



FRANKLIN TEMPLETON INVESTMENTS

Franklin Rising Dividends SMA Composite

Franklin Separately Managed Accounts

Blend
Equity
June 30, 2018

Product Profile

Product Details¹

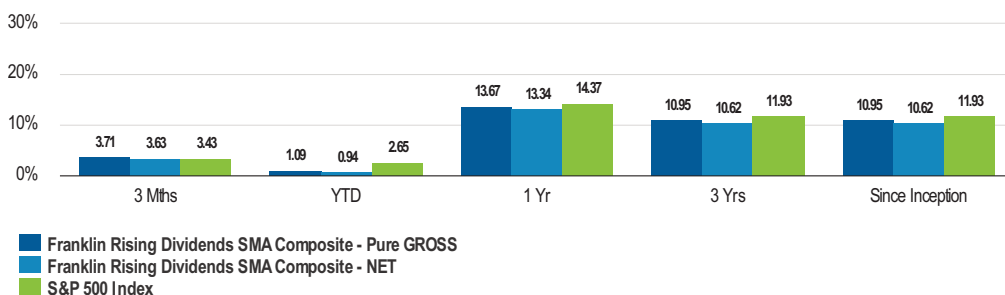
| | |
|----------------|---------------|
| Inception Date | 06/30/2015 |
| Benchmark | S&P 500 Index |

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

Performance Data^{2,3,4}

Average Annual Total Returns (USD %)

| | 3 Mths | YTD | 1 Yr | 3 Yrs | Since Inception (06/30/2015) |
|--|--------|------|-------|-------|---------------------------------|
| Franklin Rising Dividends SMA Composite - Pure GROSS | 3.71 | 1.09 | 13.67 | 10.95 | 10.95 |
| Franklin Rising Dividends SMA Composite - NET | 3.63 | 0.94 | 13.34 | 10.62 | 10.62 |
| S&P 500 Index | 3.43 | 2.65 | 14.37 | 11.93 | 11.93 |



Performance data represents past performance, which does not guarantee future results. Franklin Separately Managed Accounts claims compliance for the periods January 1, 2004 to the present. Any performance presented prior to that date is not in compliance.

Calendar Year Returns (USD %)

| | 2017 | 2016 |
|--|-------|-------|
| Franklin Rising Dividends SMA Composite - Pure GROSS | 21.32 | 15.04 |
| Franklin Rising Dividends SMA Composite - NET | 20.97 | 14.70 |
| S&P 500 Index | 21.83 | 11.96 |

Portfolio Characteristics^{5,6}

| | Portfolio | S&P 500 Index |
|---|-----------|---------------|
| Price to Earnings (12 Month Trailing) | 28.80x | 22.66x |
| Price to Book Value | 3.70x | 3.27x |
| Price to Cash Flow | 17.14x | 12.96x |
| Market Capitalization (Millions in USD) | 116,469 | 217,292 |
| Number of Issuers ⁷ | 60 | - |

7. Based on a representative portfolio in the composite. Securities will vary among individual accounts in the composite.

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 represents the returns of **Franklin Separately Managed Accounts** high-net-worth individual and institutional client portfolios.

2. "Pure" gross does not reflect the deduction of any expenses, including trading costs, and is provided as supplemental information.

3,6. 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.

4. Periods shorter than one year are shown as cumulative total returns.

5. Source: FactSet. Price ratio calculations for weighted average use harmonic means. Any exceptions to this are noted.

Portfolio Diversification

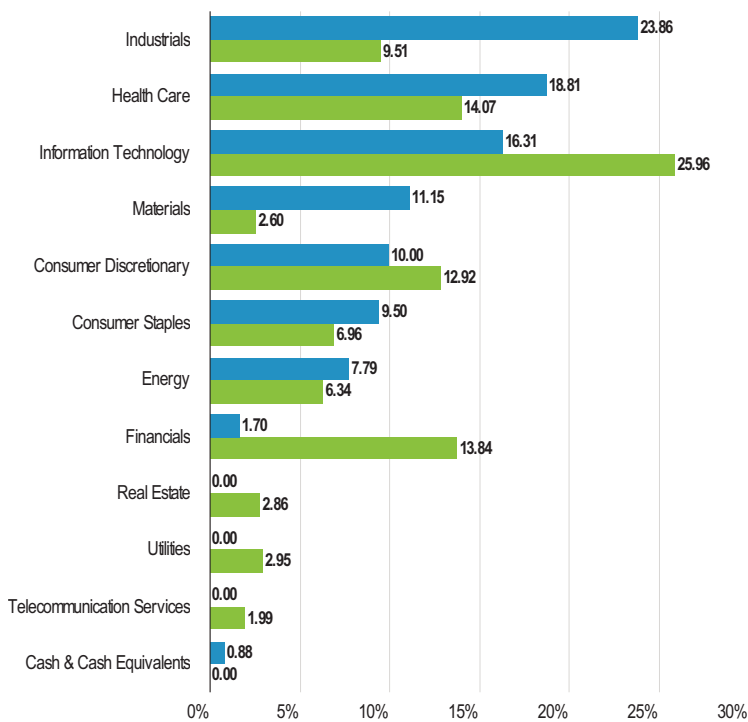
Top Ten Holdings⁸

Percent of Total

| Top Holdings | Sector | % |
|-----------------------------|--|------|
| MICROSOFT CORP | Software & Services | 5.43 |
| ROPER TECHNOLOGIES INC | Capital Goods | 5.27 |
| STRYKER CORP | Health Care Equipment & Services | 3.72 |
| BECTON DICKINSON AND CO | Health Care Equipment & Services | 3.69 |
| ACCENTURE PLC | Software & Services | 3.48 |
| ALBEMARLE CORP | Materials | 3.46 |
| PRAXAIR INC | Materials | 3.37 |
| TEXAS INSTRUMENTS INC | Semiconductors & Semiconductor Equipment | 3.32 |
| HONEYWELL INTERNATIONAL INC | Capital Goods | 3.28 |
| MEDTRONIC PLC | Health Care Equipment & Services | 2.70 |

Sector Weightings vs. S&P 500 Index^{9,10}

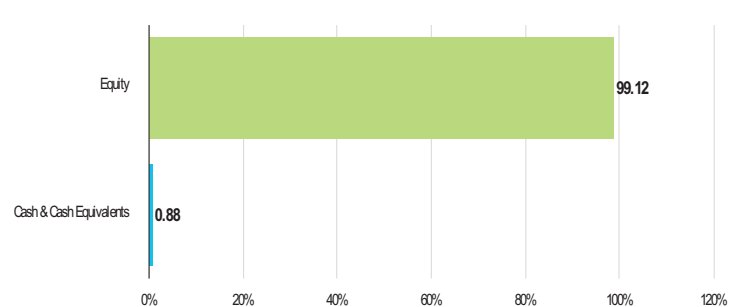
Percent of Total



■ Franklin Rising Dividends SMA Composite
 ■ S&P 500 Index

Asset Allocation¹¹

Percent of Total



8. Holdings of the same issuers have been combined. Top ten holdings information is historical and may not reflect current or future portfolio characteristics. All holdings are subject to change. The information provided is not a recommendation to purchase, sell, or hold any particular security. The portfolio manager for the fund reserves the right to withhold release of information with respect to holdings that would otherwise be included.

9,11. Information is historical and may not reflect current or future portfolio characteristics. Percentage may not equal 100% due to rounding. All holdings are subject to change.

10. 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.

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Supplemental Performance Statistics

Supplemental Risk Statistics^{12,13}

| | 3 Yrs | Since Inception |
|------------------------|-------|-----------------|
| Standard Deviation (%) | 9.86 | 9.86 |
| Tracking Error (%) | 3.18 | 3.18 |
| Information Ratio | -0.31 | -0.31 |
| Beta | 0.93 | 0.93 |
| Sharpe Ratio | 1.04 | 1.04 |

Performance data represents past performance, which does not guarantee future results. Franklin Separately Managed Accounts claims compliance for the periods January 1, 2004 to the present. Any performance presented prior to that date is not in compliance.

Investment Philosophy

We believe that companies with consistently rising dividends should, over time, also realize stock price appreciation commensurate with dividend growth over the long term.

The Franklin Rising Dividends SMA strategy seeks long-term capital appreciation by investing primarily in companies of any size that have paid consistently rising dividends. We do not necessarily focus on companies whose securities pay a high dividend rate, but rather on companies that consistently increase their dividends. Preservation of capital, while not a goal, is also an important consideration.

Investment Process

Under normal market conditions, the portfolio invests at least 65% of its assets in companies that have paid consistently rising dividends. The portfolio invests predominantly in equity securities of companies that meet three of four of the following criteria:

- Consistently increased dividends in at least 8 out of the last 10 years, and have not decreased dividends during that time;
- Increased dividends substantially (at least 100%) over the last 10 years;
- Reinvested earnings, paying out less than 65% of current earnings in dividends (except for utility companies);
- Either long-term debt that is no more than 50% of total capitalization (except for utility companies) or senior debt that has been rated investment grade by at least one of the major bond rating organizations.

After initial investment screens are run, the Franklin Rising Dividends investment team then employs bottom-up, fundamental analysis to construct a more focused portfolio of companies that we believe offer strong rising dividends prospects going forward.

The portfolio may invest the rest of its assets in equity securities of companies that pay dividends but do not meet all of these criteria. The Portfolio may invest in companies of any size, across the entire market spectrum.

Investment Team

| | Years with Firm | Years Experience |
|---|-----------------|------------------|
| Donald Taylor, CIO Rising Dividends Strategies | 22 | 36 |
| Nicholas Getaz, CFA, Portfolio Manager/Research Analyst | 7 | 17 |

Glossary

Beta: A measure of the magnitude of a portfolio's past share-price fluctuations in relation to the ups and downs of the overall market (or appropriate market index). The market (or index) is assigned a beta of 1.00, so a portfolio with a beta of 1.20 would have seen its share price rise or fall by 12% when the overall market rose or fell by 10%.

Information Ratio: In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.

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.

12. Beta, Information Ratio and Tracking Error information are measured against the S&P 500 Index.

13. Information is supplemental to the historical performance of the Franklin Rising Dividends SMA Composite, comprising the portfolios of all the sponsors following that mandate, and is based on "pure" gross-of-fees. "Pure" gross does not reflect the deduction of any expenses, including trading costs, and is provided as supplemental information. Returns over one year are annualized.

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.

Sharpe Ratio: To calculate a Sharpe ratio, an asset's excess returns (its return in excess of the return generated by risk-free assets such as Treasury bills) are divided by the asset's standard deviation.

Standard Deviation: A measure of the degree to which returns vary from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that performance will fluctuate from the average return.

Tracking Error: Measure of the deviation of the return of a product compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment is managed, the smaller the tracking error.

What Are The Risks?

All investments involve risks, including possible loss of principal. There can be no guarantee that the Fund will stay within its target volatility. Also, the managed volatility and tail risk strategies could negatively impact the Fund's return and expose the Fund to additional costs. Generally, investors should be comfortable with fluctuation in the value of their investments, especially over the short term. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bond prices generally move in the opposite direction of interest rates. Derivatives, including currency management strategies, involve costs and can create economic leverage in the portfolio which may result in significant volatility and cause the Fund to participate in losses in an amount that exceeds the Fund's initial investment. The Fund may not achieve the anticipated benefits, and may realize losses when a counterparty fails to perform. Because the Fund allocates assets to a variety of investment strategies and other mutual funds, which involve certain risks, it may be subject to those same risks. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. These and other risk considerations are discussed in the fund's prospectus.

Important Legal Information

Franklin Separately Managed Accounts claims compliance with the Global Investment Performance Standards (GIPS®).

Franklin Separately Managed Accounts (the "firm") manages domestic equity and fixed income portfolios for high net worth individuals and institutional clients, applying a bottom-up, research-oriented process that utilizes proprietary screening models and top-down risk controls in managing its portfolios. Franklin Separately Managed Accounts is a division of Franklin Templeton Portfolio Advisors, Inc. ("FTPA"), a subsidiary of Franklin Resources, Inc. ("FRI") and is a unit of the broader Franklin organization. At Franklin Separately Managed Accounts, brokerage, administrative, custodial and investment management fees are charged together as a percentage of the portfolios' assets (comprehensive fee or "wrap-fee") or may in some instances be charged separately (unbundled fee). Retail and Institutional separate accounts managed by affiliated Franklin entities are not included in the firm definition. Franklin Separately Managed Accounts was previously known as Franklin Portfolio Advisors prior to June 30, 2012. Franklin Portfolio Advisors was previously known as the Franklin Private Client Group prior to October 1, 2004.

The information contained in this piece is not a complete analysis of every material fact regarding the market and any industry sector, a security or a portfolio. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation is made as to the completeness or accuracy. Because market and economic conditions are subject to rapid change, opinions provided are valid only as of the date of the material. Portfolio holdings and the manager's analysis of these issuers, market sectors, and of the economic environment may have changed since the date of the material. The manager's opinions are intended solely to provide insight into how the manager analyzes securities and are not a recommendation or individual investment advice for any particular security, strategy or investment product.

Franklin Rising Dividends SMA Composite consists of all SMA portfolios managed on a fully discretionary basis with an investment objective that seeks long-term capital appreciation by investing at least 65% of its net assets in companies that have paid consistently rising dividends. Franklin Advisers, Inc. (Franklin) is responsible for Franklin Separately Managed Accounts' Rising Dividends accounts, including those in the Franklin Rising Dividends SMA Composite. Franklin is a sub-advisor to Franklin Separately Managed Accounts since the inception date of the composite. The composite name was Franklin Rising Dividend SMA Composite prior to March 31, 2017.

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. Gross performance returns presented are "pure" gross-of-fees returns, which are before wrap fees, including brokerage fees related to trading expenses for transactions executed through the sponsor. "Pure" gross-of-fees returns are presented as supplemental information only. Both net- and "pure" gross-of-fees returns assume the reinvestment of dividends, interest, and realized and unrealized capital gains and losses.

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

The primary benchmark for the Franklin Rising Dividends SMA Composite is the S&P 500 Index. The S&P 500 Index is a free float-adjusted market capitalization weighted equity index comprised of securities of large cap U.S. companies.

Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

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Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. To receive a complete list of composite descriptions and/or a presentation that adheres to the GIPS® standards for any composite, contact your Franklin Templeton separately managed account sales team at (800) 822-8464 or visit www.franklintempleton.com.

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