

Leaders in municipal bond investing





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

Your go-to partner for municipal bond SMAs	2
Full suite of municipal products	4
High level of service	5
Benefits of professional municipal bond management	6
A tax-free leader	8

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.

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
 - Market structure
 - Portfolio structure
 - Income structure
 - Maturity structure
 - Trading liquidity
 - Interest rates
 - Portfolio quality
 - 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

 Tax-loss harvesting Review complicated tax concerns and needs	 In-kind funding Gradually transition securities in-kind	 State-specific request* Request a state-specific mandate or best effort preference
 Credit quality Target certain rating categories	 Custom restrictions Exclude specific sectors or securities to align with principles or values	 Duration Set a target duration range
 Maturity Set a target maturity range	 Sustainable objectives Portfolios that can invest in bonds that support environment sustainability and stewardship preference	 Distributions Request withdrawals on a monthly or quarterly basis

*State-specific mandates include Arizona, California, Colorado, Connecticut, Florida, Louisiana, Massachusetts, Maryland, Michigan, Missouri, Minnesota, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Texas, Utah and Virginia. State preference mandates include Alabama, Georgia, Hawaii, Indiana, Kentucky and South Carolina. 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.

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.

Mutual funds

National

Long-term maturity

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

Intermediate-term maturity

- Franklin Federal Intermediate-Term Tax-Free Income Fund (FITZX)
- Putnam Strategic Intermediate Municipal Bond Fund (PAMYX)
- Western Asset Intermediate-Term Municipals Fund (SBTYX)

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 Missouri Tax-Free Income Fund
- Franklin New Jersey Tax-Free Income Fund
- Franklin New York Tax-Free Income Fund

Short-term maturity

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

High yield

- Franklin High Yield Tax-Free Income Fund (FHYVX)
- Western Asset Municipal High Income Fund (LMHIX)

- Franklin North Carolina 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)

- Franklin Dynamic Municipal Bond ETF (FLMI)
- Franklin Municipal Green Bond ETF (FLMB)
- Franklin Municipal Income ETF (FTMU)
- Franklin Municipal High Yield ETF (FTMH)
- Franklin Short-Term Municipal Income ETF (FTMS)

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.

Benefits of professional municipal bond management

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

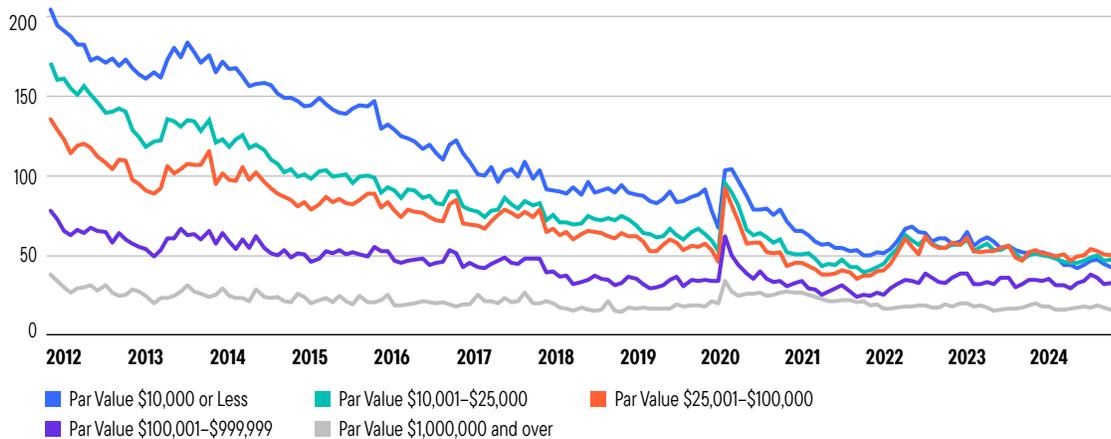
1 | Institutional pricing advantage and buying power

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

Effective Spread for Fixed Rate Municipal Securities Customer Trades¹

January 2019–December 2024

Percent of Midpoint Price (In Basis Points)



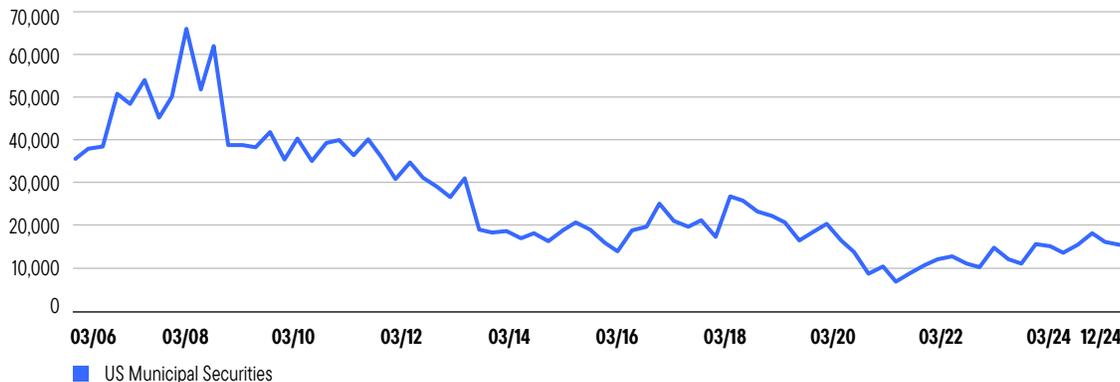
2 | Access to municipal bonds despite reduced inventories

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 Dealers²

March 31, 2006–December 31, 2024

Par Amount (\$ Millions)



1. 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.

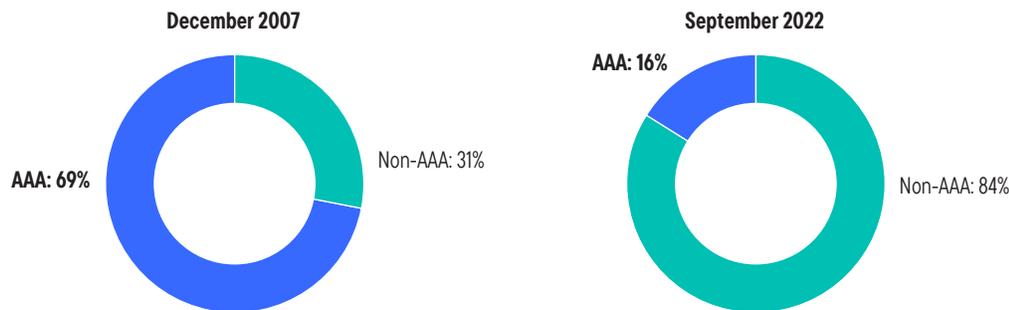
2. Source: Federal Reserve Board.

3 | Insight across the municipal credit spectrum

The proportion of municipal bonds rated AAA has fallen sharply since 2007—from 69% to just 16% in 2022. That dramatic shift underscores the need for the in-depth research from professional managers covering every level of the market.

Municipal Bond Market: Ratings Breakdown³

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 securities⁴

70%

of municipal bonds are held by individual investors, some of whom represent direct holders of bonds⁶

10,000+

new issues are priced each year; a large number of those issuers are infrequent participants⁵

1,000,000

distinct municipal bonds, compared to 40,000 distinct corporate bonds⁵

3. Source: Bloomberg Municipal Research. Breakdowns are as of 12/31/2007 and 9/30/2022. 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.

4. Source: Municipal Securities Rulemaking Board (MSRB) as of December 31, 2022. Most recent data available.

5. Bloomberg.

6. 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
SVP
Director of Municipal Bonds
Years of industry experience: 32



Jennifer Johnston
SVP
Director of Municipal Research
Years of industry experience: 31

Combined muni capabilities⁷



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 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

Years of industry experience: 36

⁷. As of March 31, 2024. Investment professionals include portfolio managers, portfolio managers/analysts, and research analysts of Franklin Templeton and subsidiary investment management groups.

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.

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.

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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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