FRANKLIN TEMPLETON

Franklin Municipal Green Bond SMA

Franklin Separately Managed Accounts

Municipals
Fixed Income
December 31, 2020

Product Profile

Product Details[1]

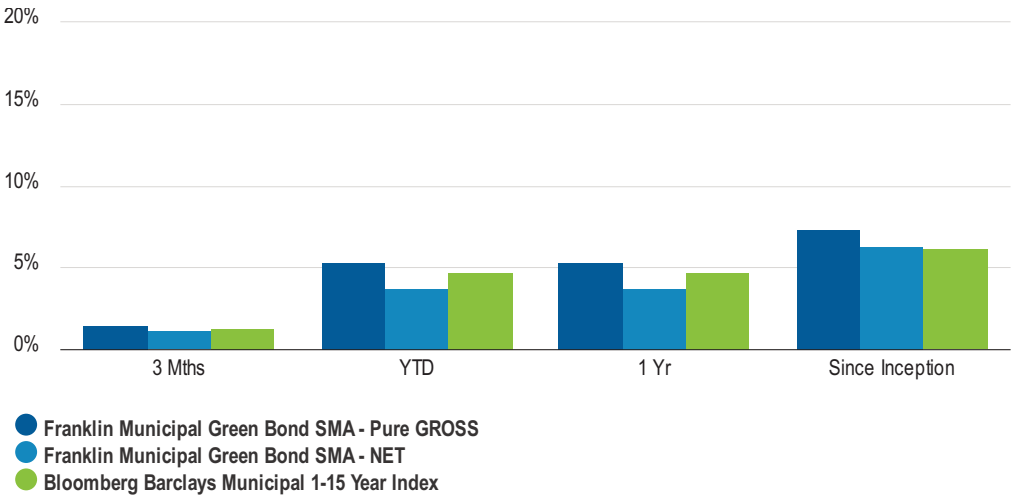
Inception Date	10/31/2018
Benchmark	Bloomberg Barclays Municipal 1-15 Year Index

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

Composite Performance Data[2]

Average Annual Total Returns (USD %)

	3 Mths	YTD	1 Yr	Since Inception (10/31/2018)
Franklin Municipal Green Bond SMA - Pure GROSS	1.51	5.34	5.34	7.35
Franklin Municipal Green Bond SMA - NET	1.14	3.79	3.79	6.33
Bloomberg Barclays Municipal 1-15 Year Index	1.33	4.73	4.73	6.17



Calendar Year Returns (USD %)

	2020	2019
Franklin Municipal Green Bond SMA - Pure GROSS	5.34	8.25
Franklin Municipal Green Bond SMA - NET	3.79	7.61
Bloomberg Barclays Municipal 1-15 Year Index	4.73	6.44

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

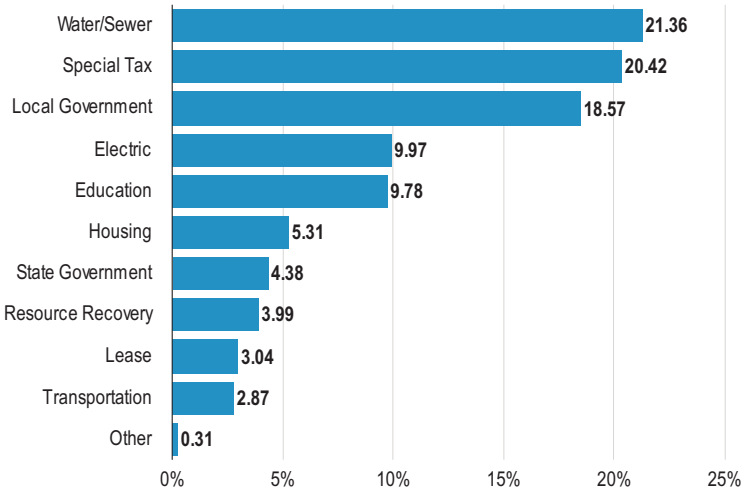
1. A composite is an aggregation of one or more portfolios into a single group that represents a particular investment objective or strategy. The composite return is the asset-weighted average of the performance results of all the fully discretionary portfolios in the composite. The composite return 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. Information is based on the Franklin Municipal Green Bond SMA Composite. Total returns presented assume reinvestment of any dividends, interest income, capital gains, or other earnings. Net-of-fee returns are reduced by the total "wrap fee" which includes trading expenses as well as investment management, administrative and custodial fees. Gross returns are Pure gross and do not reflect the deduction of any transaction costs, including trading costs. Returns over one year are annualized.

Composite Portfolio Characteristics[3,4]

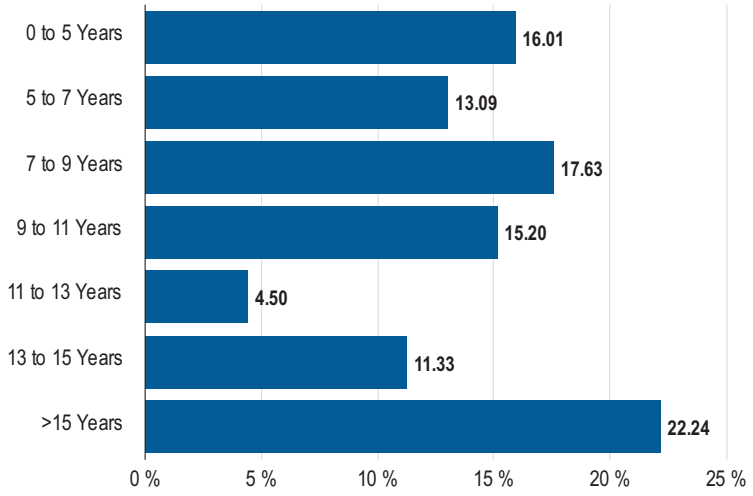
	Portfolio
Number of Holdings	73
Yield to Maturity	1.66%
Yield to Worst	0.86%
Average Coupon	4.44%
Duration to Maturity	5.86 Yrs
Average Price	123.23

Composite Portfolio Diversification

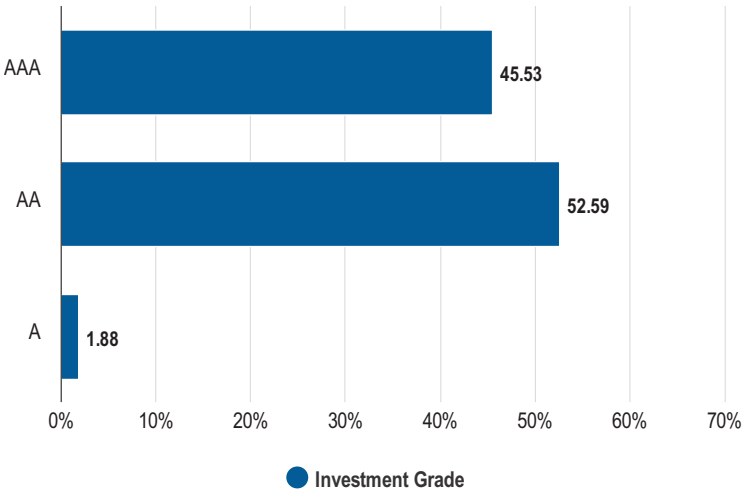
Sector Allocation[5]
Fixed Income as a Percent of Fixed Income



Maturity Allocation[6]
Percent of Total



Credit Quality Allocation[7]
Percent of Fixed Income



3. The portfolio characteristics listed are based on the composite's underlying holdings, and do not necessarily reflect the composite's characteristics. All holdings are subject to change.
4. Yield figures quoted should not be used as an indication of the income that has or will be received. Yield figures are based on the portfolio's underlying holdings and do not represent a payout of the portfolio. **Past performance is not an indicator or a guarantee of future performance.**
5,6. Percentage may not equal 100% due to rounding. All holdings are subject to change.
7. Securities, except for those labeled Not Rated ("NR"), are assigned ratings by one or more Nationally Recognized Statistical Rating Organizations ("NRSRO"), such as Standard & Poor's, Moody's and Filch, that can be considered by the investment manager as part of its independent security analysis. 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 U.S. government or other high-quality securities and not rerated by an NSRO. The Not Rated category consists of ratable securities that have not been rated by an NRSRO. The Not Applicable category consists of securities that only have a short-term rating and are not cash equivalents. Cash includes equivalents, which may be rated. All holdings are subject to change.

Composite Performance Statistics[8,9]

	Since Inception
Standard Deviation (%)	
Franklin Municipal Green Bond SMA	4.89
Bloomberg Barclays Municipal 1-15 Year Index	3.51
Tracking Error (%)	1.64
Information Ratio	0.73
Beta	1.36
Sharpe Ratio	1.23

Investment Philosophy

The management team focuses their investments in municipal bonds whose proceeds are used to support various green projects. The strategy seeks to deliver a high level of income exempt from federal taxes, allocating capital in a way to promote environmental sustainability.

Investment Process

Franklin Templeton's municipal bond department has developed its own internal Green Bond evaluation methodology, keeping with the firm's responsible investing policies. The evaluation process serves to gauge the credibility of the Green Bond designation and ensure that the investment is aligned with the strategy's objective of investing in projects dedicated to promoting environmental sustainability. The International Capital Market Association publishes the Green Bond Principles (GBP), which are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond. However, Franklin's ultimate evaluation does not require following the GBP.[10]

The management team is focused on ensuring the authenticity and intentionality of the Green Bond designation. As a first step in the evaluation process, Franklin Templeton evaluates whether the issuer has demonstrated that the proceeds of a particular bond issue are intended to be used for projects or programs dedicated to environmental sustainability. These projects and programs should generally fall into one of the ten eligible categories outlined in the GBP including:

- Renewable energy
- Energy efficiency
- Pollution prevention and control
- Environmentally sustainable management of living natural resources and land use
- Terrestrial and aquatic biodiversity conservation
- Clean transportation
- Sustainable water and wastewater management
- Climate change adaptation
- Eco-efficient and/or circular economy adapted products, production technologies and processes
- Green buildings

By focusing on the use-of-proceeds, Franklin Templeton is able to evaluate the Green Bond designation. In addition, the selection framework also incorporates disclosure and reporting policies, environmental impact, and external verification. The process also strives to include consideration of any impact analysis, when possible.

Investment Team

Portfolio Manager	Years with Firm	Years Experience
Nick Bucklin, CFA	11 Years	11 Years
Daniel Workman, CFA	15 Years	15 years

Glossary

Average Price: The average price stated on the securities held by a portfolio.

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.

Coupon Rate: The average interest rate stated on the securities held by a fund.

8. Beta, Information Ratio and Tracking Error information are measured against the Bloomberg Barclays Municipal 1-15 Year Index.
9. Risk statistics are calculated using composite pure gross-of-fees. Pure gross does not reflect the deduction of any transaction costs, including trading costs. Returns over one year are annualized.
10. Any bond not labeled a "green bond" that we purchase will, in our judgment, meet our internal criteria for designation as a green bond.

Duration to Maturity: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in its yield to maturity. Duration is expressed as a number of years. The weighted average duration to maturity reflects the effective duration of the underlying issues, based on the size of each holding.

Yield to Maturity: Yield to Maturity ('YTM') also known as the 'Gross Redemption Yield' or 'Redemption Yield'. The rate of return anticipated on a bond if it is held until the maturity date. YTM is considered a long-term bond yield expressed as an annual rate. The calculation of YTM takes into account the current market price, par value, coupon interest rate and time to maturity. It is also assumed that all coupons are reinvested at the same rate.

Yield to Worst: The yield to maturity if the worst possible bond repayment takes place. If market yields are higher than the coupon, the yield to worst would assume no prepayment. If market yields are below the coupon, the yield to worst would assume prepayment. In other words, yield to worst assumes that market yields are unchanged. Normally this value is not aggregated since it varies but if a weighted average value is used for a portfolio then the figure will reflect the values of the underlying issues, based on the size of each holding.

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Franklin Municipal Green Bond SMA Composite consists of all fully discretionary accounts which invest in municipal bonds that support environmental sustainability and stewardship. The strategy is designed to deliver a high level of income exempt from federal taxes while pursuing the mission of environmental sustainability. All accounts in this composite have the brokerage (including trading expenses), administrative, custodial, and investment management fees charged together as a percentage of the portfolios' assets ("wrap fee") for all time periods presented. The "wrap fee" is also known as a bundled or comprehensive fee. No account(s) in the composite use leverage or derivatives.

The primary benchmark for this composite is the Bloomberg Barclays Municipal Bond 1-15 Year Index, which is a market value weighted index engineered for the long-term tax-exempt bond market. The index is a broad measure of the municipal bond market with maturities of at least one year.

All investments are subject to certain risks, including possible loss of principal. Generally, investments offering the potential for higher returns are accompanied by a higher degree of risk. Bond prices are affected by interest rate changes. High-yield, lower rated (junk) bonds generally have greater price swings and higher default risks. Before investing in municipal bonds, you should understand the risks involved, including interest rate risk, credit risk and market risk. Please contact your tax professional regarding the suitability of tax-exempt investments in your portfolio, the applicability of local taxes and the Alternative Minimum Tax to municipal bond income, and any gains or losses on sales prior to maturity. 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. For wrap fee composites, net of fee returns are net of actual total wrap fees. The total wrap fee includes brokerage fees (i.e. trading expenses), investment management, administrative and custodial fees. For portfolios where the actual total wrap fee is unknown, the highest model fee applicable for the strategy is used to calculate the net return. Any administrative or custodial fees charged to accounts over and above the wrap fee that are specifically identified as such fees are treated as cash withdrawals and do not negatively impact performance. Gross of fee returns for wrap fee composites are pure gross before wrap fees, including brokerage fees related to trading expenses for transactions executed through the sponsor. 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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