1</sup>.
- Hold securities to maturity and reinvest back out at longest maturity rung of ladder.
- Manage reinvestment risk by staggering maturities and coupon streams across a diverse mix of sectors and issuers.

### STEP 2

#### Identify attractive sectors and industries

##### Sector and issue decision

- Employ in-depth research to uncover yield opportunities across the investment-grade rating spectrum.
- Winnow portfolio candidates using proprietary credit analysis.

### STEP 3

#### Build portfolio from credit-monitored approved list

##### Review/sell process

- Monitor credits constantly, despite intent to hold all securities until maturity.
- Reexamine whether a particular investment should continue to be held when the issuer's ability to pay the coupon or repay upon maturity is in doubt.

<sup>1</sup>Other options may be available.

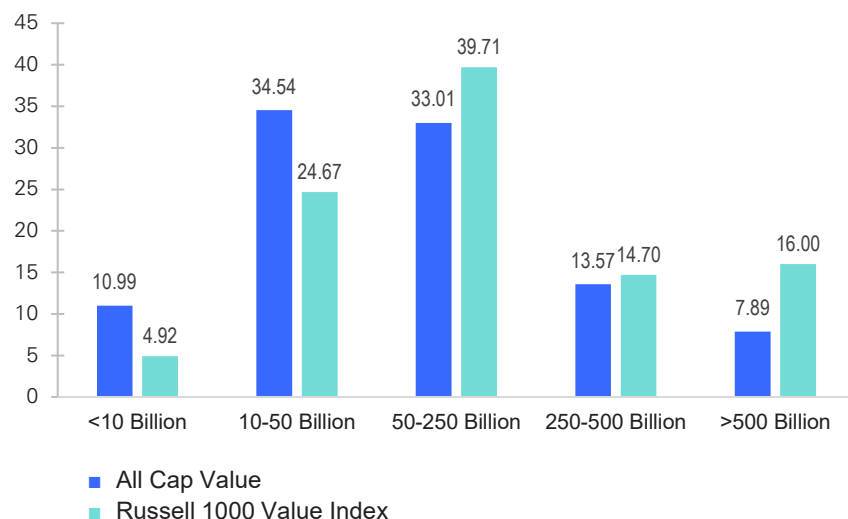
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# Equity portfolio characteristics

## As of 12/31/2025



### Market capitalization breakdown in USD (%)



### Portfolio characteristics

|   | All Cap Value | Russell 1000 Value Index |
|---|---------------|--------------------------|
| Number of Issuers                                     | 64            | 870                      |
| Estimated 3-5 Year EPS Growth                         | 14.02%        | 10.50%                   |
| Price to Earnings (12-Month Forward)                  | 16.44x        | 18.58x                   |
| Price to Book   | 3.82x         | 4.35x                    |
| Dividend Yield  | 1.76%         | 1.83%                    |
| Median Market Cap (Millions USD)                      | \$55,388      | \$123,860                |
| Weighted Average Market Capitalization (Millions USD) | \$261,369     | \$356,907                |

Portfolio characteristics and composition are currently inaccessible at the representative account level for the All Cap Value Bal portfolio. In lieu of this, the following pages show portfolio characteristics for a representative account of All Cap Value portfolio for the equity portion and for a model portfolio 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 (%)   | All Cap Value |                          |
|-------------------------|---------------|--------------------------|
|                         | All Cap Value | Russell 1000 Value Index |
| Financials              | 23.32         | 22.28                    |
| Health Care             | 15.82         | 12.21                    |
| Industrials             | 10.71         | 13.00                    |
| Energy                  | 9.31          | 5.71                     |
| Materials               | 8.02          | 4.05                     |
| Information Technology  | 7.06          | 11.32                    |
| Communication Services  | 6.60          | 8.45                     |
| Utilities               | 4.76          | 4.36                     |
| Consumer Discretionary  | 4.47          | 7.43                     |
| Consumer Staples        | 4.07          | 7.23                     |
| Real Estate             | 1.89          | 3.96                     |
| Cash & Cash Equivalents | 3.98          | 0.00                     |

| Top holdings (%)               |  | All Cap Value |
|--------------------------------|--|---------------|
| Alphabet Inc                   |  | 4.42          |
| Bank of America Corp           |  | 3.76          |
| Fairfax Financial Holdings Ltd |  | 3.69          |
| Johnson & Johnson              |  | 2.95          |
| Amazon.com Inc                 |  | 2.54          |
| Micron Technology Inc          |  | 2.47          |
| Chevron Corp                   |  | 2.22          |
| EQT Corp                       |  | 2.21          |
| Walt Disney Co/The             |  | 2.18          |
| CVS Health Corp                |  | 2.04          |
| <b>Total</b>                   |  | <b>28.48</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 | 25 Yrs |
|--|-------|--------|-------|--------|--------|--------|--------|---------|---------|---------|--------|
| Value Bal (60/40)—Pure Gross of Fees—(USD) | 0.79  | 2.67   | 9.88  | 9.88   | 10.73  | 8.06   | 8.33   | 7.36    | 6.88    | 6.38    | 5.60   |
| Value Bal (60/40)—Net of Fees—(USD)        | 0.54  | 1.92   | 6.69  | 6.69   | 7.52   | 4.93   | 5.19   | 4.24    | 3.78    | 3.29    | 2.53   |
| Index Mix (60/40)—(USD)                    | 0.42  | 2.74   | 12.15 | 12.15  | 10.16  | 7.15   | 8.32   | 7.25    | 7.41    | 6.41    | 6.18   |

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

|  | 2025  | 2024  | 2023  | 2022  | 2021  | 2020  | 2019  | 2018   | 2017  | 2016  |
|--|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|
| Value Bal (60/40)—Pure Gross of Fees—(USD) | 9.88  | 11.74 | 10.57 | -6.89 | 16.58 | 2.82  | 15.55 | -7.74  | 11.75 | 12.73 |
| Value Bal (60/40)—Net of Fees—(USD)        | 6.69  | 8.51  | 7.37  | -9.63 | 13.22 | -0.18 | 12.21 | -10.45 | 8.52  | 9.47  |
| Index Mix (60/40)—(USD)                    | 12.15 | 9.62  | 8.75  | -7.27 | 13.90 | 5.13  | 17.87 | -4.24  | 8.54  | 10.76 |

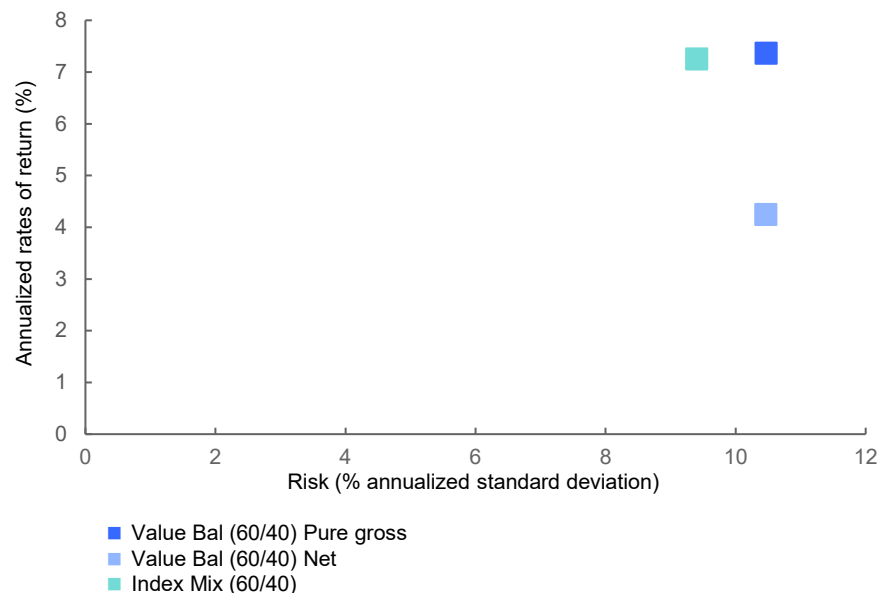
The **Index Mix** consists of the following: 60% Russell 1000 Value and 40% Bloomberg Interm Treas Index. The Russell 1000 Value Index replaced the Russell 3000 Value index in September 2024. Periods less than one year are not annualized. Performance results are for the composite which includes all actual, 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 are reduced by a model "wrap fee" (3.0% 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. Past performance is not a guarantee of future results. Please see appendix for GIPS® Report and term definitions.

# 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

|                                   | Value Bal (60/40)<br>Pure gross | Value Bal (60/40)<br>Net | Index Mix<br>(60/40) |
|-----------------------------------|---------------------------------|--------------------------|----------------------|
| Annualized Return (%)             | 7.36                            | 4.24                     | 7.25                 |
| Annualized Standard Deviation (%) | 10.47                           | 10.47                    | 9.40                 |
| Sharpe Ratio                      | 0.52                            | 0.24                     | 0.56                 |
| Beta                              | 1.08                            | 1.08                     | N/A                  |
| Alpha (%)                         | -0.20                           | -3.11                    | N/A                  |
| R-Squared                         | 0.93                            | 0.93                     | N/A                  |

The **Index Mix** consists of the following: 60% Russell 1000 Value and 40% Bloomberg Interm Treas Index. The Russell 1000 Value Index replaced the Russell 3000 Value index in September 2024. Alpha, Beta, Sharpe Ratio, and R-Squared are shown versus the Index. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

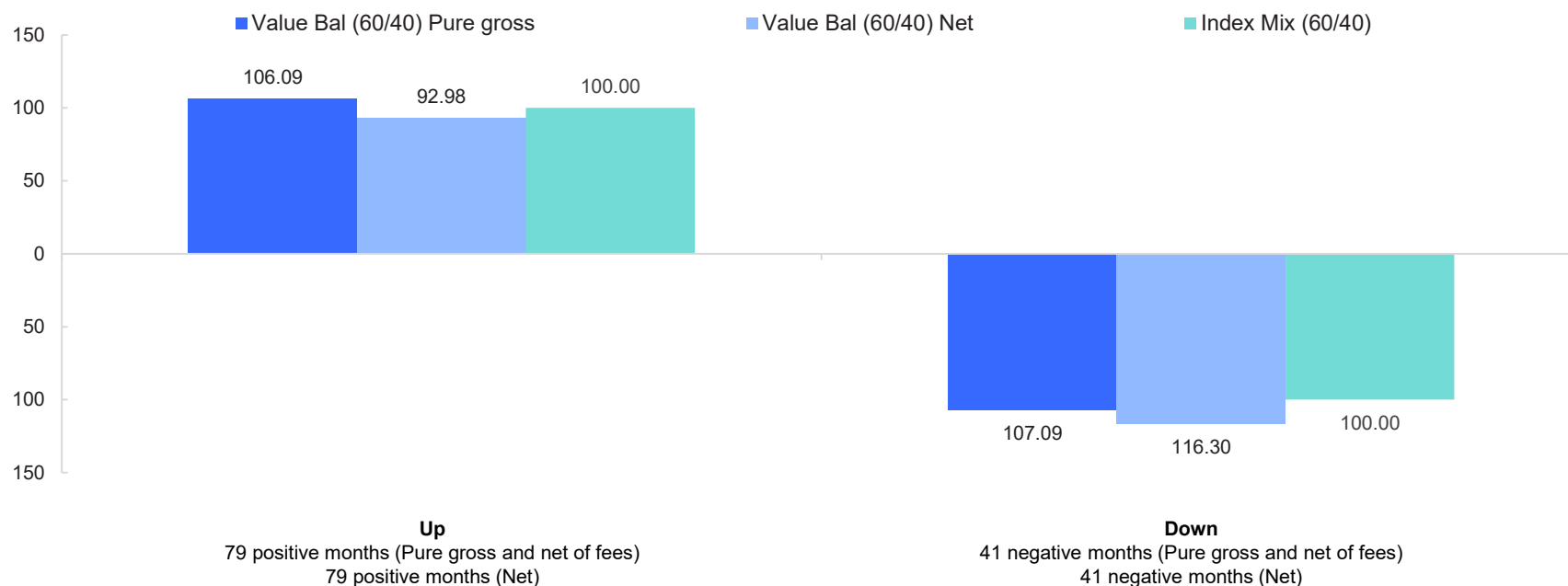
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# Up down market capture ratios (%)



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



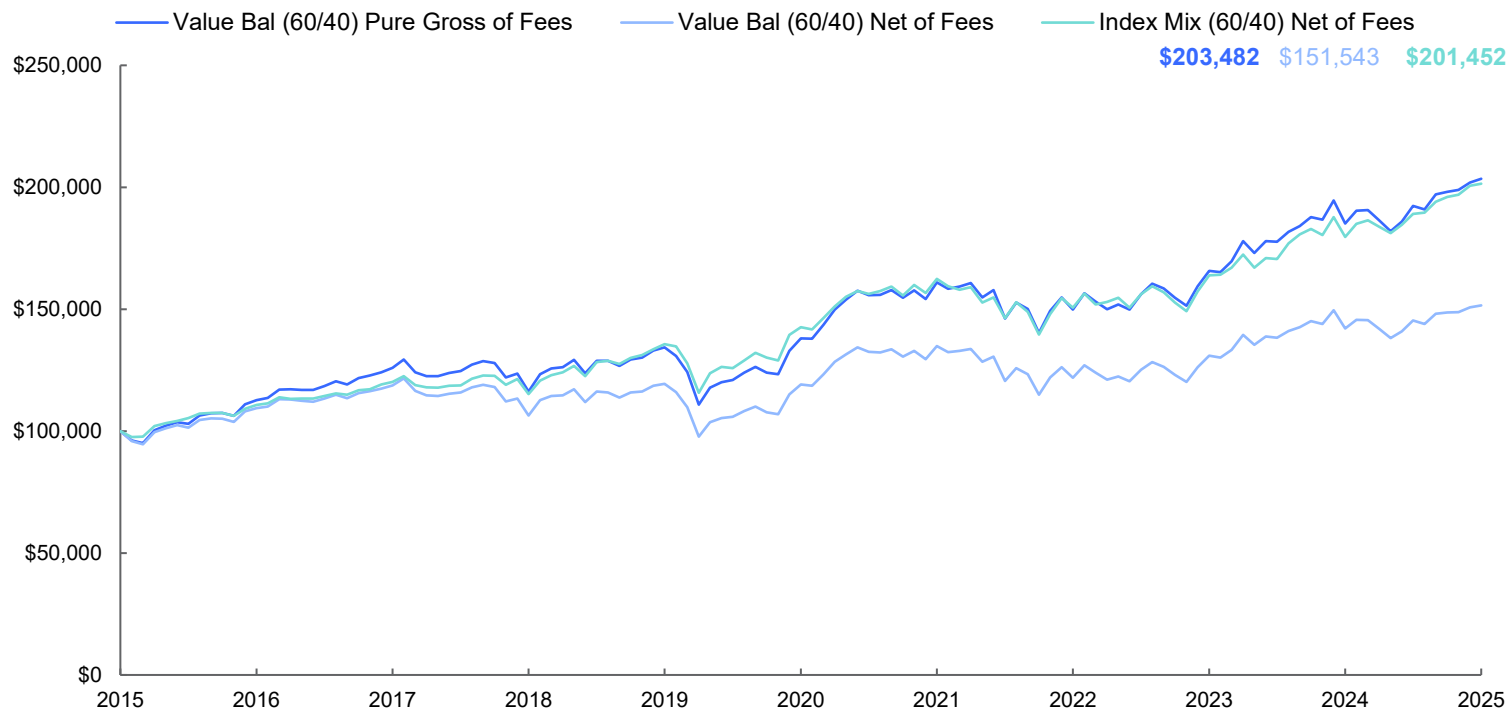
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# Growth of \$100,000



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



The **Index Mix** consists of the following: 60% Russell 1000 Value and 40% Bloomberg Interm Treas Index. The Russell 1000 Value Index replaced the Russell 3000 Value index in September 2024. For illustrative purposes only. Assumes no withdrawals or contributions. These statistics are based on gross and net-of-fees monthly composite returns, were calculated assuming reinvestment of dividends and income, and take into account both realized and unrealized capital gains and losses.

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 are reduced by a model "wrap fee" (3.0% 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.

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# Investment management team



## Reed Cassady, CFA

*Managing Director, Portfolio Manager*

- Member of the CFA Institute
- Industry since 2007
- Firm since 2007
- MBA from the Mason School of Business at the College of William & Mary
- BA in Music Composition from the College of William & Mary

## Sam Peters, CFA

*Managing Director, Portfolio Manager*

- Member of the CFA Institute
- Industry since 1993
- Firm since 2005
- University of Chicago — MBA
- College of William & Mary — BA in Economics
- Fidelity Management & Research — Portfolio Manager, Health Care Sector Team Leader
- Samuel M. Peters Investment Advisors — Founder
- Eppler, Guerin & Turner — Financial Consultant

## Jean Yu, CFA, PhD

*Managing Director, Portfolio Manager*

- Industry since 2002
- Firm since 2002
- ISO Health Care Group — Senior Business Analyst
- PhD in Molecular Biology from Columbia University
- MBA in Health Sector Management and Finance from Duke University
- MD from Beijing Medical University

## 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 Value 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. **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. **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.

# GIPS Composite Report



## Franklin Templeton Value Balanced Taxable 60/40

Strategy Inception Date: April 1994

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   | 8.51%              | 11.74%                     | 9.62%            | 96                   | 100                                       | 0.55%                | 11.90%                   | 11.31%                   | 34.0  | 0.04%                     | 79,007.4   |
| 2023   | 7.37%              | 10.57%                     | 8.75%            | 103                  | 100                                       | 0.40%                | 11.63%                   | 10.93%                   | 36.0  | 0.05%                     | 75,344.4   |
| 2022   | -9.63%             | -6.89%                     | -7.27%           | 113                  | 100                                       | 0.24%                | 13.99%                   | 13.02%                   | 36.9  | 0.06%                     | 65,194.3   |
| 2021   | 13.22%             | 16.58%                     | 13.90%           | 116                  | 100                                       | 0.54%                | 12.13%                   | 11.07%                   | 38.7  | 0.05%                     | 78,206.6   |
| 2020   | -0.18%             | 2.82%                      | 5.13%            | 123                  | 100                                       | 1.57%                | 12.64%                   | 11.42%                   | 39.9  | 0.06%                     | 69,403.0   |
| 2019   | 12.21%             | 15.55%                     | 17.87%           | 155                  | 100                                       | 0.51%                | 8.29%                    | 6.89%                    | 47.2  | 0.08%                     | 61,593.5   |
| 2018   | -10.45%            | -7.74%                     | -4.24%           | 158                  | 100                                       | 0.44%                | 8.19%                    | 6.19%                    | 42.7  | 0.08%                     | 50,961.6   |
| 2017   | 8.52%              | 11.75%                     | 8.54%            | 174                  | 100                                       | 0.49%                | 7.64%                    | 5.78%                    | 52.3  | 0.10%                     | 53,956.9   |
| 2016   | 9.47%              | 12.73%                     | 10.76%           | 231                  | 100                                       | 0.75%                | 8.05%                    | 6.23%                    | 62.3  | 0.14%                     | 46,104.9   |
| 2015   | -5.73%             | -2.89%                     | -1.63%           | 291                  | 100                                       | 0.26%                | 7.28%                    | 6.38%                    | 71.1  | 0.17%                     | 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 Value Balanced Taxable 60/40 composite consists of discretionary wrap accounts with an account minimum of US \$25,000. The strategy is a core value portfolio that invests in stocks of varying capitalizations and high-quality bonds, and seeks to deliver solid returns while managing risks. The main risks of this strategy are General Investment Risk, Small Cap Risk, Mid Cap Risk, Credit Risk, and Interest Rate Risk. The composite name changed from Franklin Templeton All Cap Value Balanced Taxable 60/40 SMA to Franklin Templeton Value Balanced Taxable 60/40 SMA in September 2024.

### 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% Russell 1000® Value / 40% Bloomberg US Intermediate Treasury which is calculated by weighting the respective index returns monthly.

### Additional Benchmark Information:

In September 2024 the Russell 1000® Value Index replaced the Russell 3000® Value Index back to inception.

# 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.

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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.

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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.

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## Notes



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