



# Franklin Income SMA

Franklin Separately Managed Accounts

Balanced / Hybrid  
Multi-Asset  
December 31, 2020

## Product Profile

### Product Details<sup>1</sup>

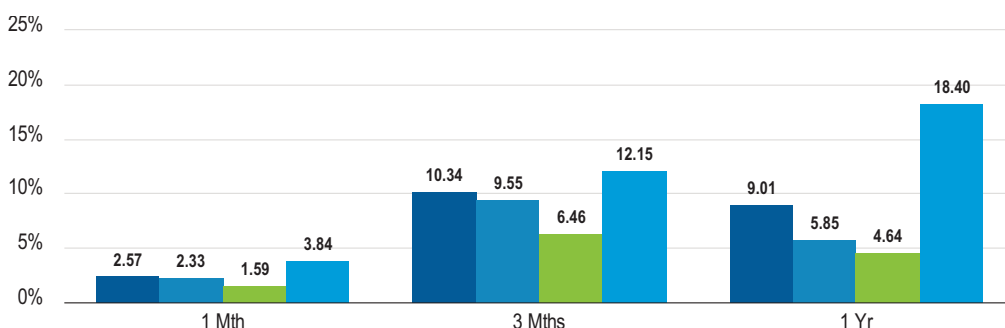
Inception Date	06/30/2019
Benchmark	Blended 50% MSCI USA High Dividend Yield Index + 25% Bloomberg Barclays High Yield Very Liquid Index + 25% Bloomberg Barclays US Aggregate Index, S&P 500 Index

For more information, please contact your Franklin Templeton separately managed account sales team at (800) 822-8464.

### Composite Performance Data<sup>2,3</sup>

#### Average Annual Total Returns (USD %)

	1 Mth	3 Mths	1 Yr	Since Inception (06/30/2019)
Franklin Income SMA - GROSS	2.57	10.34	9.01	16.59
Franklin Income SMA - NET	2.33	9.55	5.85	11.56
Blended 50% MSCI USA High Dividend Yield Index + 25% Bloomberg Barclays High Yield Very Liquid Index + 25% Bloomberg Barclays US Aggregate Index	1.59	6.46	4.64	10.96
S&P 500 Index	3.84	12.15	18.40	31.33



- Franklin Income SMA - GROSS
- Franklin Income SMA - NET
- Blended 50% MSCI USA High Dividend Yield Index + 25% Bloomberg Barclays High Yield Very Liquid Index + 25% Bloomberg Barclays US Aggregate Index
- S&P 500 Index

Past performance is not an indicator or a guarantee of future performance.

#### Calendar Year Returns (USD %)

	2020
Franklin Income SMA - GROSS	9.01
Franklin Income SMA - NET	5.85
Blended 50% MSCI USA High Dividend Yield Index + 25% Bloomberg Barclays High Yield Very Liquid Index + 25% Bloomberg Barclays US Aggregate Index	4.64

Past performance is not an indicator or a guarantee of future performance.

1. A composite is an aggregation of one or more portfolios into a single group that represents a particular investment objective or strategy. The composite return is the asset-weighted average of the performance results of all the fully discretionary portfolios in the composite. The composite return information provided herein includes the returns of Franklin Separately Managed Accounts, high-net-worth individual and institutional client portfolios and with respect to any periods prior to the inception of Franklin Separately Managed Accounts, reflects the performance of any such other portfolios.

2. Performance information is based on the Franklin Income SMA Composite. Total returns are presented inclusive of transaction costs and assume reinvestment of any dividends, interest income, capital gains, or other earnings. Net-of-fees returns have been reduced by the total "wrap fee" which includes brokerage fees (including trading expenses), administrative, custodial and investment management fees. This results in a net-of-fees return for which transaction costs are deducted twice. Returns over one year are annualized.

3. Source for Index: FactSet. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

Composite Portfolio Characteristics<sup>4</sup>

	Portfolio
Price to Earnings (12-Month Trailing)	21.31x
Price to Book	2.47x
Price to Cash Flow	11.13x
Number of Issuers	89
Market Capitalization (Millions in USD)	299,922

	Portfolio
Average Duration	3.55 Yrs
Average Weighted Maturity	4.01 Yrs

## Composite Portfolio Diversification

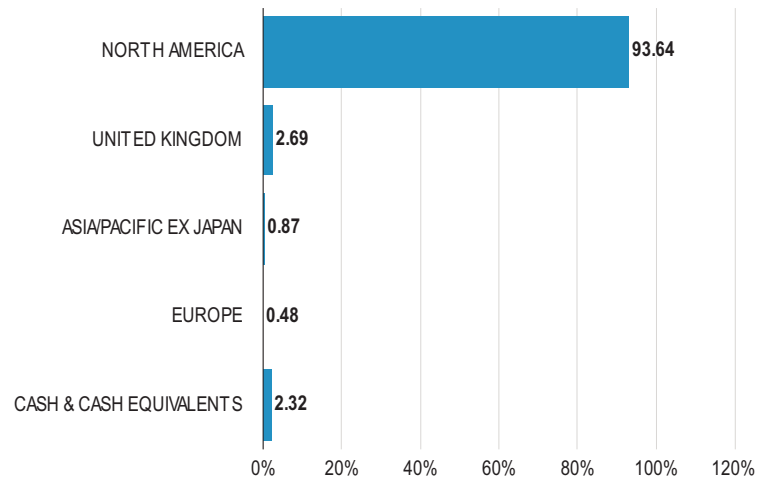
Top Ten Holdings<sup>5</sup>

Percent of Total

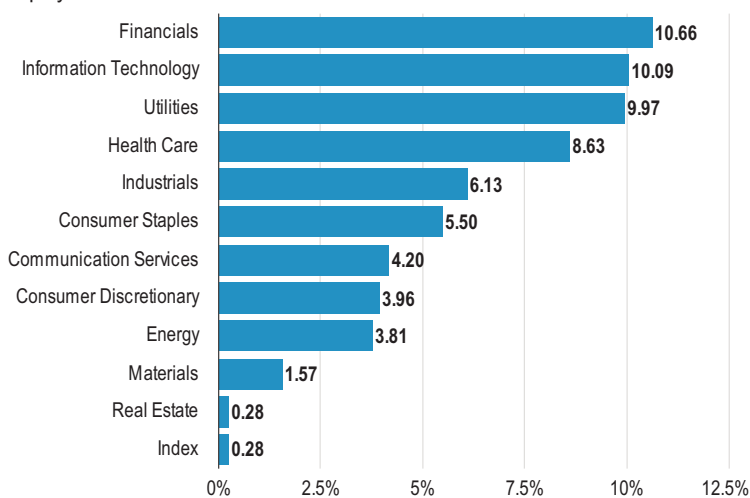
Top Holdings	%
JPMORGAN CHASE & CO.	4.44
COMMUNITY HEALTH SYSTEMS, INC.	4.00
BANK OF AMERICA CORP	3.07
CVS HEALTH CORPORATION	2.89
COMCAST CORPORATION CLASS A	2.88
UNITED STATES	2.61
SOUTHERN COMPANY	2.39
BROADCOM INC.	1.89
ANALOG DEVICES, INC.	1.88
CHEVRON CORPORATION	1.84

Geographic Allocation<sup>6</sup>

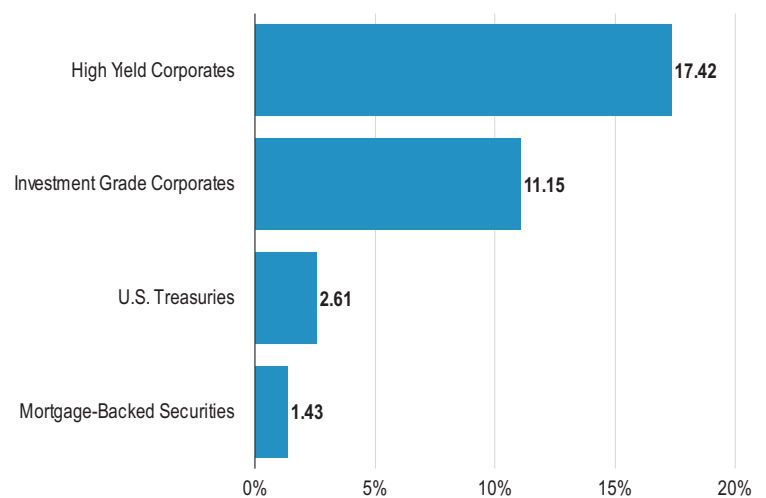
Percent of Total

Sector Allocation<sup>7</sup>

Equity as a Percent of Total

Sector Allocation<sup>8</sup>

Fixed Income as a Percent of Total



4. The portfolio characteristics listed are based on the composite's underlying holdings, and do not necessarily reflect the composite's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalization figures for both the portfolio and the benchmark are at the security level, not aggregated up to the main issuer. Source: FactSet. Average Weighted Maturity and Average Duration data points pertain to the fixed income component of the composite. All holdings are subject to change.

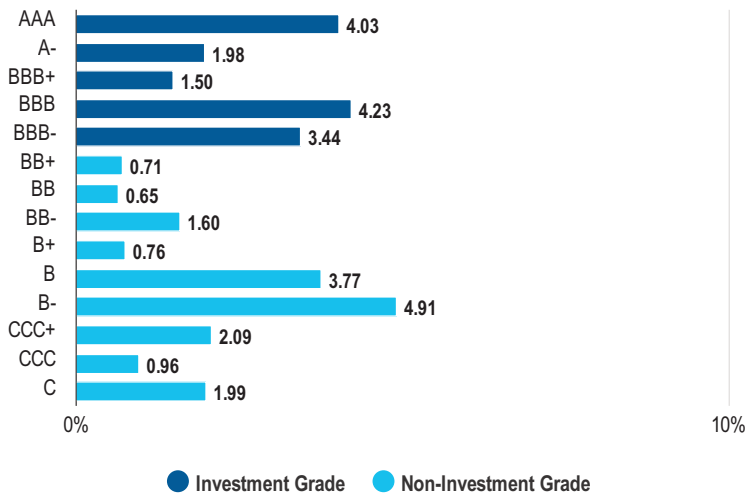
5. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. The information provided is not a recommendation to purchase, sell or hold any particular security. The securities or issuers listed do not represent the entire holdings and in the aggregate may represent only a small percentage of such holdings. There is no assurance that securities purchased will remain in the portfolio, or that securities sold will not be repurchased. In addition, it should not be assumed that any securities or issuers listed were or will prove to be profitable. Holdings of the same issuers have been combined. Top ten holdings may differ for individual accounts within the composite. The portfolio manager reserves the right to withhold release of information with respect to holdings that would otherwise be included.

6. Percentage may not equal 100% due to rounding. All holdings are subject to change.

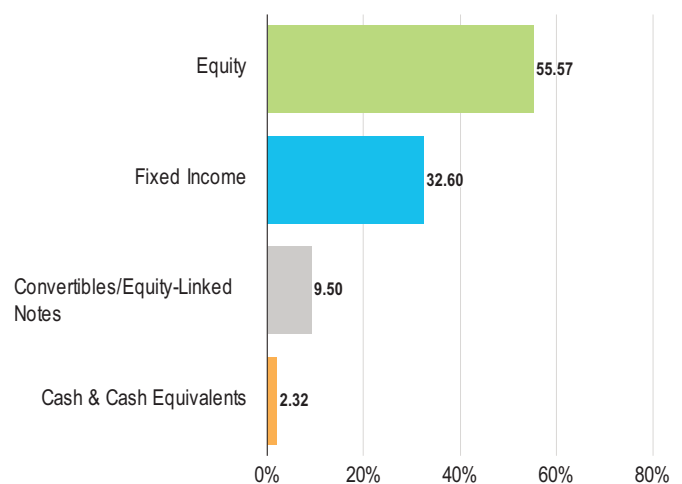
7,8. All holdings are subject to change.

**Credit Quality Allocation<sup>9</sup>**

Fixed Income as a Percent of Total

**Asset Allocation<sup>10</sup>**

Percent of Total

**Investment Philosophy and Process****Investment Philosophy**

To maximize income while maintaining prospects for capital appreciation.

**Investment Approach****Opportunistic Across Capital Structure**

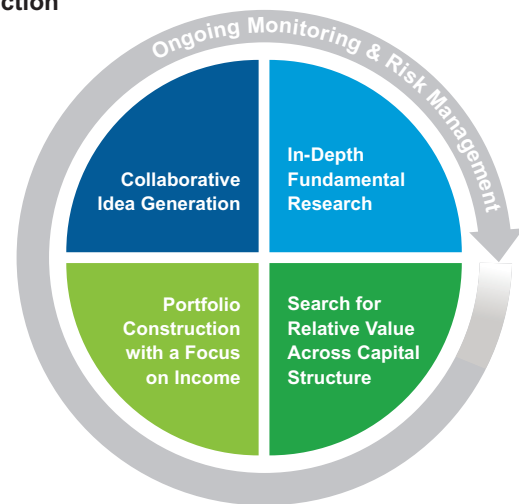
Seek to take advantage of investment opportunities where our fundamental views may differ from the market consensus.

**Focus on Income & Relative Value**

Search for undervalued or out-of-favor securities that offer attractive income and strong long-term capital appreciation potential.

**Broad Opportunity Set**

Seek relative value opportunities across the capital structure including equities, fixed income and convertible securities.

**Investment Process: Fundamental Research Drives Portfolio Construction****Investment Team**

Portfolio Manager	Years with Firm	Years Experience
Edward D. Perks, CFA	27	27
Brendan Circle, CFA	6	10
Todd Brighton, CFA	20	20

**Glossary**

**Average Duration:** The market-weighted average of the duration of bonds. Duration of each bond is the estimated percentage change in the bond's price for a 1% change in the bond's yield.

**Average Weighted Maturity:** An estimate of the number of terms to maturity, taking the possibility of early payments into account, for the underlying holdings. Maturity is expressed as a number of years.

9. Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ('NRSRO'), such as Standard & Poor's, Moody's and Fitch. The ratings are an indication of an issuer's creditworthiness and typically range from AAA or Aaa (highest) to D (lowest). When ratings from all three agencies are available, the middle rating is used; when two are available, the lowest rating is used; and when only one is available, that rating is used. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. If listed, the Not Rated category consists of ratable securities that have not been rated by an NRSRO. The Not Applicable category consists of nonratable securities (e.g., equities). Cash and equivalents are excluded from this breakdown. All holdings are subject to change.

10. Percentage may not equal 100% due to rounding. All holdings are subject to change.

**Market Capitalization:** A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share. Market capitalization is expressed in millions of USD.

**Price to Book Value:** The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the value represents a weighted average of the stocks it holds.

**Price to Cash Flow:** Supplements price/earnings ratio as a measure of relative value for a stock. For a portfolio, the value represents a weighted average of the stocks it holds.

**Price to Earnings (12-mo Trailing):** The share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the value represents a weighted average of the stocks it holds.

**Important Legal Information**

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Franklin Income SMA Composite consists of all fully discretionary portfolios with an investment objective that seeks to maximize income, while maintaining prospects for capital appreciation and for which the brokerage (including trading expenses), administrative, custodial, and investment management fees are charged separately. The portfolio will invest in equity and fixed income securities and Completion Portfolios (no-fee mutual funds) sub-advised by Franklin Advisers, Inc. The Equity Completion Portfolio may include common and preferred stock, equity linked notes, non-USD equities, equity derivatives. The Fixed Income Completion Portfolio may include high yield bonds, bank loans, mortgage and asset backed securities, non-USD bonds, fixed income derivatives.

The Custom Franklin Income Strategy Benchmark is equivalent to the Blended 50% MSCI USD High Dividend Yield Index + 25% Bloomberg Barclays US High Yield Very Liquid Index + 25% Bloomberg Barclays US Aggregate Index. The primary benchmark for the composite is a custom benchmark of 50% MSCI USA High Dividend Yield Index (USA High Div Yield) + 25% Bloomberg Barclays U.S. High Yield Very Liquid Index (High Yield Very Liquid) + 25% Bloomberg Barclays U.S. Aggregate Index (US Agg Index). The MSCI USA 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, its parent index. The Bloomberg Barclays U.S. High Yield Very Liquid Index is a component of the U.S. Corporate High Yield Index designed to track a more liquid component of the USD-denominated, high yield, fixed-rate corporate bond market. The Bloomberg Barclays U.S. Aggregate Index is a market value weighted fixed income index comprised of investment grade government, corporate, mortgage pass-through and asset-backed securities that are SEC registered, taxable, dollar denominated and fixed rate. The benchmark is rebalanced monthly. The secondary benchmark for the composite is the S&P 500 Index, which is a float-adjusted market capitalization weighted equity index comprised of securities of large cap U.S. companies.

All investments involve risks, including the loss of principal. Generally, investments offering the potential for higher returns are accompanied by a higher degree of risk. Stocks and other equities representing an ownership interest in a corporation have historically outperformed other asset classes over the long term but tend to fluctuate more dramatically over the shorter term. Small or relatively new companies can be particularly sensitive to changing conditions due to factors such as relatively small revenues, limited product lines, and small market share. Smaller-company stocks have historically exhibited greater price volatility than larger-company stocks, particularly over the short term. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in emerging markets involve heightened risks related to the same factors and are less liquid. Bond prices are affected by interest rate changes. High-yield, lower-rated (junk) bonds generally have greater price swings and higher default risks. Investors should review their investment objectives, risk tolerance and liquidity needs before choosing a manager. Securities markets can fluctuate significantly in response to industry, financial or economic developments, and unexpected events, such as the spread of deadly diseases or disasters, can cause investor fear and panic, which can adversely affect companies, sectors and the market in general. There is no guarantee that investment strategies will work under all market conditions and investors should evaluate their ability to invest for the long term, especially during periods of market downturns.

The composite performance results are presented in U.S. Dollars and have been calculated using time-weighted total rates of return. Gross and net total returns are net of actual transaction costs. Net-of-fees returns have been reduced by the total “wrap fee” which includes brokerage fees (including trading expenses), administrative, custodial and investment management fees. This results in a net return for which transaction costs are deducted twice. Dividends, interest income and capital gains are net of any applicable withholding taxes. Account portfolios are valued daily at fair market value on a trade date basis, and market values include accrued income for fixed income securities and accrued dividends for equity securities based on ex-dividend date and are adjusted for all cash flows. All returns assume the reinvestment of dividends, interest, and realized and unrealized capital gains and losses. Returns for periods of less than one year are not annualized. Periods greater than one year are shown as average annual total returns. Performance data is shown rounded to the nearest hundredth. **Past performance is not an indicator or a guarantee of future performance.**

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