Franklin Income SMA

FRANKLIN TEMPLETON

Separately Managed Accounts | Fact Sheet as of March 31, 2025

Investment overview

The Franklin Income SMA consists of a flexible approach to income and growth opportunities that seeks to provide a consistent stream of attractive monthly income, flexible allocation in pursuit of best opportunities, broad diversification across multiple asset classes managed by a seasoned management team.

Investment objective

Seeks:

Both income and capital appreciation by investing in a combination of stocks, convertible securities, fixed income securities and shares of completion portfolios.

Investment philosophy

Broad opportunity set

- Seek investment opportunities across a range of asset classes and security types:
    - Equities (Common, Preferred, Equity Linked Notes, Convertibles) and
    - Fixed Income (Treasuries, Securitized (MBS/ABS), Investment Grade Corporates, High Yield Corporates, Bank Loans.

Blend asset allocation views with security selection

- Top-down insights inform the investment team's asset allocation views.
- Security selection is driven by rigorous bottom-up fundamental research.

Focus on income and growth potential

- Looks across the capital structure for securities that offer attractive current income and long-term capital appreciation potential.
- Focus on investment opportunities where our fundamental views may differ from the market consensus.

Key differentiators

Seeks to provide a consistent stream of attractive monthly income

- Flexible approach allows the management team to shift equity and fixed income allocations to take advantage of the best income opportunities.

Diversified across multiple asset classes

- Opportunity set includes traditional equities (value and growth), equity-related securities (convertibles and equity-linked notes), a range of fixed income sectors and limited derivatives.
- Allows portfolio managers to seek consistent income via multiple sources.
- Provides opportunities to reduce portfolio volatility.

Dynamic asset allocation

- Portfolio routinely monitored and adjusted to adapt to changing markets.
- Allows portfolio managers to refine portfolio to align with the its intended outcome.

Backed by an experienced management team

- Portfolio management team, led by Ed Perks, has over 60 years of combined experience.
- They are supported by research teams representing Franklin Equity Group, Franklin Templeton Fixed Income, and Franklin Templeton Investment Solutions.

Investment management team

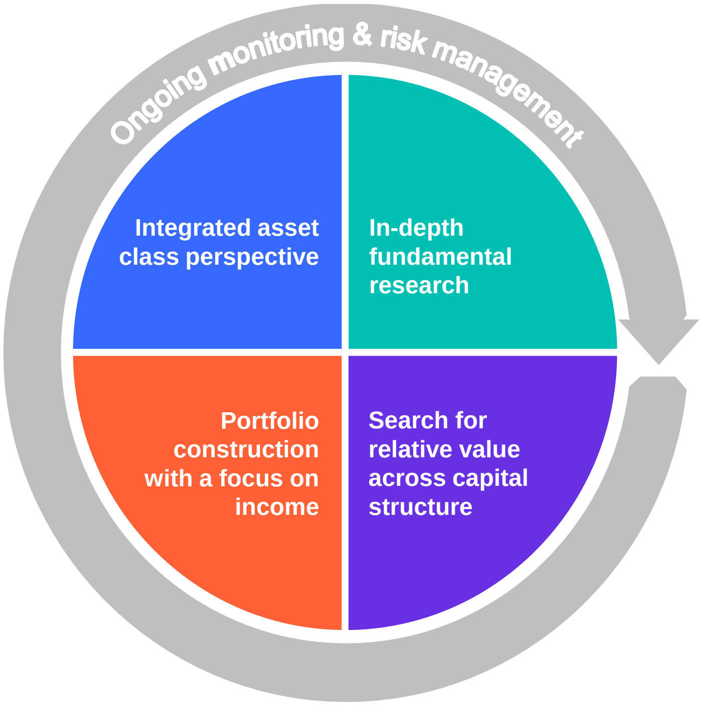
Edward D. Perks, CFA
Portfolio Manager
Industry since 1994

Brendan Circle, CFA
Portfolio Manager
Industry since 2011

Todd Brighton, CFA
Portfolio Manager
Industry since 2001

Investment process

Top-down perspective combined with fundamental research drives portfolio construction



Integrated asset class perspectives

- Proprietary macro, equity and fixed income research in combination with team discussion and debate lead to investment ideas for income and total return generation.
- Process includes an evaluation of “market consensus” expectations vs. our fundamental view.

In-depth fundamental research

- Thorough company analysis is conducted, with a focus on valuation, financial strength, market opportunity, competitive position, material ESG factors, and management experience.

Search for relative value across capital structure

- Risk vs. reward scenarios are analyzed at the security level to determine the optimal opportunity for income and capital appreciation potential within the capital structure.

Portfolio construction with a focus on income

- Portfolio managers leverage inputs from the research process to develop a portfolio that is diversified and carries an appropriate level of risk while seeking to maximize income consistent with the strategy’s objective.

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

Portfolio Information‡ As of March 31, 2025

Fixed Income Characteristics

	Portfolio
Effective Duration	4.36 Years
Average Weighted Maturity	6.02 Years
Yield to Maturity	6.71%
Yield to Worst	6.60%

Exposure to completion shares

	Portfolio
Fixed Income	51.61
Equity	34.82
Convertibles/Equity-Linked Notes	11.31
Cash & Cash Equivalents	2.26

Equity Characteristics

	Portfolio
Price to Earnings (12-Month Trailing)	19.11x
Price to Cash Flow	11.71x
Price to Book	3.28x
Dividend Yield	3.16%
Weighted Average Market Capitalization (Millions USD)	$363,007

Fixed Income Sector Weightings (%)

	Portfolio
High Yield Corporates	20.49
Investment Grade Corporates	16.76
U.S. Treasuries	8.49
Mortgage-Backed Securities	5.30
Floating-Rate Loans	0.51
U.S. Agency	0.06

Equity Sector Weightings (%)

	Portfolio
Health Care	7.10
Information Technology	6.40
Energy	6.07
Consumer Staples	5.71
Industrials	5.63
Utilities	4.77
Financials	3.71
Consumer Discretionary	3.05
Materials	1.97
Communication Services	1.72

Credit Quality (%)

	Portfolio
AA	13.78
A	1.07
BBB	15.69
BB	8.58
B	7.21
CCC	3.71
CC	0.53
NR	1.03
Not Applicable	0.01

Top Holdings

	Portfolio
UNITED STATES TREASURY NOTE/BOND	6.76
FEDERAL HOME LOAN MORTGAGE CORP	3.60
CHS/COMMUNITY HEALTH SYSTEMS INC	2.43
BOEING CO	2.20
CHEVRON CORP	2.13
EXXON MOBIL CORP	2.11
TENET HEALTHCARE CORP	2.05
JPMORGAN CHASE & CO	2.01
CVS HEALTH CORP	1.93
BROADCOM INC	1.86
Total	**27.09**

‡ Source: Franklin Templeton. Portfolio characteristics and sector weightings are based on representative accounts within the composite. Portfolio characteristics and sector weightings of individual client portfolios in the program may differ, sometimes significantly, from those shown above. Assumes no client-imposed restrictions. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the sectors listed and should not be used as a sole basis to make any investment decisions.

Performance

Annualized Rates of Return – Pure Gross and Net of Fees (%) as of March 31, 2025 – PRELIMINARY – (Inception date: 06/30/2019)

	1 Mth	3 Mths	YTD	1 Year	3 Year	5 Year	Since Incept
Franklin Income SMA–Pure Gross of Fees—(USD)	-1.23	2.31	2.31	7.24	4.00	11.58	8.26
Franklin Income SMA–Net of Fees—(USD)	-1.47	1.56	1.56	4.13	0.97	8.35	5.11
Blended Benchmark—(USD)	-1.08	3.18	3.18	7.08	4.78	8.35	5.68

Calendar-Year Total Returns – Pure Gross and Net of Fees (%) ending December 31

	2024	2023	2022	2021	2020
Franklin Income SMA–Pure Gross of Fees—(USD)	7.21	8.73	-4.33	18.62	9.01
Franklin Income SMA–Net of Fees—(USD)	4.09	5.58	-7.14	15.21	5.85
Blended Benchmark—(USD)	8.08	8.28	-8.00	11.44	4.62

The **Blended Benchmark** consists of the following: 50% MSCI USA High Dividend Yield Index, 25% Bloomberg High Yield Very Liquid Index, and 25% Bloomberg US Aggregate Index.

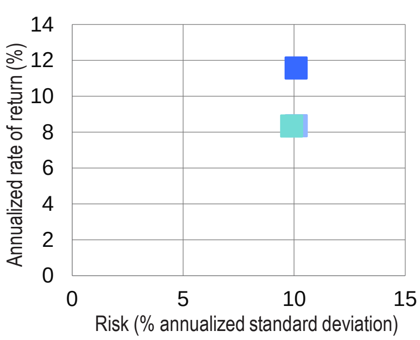
The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Past performance is not a guarantee of future results. An investment in this strategy can lose value. Please visit www.franklintempleton.com for the latest performance figures. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

[1] **Fees:** 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 is 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. **To obtain specific information on available products and services or a GIPS® Report, contact your Franklin Templeton separately managed account sales team at (800) DIAL BEN/342-5236. Franklin Templeton claims compliance with the Global Investment Performance Standards (GIPS®). 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.**

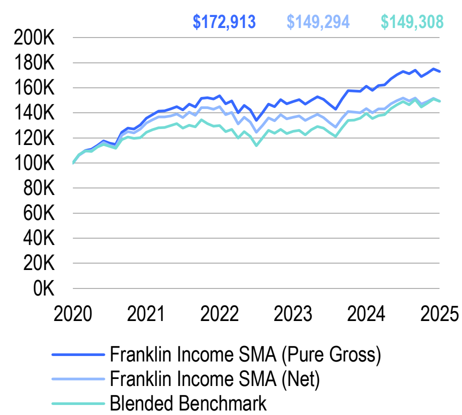
Performance Statistics [1] Preliminary (based on 5-year period ending March 31, 2025)

Risk/Return profile (%)

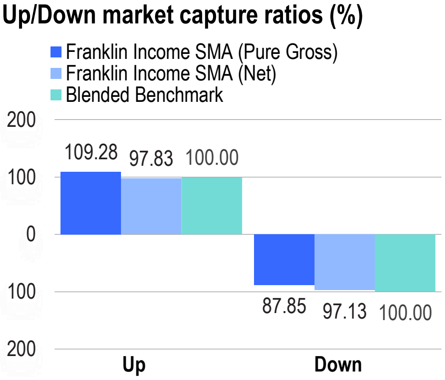


Franklin Income SMA (Pure Gross)	
Annualized Return (%)	11.58
Annualized Standard Deviation (%)	10.10
Franklin Income SMA (Net)	
Annualized Return (%)	8.35
Annualized Standard Deviation (%)	10.10
Blended Benchmark	
Annualized Return (%)	8.35
Annualized Standard Deviation (%)	9.89

Growth of $100,000*



Up/Down market capture ratios (%)



Modern portfolio statistics

	Portfolio (Pure gross)	Portfolio (Net)	BM
Sharpe Ratio	0.88	0.58	0.59
Beta	0.99	0.99	N/A
Alpha (%)	3.08	0.08	N/A
R-Squared	0.92	0.92	N/A

	(+) Months	(-) Months
Pure Gross:	38	22
Net:	38	22

[1] Source: Franklin Templeton.

*For illustrative purposes only. Assumes no withdrawals or contributions. These statistics are based on pure gross and net-of-fees quarterly composite returns, were calculated assuming reinvestment of dividends and income, and take into account both realized and unrealized capital gains and losses.

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 is 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.

Terms and definitions:

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.

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.

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.

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

Standard deviation measures the risk or volatility of an investment's return over a particular time period; the greater the number, the greater the risk.

The **up-capture ratio** measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark. An up-capture ratio of more than 100 indicates a manager who outperforms the relative benchmark in the benchmark's
positive quarters.

The **down-capture ratio** is the ratio of the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark. A down-capture ratio of less than 100 indicates a manager who outperforms the relative benchmark in the benchmark's negative quarters and protects more of a portfolio's value during down markets.

Alpha is a measure of performance vs. a benchmark on a risk-adjusted basis. A positive alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%. Alpha is a measure of the difference between actual returns and expected performance measuring sensitivity to index movements.

Beta measures the sensitivity of an investment to the movement of its benchmark. A beta higher than 1.0 indicates the investment has been more volatile than the benchmark and a beta of less than 1.0 indicates that the investment has been less volatile than the benchmark.

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 a portfolio's historical risk-adjusted performance.

R-squared measures the strength of the linear relationship between a fund and its benchmark. R-squared at 1.00 implies perfect linear relationship and zero implies no relationship exists.

Portfolio Yield is a weighted average figure calculated using the following data points/methodology: 1. Common Stocks/Convertible Securities/Preferred Stocks: Dividend Yield (annualizing the most recent or announced dividend); 2. Bonds: If a bond is trading below par, utilize Yield-to-Worst (YTW). YTW 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). If a bond is trading above par, then utilize Current Yield (Bond Coupon divided by Bond Price); 3. SMACs: Dividend Yield (annualizing the most recent dividend). This calculation does not include any capital gains distributions. Portfolio yield is not guaranteed and is subject to change.

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. 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 **Bloomberg US 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 US 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.

What are the risks?

All investments involve risks, including possible loss of principal. The **allocation** of assets among different strategies, asset classes and investments may not prove beneficial or produce the desired results. **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. **Dividends** may fluctuate and are not guaranteed, and a company may reduce or eliminate its dividend at any time. **Equity securities** are subject to price fluctuation and possible loss of principal. Investments in **equity-linked notes** often have risks similar to their underlying securities, which could include management risk, market risk and as applicable, foreign securities and currency risks. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. **Active management** does not ensure gains or protect against market declines. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. The **investment style** may become out of favor, which may have a negative impact on performance. The manager may consider **environmental, social and governance (ESG)** criteria in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated.

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