FRANKLIN TEMPLETON | WESTERN ASSET

Leaders in municipal bond investing



Not FDIC Insured | No Bank Guarantee | May Lose Value

As pioneers in double tax-free municipal bond investing, Franklin Templeton's roots run deep. We launched the first state-specific California municipal bond fund, establishing a legacy of innovation that continues today.

Franklin Templeton now offers the most comprehensive suite of municipal bond strategies across all investment vehicles—SMAs, mutual funds and ETFs—with the most state-specific ETF offerings in the market. Powered by deep expertise and research, we deliver strength in numbers, diversity of thought and unmatched customization capabilities to meet every investor's needs.

The following pages discuss important considerations for today's municipal bond investors as well as our firm's municipal bond capabilities:

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Separately managed accounts (SMAs) are investment services provided by Franklin Templeton Private Portfolio Group, LLC (FTPPG), a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by affiliated subadvisors of Franklin Templeton. Management is implemented by FTPPG, the designated subadvisor or, in the case of certain programs, the program sponsor or its designee

The muni moment is now

From headwinds to tailwinds–the muni market has turned

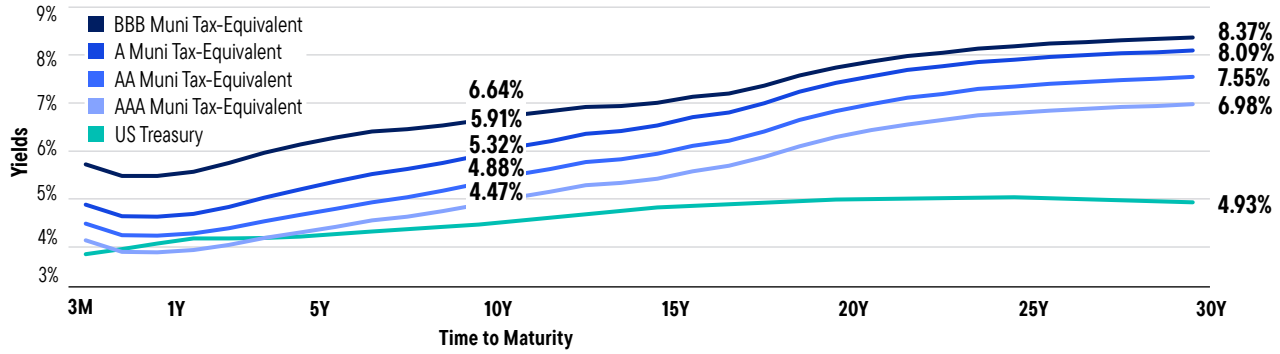
Municipal bonds offer a compelling combination of valuation, credit quality, and improving fundamentals. Municipal bond tax-equivalent yields are offering a meaningful advantage over US Treasuries across all maturities–while historically demonstrating substantially lower default rates than equivalently-rated corporate bonds.

1 | Valuation: A compelling yield advantage

As of June 30, 2026, municipal bond tax-equivalent yields offered a compelling advantage over all US Treasury maturities. Across the credit spectrum—from AAA to BBB—munis consistently outpaced equivalent-maturity Treasuries on an after-tax basis, making them particularly attractive to investors in higher tax brackets.

Tax-Equivalent Muni Yield Curves by Credit Quality vs. US Treasuries[1]

As of June 30, 2026



Tax-equivalent muni yields exceeded US Treasury yields across all maturities—a historically complelling entry point.

2 | Quality: A history of low default risk

Across the credit spectrum, municipal bonds have historically demonstrated substantially lower default rates than equivalently-rated corporate bonds. Since 1970, investment-grade corporate bonds have been 23 times more likely to default than investment-grade munis over a 10-year period—a remarkable advantage for tax-sensitive investors.

Historical Default Rates: Municipal vs. Corporate[2]

1970–2024 (10-Year Cumulative Default Rates)

Rating	Municipal	Corporate
AAA	0.00%	0.52%
AA	0.03%	1.29%
A	0.03%	2.80%
BBB	0.22%	4.72%

Investment-grade corporate have been 23x more likely to default than investment-grade munis over 10 year.

1. Source: Bloomberg. Tax-equivalentyields assume the maximum marginal income tax rate of40.8% (including the net investment income surtax of 3.8%).

2. Source: Moody's. Moody's US Municipal Bond Defaults and Recoveries, 1970–2024, August 2025. Data shows the average 10-year cumulative default rates of Moody's rated municipal and corporate bonds from 1970–2024.

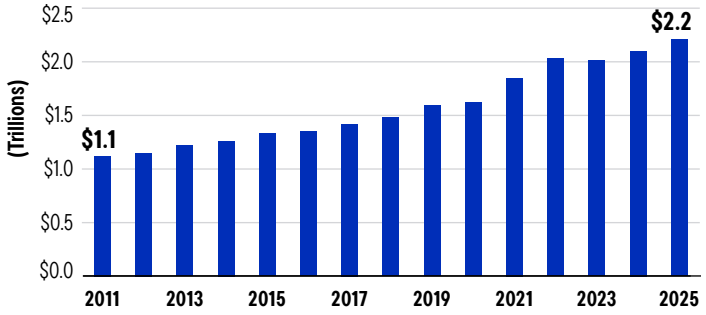
3 | Fundamentals: Record state and local tax revenues

State and local tax revenues have **doubled over the past 15 years**, providing municipal bond issuers a stable financial foundation to service future debt obligations.

This structural revenue strength—driven by broad-based economic growth, strong employment, and expanded tax bases—has materially improved the fiscal health of municipal issuers across the credit spectrum.

State and Local Tax Revenue Collection[3]

For the 15-Year Period Ended December 31, 2025



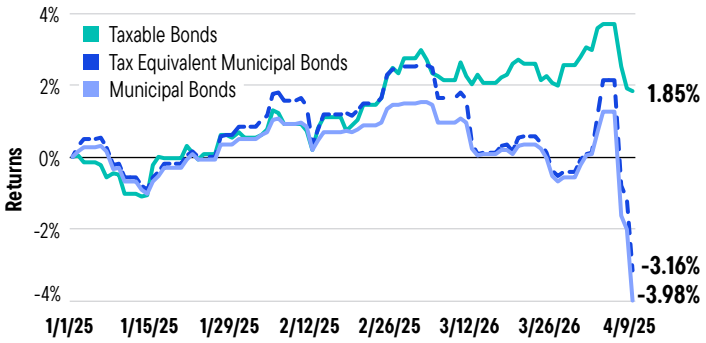
Strong issuer fundamentals reduce credit risk and support the long-term case for municipal bond investing–particularly in a higher-rate environment.

4 | Technicals: Policy clarity has unleashed munis

Early 2025 uncertainty over the One Big Beautiful Bill's (OBBB) potential elimination of municipal bond tax exemptions prompted record state and local debt issuance, creating a supply glut that—combined with tariff-driven inflation fears—pressured municipal markets lower.

Policy Uncertainty Created Muni Headwinds in Early 2025[4]

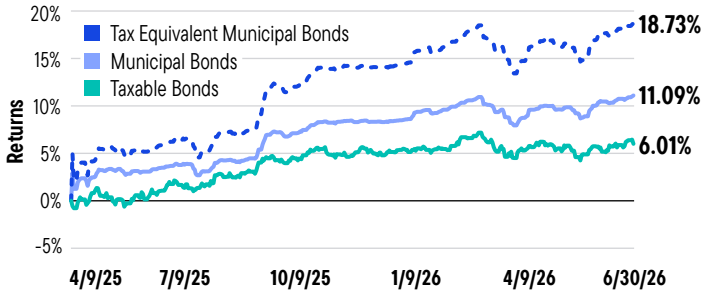
Cumulative Total Returns (January 1, 2025–April 9, 2025)



However, by mid-April 2025, greater policy clarity on the OBBB and a pause in Liberation Day tariffs removed significant headwinds. Municipal bonds have since **outperformed taxable bonds by wide margins**—especially on a tax-equivalent basis.

But Policy Clarity Has Unleashed Municipal Bonds[4]

Cumulative Total Returns (April 10, 2025–June 30, 2026)



3. Sources: Macrobond, US Census Bureau. Annual Survey of State and Local Government Finances.Total tax revenues represent combined state and local government collections. Data may be subject to change.

4. Source: © 2026 Morningstar, Inc. All rights reserved. The information is 1) proprietaryto Morningstar and/or its content providers, 2) may not be copied or distributed; and 3) is not warranted to be accurate, complete or timely. Cumulative total returns for the periods indicated. Tax-equivalent returns assume the maximum marginal income tax rate of40.8% (including the net investment income surtax of 3.8%). Taxable Bonds and Municipal Bonds/Tax-Equivalent Municipal Bonds are represented bythe following: The Blomberg US Aggregate Bond Index, an index comprised of investment-grade, US dollar-denominated government, corporate and mortgage- and asset-backed issues having at least one year to maturity; and the Bloomberg Municipal Bond Index, a broad measure of the municipal bond market with maturities of at least one year. Indexes are unmanaged and one cannot invest directly in an index. They do not reflect anyfees, expenses or sales charges.

Full suite of municipal products

Separately managed accounts (SMA)

Investors can take advantage of the potential benefits that come with having their assets managed on a separate account basis. SMAs allow us to consider a client's unique investment goals, risk tolerance, liquidity needs and individual objectives such as control over certain taxes, cash flow and turn over.

Many of the following strategies include national, state-specific and state-preference portfolios and are customizable:

- Intermediate-term maturity
- Limited-term maturity
- Green bond
- Long-term maturity
- Enhanced Income
- Laddered portfolios

1–3-year	1–3-year (tax managed)
1–7-year	1–7-year (tax managed)
1–15-year	1–15-year (tax managed)
5–20-year	5–20-year (tax managed)

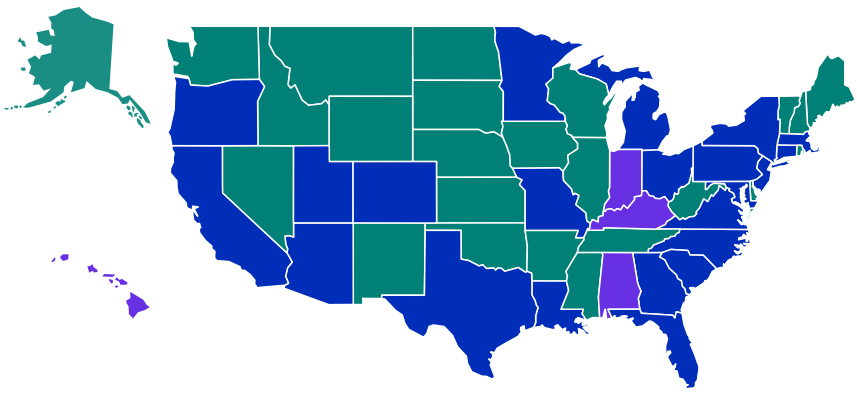
State-specific coverage

We offer state-specific portfolios for the following states:

State-specific portfolios (currently managed)
Arizona, California, Colorado, Connecticut, Florida, Georgia, Louisiana, Massachusetts, Maryland, Michigan, Missouri, Minnesota, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Utah and Virginia

State-preference portfolios
Alabama, Hawaii, Indiana and Kentucky

Other states available upon request
Certain state-specific portfolios may not be available in all programs. Additional state-specific portfolios may be available upon request and are subject to review.



Mutual funds

National

Long-term maturity

- Franklin Federal Tax-Free Income Fund
- Western Asset Managed Municipals Fund (SSMMX)

Intermediate-term maturity

- Franklin Federal Intermediate-Term Tax-Free Income Fund (FITQX)
- Putnam Strategic Intermediate Municipal Bond Fund (PAMLX)
- Western Asset Intermediate-Term Municipals Fund (SMLSX)

Short-term maturity

- Franklin Federal Limited-Term Tax-Free Income Fund (FTFZX)
- Western Asset Short Duration Municipal Income Fund (SHDAX)

High yield

- Franklin High Yield Tax-Free Income Fund (FHYRX)

State-specific

- Franklin Alabama Tax-Free Income Fund
- Franklin Arizona Tax-Free Income Fund
- Franklin California Tax-Free Income Fund
- Franklin Colorado Tax-Free Income Fund
- Franklin Connecticut Tax-Free Income Fund
- Franklin Georgia Tax-Free Income Fund
- Franklin Louisiana Tax-Free Income Fund
- Franklin Maryland Tax-Free Income Fund
- Franklin Massachusetts Tax-Free Income Fund
- Franklin Michigan Tax-Free Income Fund
- Franklin Minnesota Tax-Free Income Fund
- Franklin Missouri Tax-Free Income Fund
- Franklin New Jersey Tax-Free Income Fund
- Franklin New York Tax-Free Income Fund
- Franklin North Caroline Tax-Free Income Fund
- Franklin Ohio Tax-Free Income Fund
- Franklin Oregon Tax-Free Income Fund
- Franklin Pennsylvania Tax-Free Income Fund
- Franklin Virginia Tax-Free Income Fund
- Western Asset California Municipals Fund
- Western Asset Massachusetts Municipals Fund
- Western Asset New Jersey Municipals Fund
- Western Asset New York Municipals Fund
- Western Asset Oregon Municipals Fund
- Western Asset Pennsylvania Municipals Fund

Exchange-Traded Funds (ETFs)

National

- Franklin Dynamic Municipal Bond ETF (FLMI)
- Franklin Municipal Green Bond ETF (FLMB)

State-specific

- Franklin California Municipal Income ETF (FTCA)
- Franklin New York Municipal Income ETF (FTNY)
- Franklin New Jersey Municipal Income ETF (FTNJ)
- Franklin Massachusetts Municipal Income ETF (FTMA)
- Franklin Minnesota Municipal Income ETF (FTMN)
- Franklin Ohio Municipal Income ETF (FTOH)
- Franklin Pennsylvania Municipal Income ETF (FTPA)

Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus or summary prospectus, if available, at ***www.franklintempleton.com****. Please read it carefully.*

Your go-to partner for municipal bond SMAs

Customized solutions to meet your needs

Each portfolio is unique

When requested to fund a portfolio with your existing holdings, we review each security for fit with our philosophy, seeking to minimize taxable events and maximize total return.

Over the life of the portfolio

- We continuously seek out new investment opportunities to maintain the structure of the portfolios with appropriate, high-quality, tax-exempt securities.
- Our team of portfolio managers reviews portfolios, evaluating:
  - Diversification
  - Income structure
  - Interest rates
  - Market structure
  - Maturity structure
  - Portfolio quality
  - Portfolio structure
  - Trading liquidity
  - Yield curve
- We monitor investments daily using our proprietary database to ensure that your portfolio is well positioned.

We offer a wide range of municipal solutions that includes municipal ladders and total return strategies—each customizable to address clients' investment needs.

Customization options and individual requests



State-specific request*
Request a state-specific mandate or best effort preference



Maturity
Set a target maturity range



Duration
Set a target duration range



Tax-loss harvesting
Review complicated tax concerns and needs



In-kind funding
Gradually transition securities in-kind



Custom restrictions
Exclude specific sectors or securities to align with principles or values



Distributions
Request withdrawals on a monthly or quarterly basis

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

High level of service

Franklin Templeton offers a range of services designed to assist advisors and their clients in understanding the municipal market and ensuring a quality experience.



Representative portfolio analysis

A host of tools that provide an example of how the portfolios are allocated by call, quality and yield-to-maturity breakdowns given variable parameters of maturity, state and account size.



Simple and transparent on-boarding process

During the on-boarding process, our goal is to understand your clients' financial goals and risk tolerance to help ensure a seamless transition into our muni SMA platform.



Dedicated service team

Our SMA specialists and investment specialist teams are here to help you expand your value and deepen client relationships.

Tools

Franklin Templeton SMAs offers the following investment management tools to help clients understand owning municipal bonds:

Hypos	Provides an example of how the portfolios are allocated given variable parameters of maturity, state and account size.
Proposals	Expands on the hypo and provides a breakdown of estimated sample holdings and cash flow. Customized proposals are available by request.
Municipal bond reviews	For clients with municipal bond holdings, this tool provides a detailed breakdown of their current municipal holdings against one of our strategies, and what we would do if they transferred these bonds over in-kind.
Reporting	With an SMA, you receive regular comprehensive reporting. Your account statements show the securities you own, number of shares and many other details to help you understand how your investments are performing.
Municipal bond ladder tool calculator	Simulate municipal bond ladder portfolios considering an individual's tax bracket, state of residency, and view on interest rates, with the ability to compare against Franklin Templeton's active and/or laddered strategies.

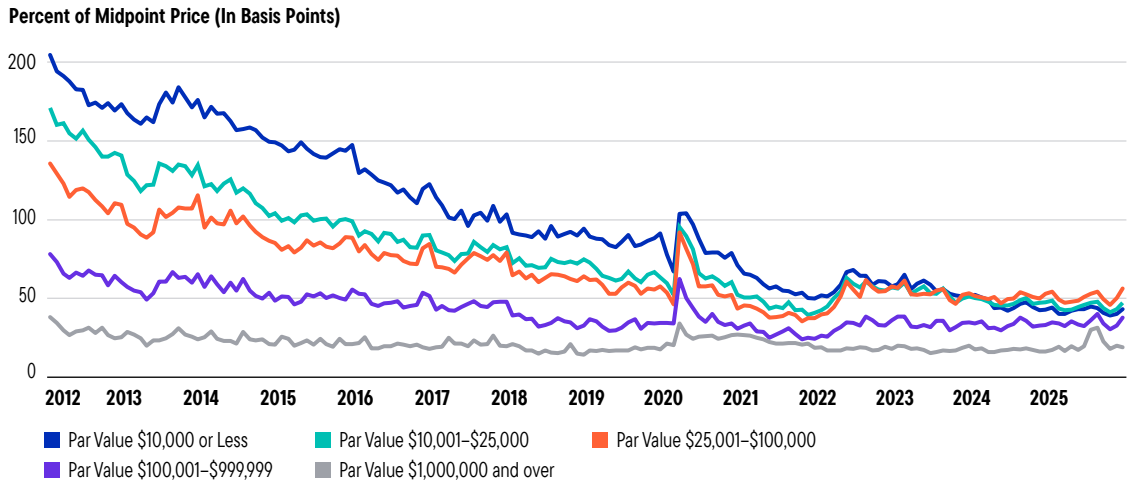
Benefits of professional municipal bond management

Consider these four ways that a professional SMA manager can add value to a municipal portfolio:

1 | Institutional pricing advantage and buying power

High-volume institutional buyers such as Franklin Templeton can access wholesale pricing for municipal bonds, unlike an individual investor.

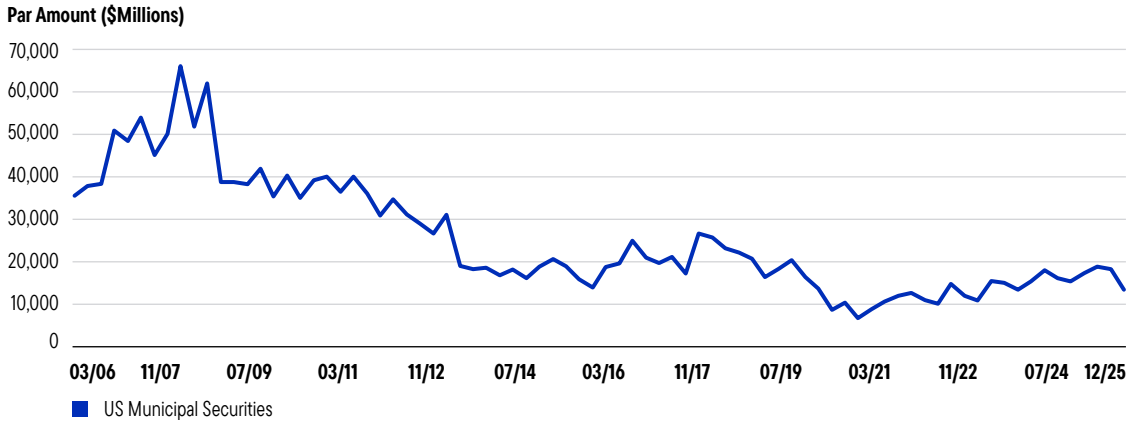
Effective Spread for Fixed Rate Municipal Securities Customer Trades[5]
January 2019–December 2025



2 | Access to municipal bonds despite reduced inventories

The number of municipal securities available through dealers has steadily declined since 2008. However, major firms like Franklin Templeton and Western Asset have the scale to ensure access to a wide range of municipal securities even now, when inventories are relatively low.

US Municipal Securities Held by Dealers[6]
March 31, 2006–December 31, 2025



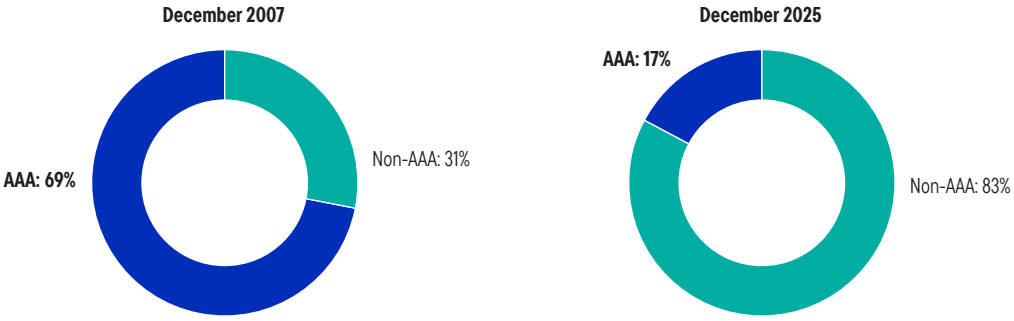
5. Source: Municipal Securities Rulemaking Board (MSRB). MSRB analysis with data obtained from MSRB's Real-Time Transaction Report System (RTRS) database. Midpoint price is the average between two data points to calculate the percent change in the price of a security and demand. Refer to Important Disclosures for additional information.
6. Source: Federal Reserve Board.

3 Insight across the municipal credit spectrum

The proportion of municipal bonds rated AAA has fallen sharply since 2007—from 69% to just 17% in 2025. That dramatic shift underscores the need for the in-depth research from professional managers covering every level of the market.

Municipal Bond Market: Ratings Breakdown[7]

The Supply of High Quality Municipal Bonds Is Down



4 An inefficient municipal bond market requires active management

Investing in municipal bonds is difficult because the market is vast in size and complex, with a fragmented trading system making it difficult to navigate.

50,000+
issuers for municipal securities, compared to 6,000 for corporate securities[8]

70%
of municipal bonds are held by individual investors, some of whom represent direct holders of bonds[10]

10,000+
new issues are priced each year; a large number of those issuers are infrequent participants[9]

1,000,000
distinct municipal bonds, compared to 40,000 distinct corporate bonds[9]

7. Source: Bloomberg Municipal Research. Breakdowns are as of 12/31/2007 and 12/31/25. Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ('NRSRO'), such as Standard & Poor's, Moody's and Fitch. When ratings from multiple agencies are available, the highest is used, consistent with the portfolio investment process. Ratings reflect an NRSRO's opinion of an issuer's creditworthiness and typically range from AAA (highest) to D (lowest). The Refunded category consists of refunded bonds secured by US government or other high-quality securities. The Not Rated category consists of ratable securities that have not been rated by an NRSRO. The Not Applicable category consists of third-party ETFs and securities that only have a short-term rating and are not cash equivalents. Cash includes equivalents, which may be rated.
8. Source: Municipal Securities Rulemaking Board (MSRB) as of January 31, 2025. Most recent data available.
9. Bloomberg.
10. Source: Federal Reserve. Represents all municipal bonds held by individuals in a brokerage account or through a commingled vehicle.

A tax-free leader

Franklin Templeton is a global leader in asset management with more than seven decades of experience. Our tax-free investment offerings include two specialized investment managers, each expert in the municipal bond marketplace—**Franklin Templeton Fixed Income and Western Asset**. With over 90 years of combined experience, they each have extensive expertise identifying opportunities and risks that others might miss. Both specialized investment managers bring their own distinct capabilities, resulting in a comprehensive line-up of tax-free options to help investors meet their investment goals.

Franklin Templeton Fixed Income (FTFI)



Experience and resources matter

FTFI is one of the largest municipal bond fund managers in the nation. Our experienced team of over 30 investment professionals has an average of 19 years of tenure with the firm. The team's experience navigating through multiple market cycles helps them uncover opportunities and identify indications of risk others may miss.

Comprehensive research capabilities

Our team of investment professionals conducts in-depth research across the entire municipal bond landscape, with the ability to review every issue at any time, allowing us to identify potential opportunities and problems.

Extensive product line-up

As one of the largest municipal bond managers, we offer our investors a full suite of products including separately managed accounts, tax-free mutual funds (including national and state-specific) and ETFs for individuals or institutional clients.



Ben Barber
Director of Municipal Bonds
Franklin Templeton Fixed Income
Years of industry experience: 32



Jennifer Johnston
Director of Municipal Research
Franklin Templeton Fixed Income
Years of industry experience: 31

Combined muni capabilities

90+
Years of combined muni experience

$90 billion
Total municipal bond assets (USD)

40+
Investment professionals

20+
Years of investment professional experience

20+
Municipal bond SMA offerings

Western Asset

Founded in 1971
With over 50 years of experience, Western Asset is one of the world's leading fixed-income investment managers.

A fixed-income specialist
Western Asset specializes in managing fixed-income strategies, employing a proven investment philosophy and process which aims to protect capital and drive long-term growth for clients.

Globally integrated
Operates as a single team with an open, integrated investment platform bringing together the combined experience and fixed-income acumen of investment professionals throughout the world.





Robert Amodeo, CFA
Head of Municipal Bonds
Western Asset
Years of industry experience: 36

NOTES

WHAT ARE THE RISKS?

All investments involve risks, including possible loss of principal. 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. **Active management** does not ensure gains or protect against market declines. Portfolios focused on a **single state** are subject to greater risk of adverse economic and regulatory changes than a geographically diversified portfolio. An investor may be subject to the federal **Alternative Minimum Tax**, and state and local taxes may apply. These and other risks are discussed in the fund's prospectus.

ETFs trade like stocks, fluctuate in market value and may trade at prices above or below their net asset value. Brokerage commissions and ETF expenses will reduce returns. ETF shares may be bought or sold throughout the day at their market price, not their Net Asset Value (NAV), on the exchange on which they are listed. Shares of ETFs are tradable on secondary markets and may trade either at a premium or a discount to their NAV on the secondary market. Retail investors buy and sell shares of ETFs at market price (not NAV) in the secondary market throughout the trading day. These shares are not individually available for purchase or redemption directly from the ETF.

This material has been provided for informational purposes and should not be construed as investment advice or a recommendation of any particular investment product, strategy, investment manager or account arrangement. Prospective investors should consult a legal, tax or financial professional in order to determine whether an investment product or service is appropriate for a particular situation. Factual statements are taken from sources considered reliable but have not been independently verified for completeness or accuracy by the Fund's manager or its affiliates. All portfolio holdings are subject to change.

Strategy availability may vary by firm. For those strategies available at your firm, please contact your home office for details.

Putnam Retail Management LP and Putnam Investments are Franklin Templeton companies. Prior to August 2, 2024, Putnam Retail Management, LP served as distributor of Putnam funds and services. Putnam funds are not exchangeable for other funds distributed by Franklin Distributors, LLC.

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IMPORTANT DISCLOSURES

The data in the chart on page 6 titled "Effective spread for fixed rate municipal securities customer trades" was provided by the Municipal Securities Rulemaking Board ("MSRB"). © MSRB 2024. All rights reserved.

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