FRANKLIN TEMPLETON INVESTMENTS

Templeton Separately Managed Accounts

June 30, 2015

Templeton World Balanced SMA

Portfolio Profile

INVESTMENT MANAGEMENT TEAM

Heather Waddell, CFA
Senior Vice President
Portfolio Manager, Research Analyst
Years with Firm/in Industry: 18/20

Matthew R. Nagle, CFA, CPA
Senior Vice President
Portfolio Manager, Research Analyst
Years with Firm/in Industry: 11/16

Cindy L. Sweeting, CFA
President
Templeton Investment Counsel, LLC
Director of Portfolio Management
Years with Firm/in Industry: 18/31

Thomas Runkel, CFA
Vice President
Portfolio Manager
Years with Firm/in Industry: 28/32

Jacob Chu
Vice President
Portfolio Manager
Years with Firm/in Industry: 14/19

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

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INVESTMENT PHILOSOPHY

We believe that undervalued securities may be recognized by the market over time and that security prices can fluctuate more widely than underlying security values. We expect that value can be identified through superior, fundamental, bottom-up analysis. We adhere to Templeton's value-oriented, bottom-up, patient approach to investing.[1]

The fixed income portion of the strategy focuses on investments in high-quality bonds, seeking to take advantage of relative valuation differences between asset classes, sectors, issuers and individual bond issues, with the objective of producing a high level of current income and generating total return opportunities.

INVESTMENT PROCESS

World Balanced SMA is structured with a goal of providing long-term capital appreciation and consistent rates of return by investing in approximately 65% stocks and 35% bonds under normal market conditions.

Templeton's[1] equity approach begins with a search for value opportunities derived from a global universe of over 10,000 companies. Analysts perform in-depth analysis on stocks, which are further scrutinized by research teams. Approved stocks are added to the Bargain List and are considered for portfolio investment.

Franklin's[1] disciplined, client specific fixed income process includes using proprietary, relative value analysis to make top-down allocation decisions among U.S. Treasury securities, U.S. agency securities and corporate bonds. Managers and analysts then perform bottom-up, fundamental research that emphasizes credit quality and liquidity. Portfolios are constructed targeting benchmark neutral duration.

BENCHMARK

65% Morgan Stanley Capital International (MSCI) All Country World Index • 35% Barclays U.S. Government Intermediate Index

COMPOSITE PORTFOLIO CHARACTERISTICS[2]

	World Balanced SMA	MSCI All Country World Index	Barclays U.S. Intermediate Gov/ Credit Bond Index
Equity			
Number of Stock Holdings	89	2,483	—
Median Market Cap (US$m)	39,823	8,762	—
Expected Annual Turnover Range	15%–25%	—	—
Weighted Average Dividend Yield	2.43%	2.47%	—
Weighted Average Price to Earnings	16.93	18.51	—
Weighted Average Price to Book	1.52	2.14	—
Weighted Average Price to Cash Flow	6.84	10.79	—
Weighted Average Market Cap (US$m)	75,159	80,593	—
Fixed Income			
Weighted Average Coupon	3.49%	—	1.85%
Weighted Average Current Yield	3.16%	—	1.82%
Weighted Average Yield to Worst	1.33%	—	1.24%
Weighted Average Yield to Maturity	1.33%	—	1.24%
Weighted Average Price	$105.14	—	$101.69
Weighted Average Maturity	3.48 Years	—	3.93 Years
Weighted Average Modified Adjusted Duration	3.19 Years	—	3.71 Years
Expected Annual Turnover Range	5%–15%	—	—
Number of Bond Holdings Range	5–15	—	—

Not FDIC Insured | May Lose Value | No Bank Guarantee

Please refer to back page for important compliance information.

COMPOSITE PERFORMANCE SUMMARY (USD)

Period Ending June 30, 2015[3]

Total Returns (%)[4]

	JUNE 30, 2015					
	1-Quarter	1-Year	3-Year	5-Year	10-Year	Inception
World Balanced SMA Composite–"Pure" Gross	0.70	-1.08	11.97	9.69	6.10	7.26
World Balanced SMA Composite–Net	0.25	-2.92	9.91	7.67	4.13	5.26
Benchmark	0.20	1.52	9.10	9.00	6.18	7.32

Historical Performance (%)

	YEAR ENDING DECEMBER 31,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
World Balanced SMA Composite–"Pure" Gross	6.27	17.16	9.14	-22.91	17.07	6.38	-4.37	15.86	21.22	-0.06
World Balanced SMA Composite–Net	4.32	14.98	7.13	-24.39	15.44	4.43	-6.15	13.72	19.03	-1.93
Benchmark	7.97	15.13	11.03	-26.31	22.38	10.84	-2.14	11.55	14.30	4.02

Risk Statistics[5]

	1-YEAR		3-YEAR		5-YEAR	
	World Balanced SMA	Benchmark	World Balanced SMA	Benchmark	World Balanced SMA	Benchmark
Annualized Standard Deviation	7.18	5.51	7.49	5.66	10.81	8.62
Beta	1.25	—	1.23	—	1.21	—
R-Squared	0.92	—	0.87	—	0.94	—
Annualized Tracking Error	2.44	—	3.00	—	3.31	—
Annualized Alpha	-2.86	—	0.66	—	-1.04	—
Annualized Sharpe Ratio	-0.15	0.27	1.59	1.60	0.89	1.04
Correlation	0.96	—	0.93	—	0.97	—
Annualized Information Ratio	-1.07	—	0.96	—	0.21	—

EXPLANATORY NOTES

The information and opinions stated are as June 30, 2015, and are based on the Templeton World Balanced SMA composite, unless otherwise indicated, and do not represent a complete analysis of every material fact concerning any industry, security or investment. Statements of fact have been obtained from sources deemed reliable, but no representation is made as to their completeness or accuracy. The opinions expressed are not intended as individual investment advice or as recommendation of any particular security, strategy or investment product. The securities identified do not represent an account's 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 an account's portfolio, or that securities sold will not be repurchased. In addition, it should not be assumed that any securities transactions discussed were or will prove to be profitable. The primary benchmark for the composite is a blended index consisting of 65% MSCI All Country World Index and 35% Barclays U.S. Government Intermediate Index.

1. Templeton Separately Managed Accounts and Templeton, both part of the broader Templeton organization within Franklin Templeton Investments, share the same bottom-up, value-oriented global investment style. Templeton Separately Managed Accounts and Templeton portfolio managers utilize the same research, have equivalent access to Templeton's bargain and source of funds lists, and are subject to the same peer review process. Franklin Separately Managed Accounts utilizes the experience, resources and extensive research capabilities of the Franklin Templeton Fixed Income Group (FTFIG). For purposes of complying with the Global Investment Performance Standards (GIPS®), Franklin Templeton Investments defines Templeton Separately Managed Accounts and Franklin Separately Managed Accounts as separate firms.
2. Information is supplemental to the historical performance of the Templeton World Balanced SMA Composite.
3. Inception: November 30, 2002.
4. Returns over one year are annualized. "Pure" gross is before wrap fees, including brokerage fees related to trading expenses, and is provided as supplemental information.
5. Information is supplemental to the historical performance of the Templeton World Balanced SMA Composite, comprising the portfolios of all the sponsors following that mandate, and is based on "pure" gross-of-fees. "Pure" gross is before wrap fees, including brokerage fees related to trading expenses and is provided as supplemental information. Information for periods over one year is annualized.
6. Figures may not total 100% due to rounding and cash.

COMPOSITE TOP 10 HOLDINGS (% of Total)[6]

	Weight	Sector	Country
iShares Intermediate Credit	3.42	Corporate Bond ETF	United States
U.S. Treasury Note 2.750% Due 11-15-23	2.92	U.S. Treasury Bond	United States
U.S. Treasury N/B 3.625% Due 08-15-19	2.90	U.S. Treasury Bond	United States
TSY INFL IX N/B 2.375% Due 01-15-17	2.76	U.S. Treasury Bond	United States
Fannie Mae 5.000% Due 05-11-17	2.61	U.S. Govt Agency Bond	United States
Fannie Mae 5.250% Due 09-15-16	2.57	U.S. Govt Agency Bond	United States
U.S. Treasury N/B 2.625% Due 02-29-16	2.24	U.S. Treasury Bond	United States
Fannie Mae 1.875% Due 09-18-18	1.77	U.S. Govt Agency Bond	United States
Nissan Motor Co. Ltd., ADR	1.57	Consumer Discretionary	Japan
Microsoft Corp.	1.56	Information Technology	United States

COMPOSITE EQUITY SECTOR BREAKDOWN (% of Total)[6]

	World Balanced SMA	MSCI AC World Index
Financials	19.38	21.90
Health Care	13.60	12.35
Consumer Discretionary	9.19	12.71
Energy	7.53	7.38
Information Technology	5.72	13.79
Industrials	5.41	10.33
Materials	3.95	5.28
Telecommunication Services	3.71	3.71
Consumer Staples	2.27	9.49
Utilities	0.00	3.06
Cash & Equivalents	3.52	0.00

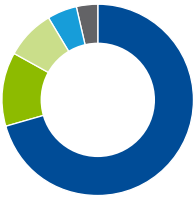
COMPOSITE EQUITY GEOGRAPHIC WEIGHTINGS (% of Total)[6]

	World Balanced SMA	MSCI AC World Index
Europe	33.97	23.25
North America	25.50	54.73
Asia-ex Japan	6.10	8.91
Japan	4.15	7.93
Mid-East/Africa	1.06	1.25
Latin America/Caribbean	0.00	1.51
Australia/New Zealand	0.00	2.43
Cash & Equivalents	3.52	0.00
Emerging Markets Exposure	5.05	10.62

MARKET CAP BREAKDOWN (USD % of Total)[6]

Below $1 billion 0.00%
$1–5 billion 5.90%
$5–10 billion 8.90%
$10–30 billion 19.75%
$30–50 billion 14.34%
$50–100 billion 18.87%
Over $100 billion 28.49%
Unavailable 3.76%

FIXED INCOME SECTOR BREAKDOWN (USD % of Total)[6]



Equity 70.76%
U.S. Treasury 12.36%
U.S. Government Agency 8.27%
Credit 5.09%
Cash 3.52%

COMPLIANCE STATEMENT

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

Templeton 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 Templeton organization.

Templeton Separately Managed Accounts (the "firm") manages portfolios for high net worth individuals and institutional clients, applying a bottom-up, value-oriented, long-term investment style, focusing on global and non-U.S. markets. Templeton Separately Managed Accounts utilizes the experience, resources and extensive research capabilities of affiliated Templeton entities (together, the firm "Templeton") that apply the same bottom-up, value-oriented global investment style. At Templeton Separately Managed Accounts, brokerage, administrative, custodial and investment management fees may be 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 Templeton entities are not included in the firm definition. Templeton Separately Managed Accounts was previously known as Templeton Portfolio Advisors prior to June 30, 2012. Templeton Portfolio Advisors was previously known as the Templeton Private Client Group prior to October 1, 2004. Effective July 1, 2014, Templeton Investment Counsel, LLC, assumed responsibility for Templeton Separately Managed Accounts' global and international equity SMA accounts, including those in the Templeton International Equity SMA Composite. Templeton Investment Counsel, LLC, is a sub-adviser to Templeton Separately Managed Accounts.

Templeton World Balanced SMA Composite consists of all the fully discretionary wrap-fee portfolios which have an objective that seeks current income with growth of capital by investing in global (U.S. and non-U.S.) equity and U.S. fixed income securities and for which the brokerage (including trading expenses), administrative, custodial, and investment management fees are charged together as a percentage of the portfolio's assets (known as a comprehensive fee, wrap fee or bundled fee). As the criterion for inclusion in this composite is that the portfolios have bundled fees (i.e. where commission costs are not charged separately), 100% of the accounts in the composite have bundled fees for all time periods presented. Global balanced portfolios are structured to provide investors with long-term capital appreciation and consistent rates of return by investing in a balanced portfolio of global stocks and domestic bonds under normal market conditions. Foreign investing, especially in developing countries, has additional risks such as currency and market volatility and political or social instability. Due to the nature of the investments in the fixed income portion of the strategy, interest rate risk is a primary risk of this strategy. Between June 30, 2012 and December 31, 2012, the composite name was Templeton World Balanced SMA Comprehensive Fee Composite. Prior to June 30, 2012, the composite name was TPA Global Balanced Composite–Comprehensive Fee. For accounts in the Templeton World Balanced SMA Comprehensive Fee Composite, Templeton Separately Managed Accounts has engaged as a sub-adviser, an affiliated Franklin Templeton entity, Franklin Separately Managed Accounts. Franklin Separately Managed Accounts has been engaged as a sub-adviser for all time periods shown.

Foreign investing, especially in developing countries, has additional risks such as currency and market volatility and political or social instability.

All returns are presented in U.S. dollars and have been calculated using time-weighted total rates of return. 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. "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.

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 portfolios in the composite. The composite return information provided herein represents the returns of Templeton Separately Managed Accounts high-net-worth individual and institutional client portfolios. **Returns represent past performance. Past performance does not guarantee future results and may not be repeated.** Performance of each composite is presented as "pure" gross-of-fees (before brokerage fees related to trading expenses) and net-of-fees (after management and custodial fees). Performance figures for all composites and indices are in U.S. dollars unless otherwise indicated.

Effective July 2006 the account minimum for a client portfolio to be included in the composite is US$50,000.

The primary benchmark for the composite is a blended index consisting of 65% MSCI All Country World Index and 35% Barclays U.S. Government Intermediate Index (formerly the Lehman Brothers Intermediate Government Index) which is rebalanced monthly. The MSCI All Country World Index is a free float-adjusted market capitalization weighted equity index comprised of securities in MSCI's developed and emerging market country-specific indexes. The Barclays U.S. Government Intermediate Index is a market value weighted fixed income index comprised of all publicly issued, non-convertible domestic debt of the U.S. government, any agency thereof, or any quasi-federal corporation and of corporate debt guaranteed by the U.S. government with minimum outstanding principal of $1 million, minimum maturity of one year and maximum maturity of 10 years.

Source: Morgan Stanley Capital International (MSCI). All MSCI data is provided "as is". The composite described herein is not sponsored or endorsed by MSCI. In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data or the composite described herein. Copying or redistributing the MSCI data is strictly prohibited.

Risk Statistic Definitions:

Annualized Standard Deviation: A statistical measure of the degree to which an individual value in a probability distribution tends to vary from the mean of the distribution.

Beta: Beta is a measure of volatility; it measures the systematic risk of a security or a portfolio. It describes the sensitivity of a portfolio to the market, the tendency of a portfolio or a security to move relative to the market.

R-Square: R-Square is the correlation squared. It is used in style analysis to determine how much information about a return series the style benchmark has been able to capture.

Annualized Tracking Error: The active risk of the portfolio that measures the dispersion of the portfolio's return minus the benchmark's annualized return.

Annualized Alpha: Alpha is a risk (beta-adjusted) return measurement. If two managers had the same return, but one had a lower beta, that manager would have a higher alpha.

Annualized Sharpe Ratio: The difference between the annual average portfolio return and the annual average risk free return, where risk is defined as the standard deviation of portfolio returns.

Correlation: The linear relationship between two return series. Correlation shows the strength of the relationship between two return series.

Annualized Information Ratio: A measure of consistency in excess return. The annualized excess return over a benchmark divided by the annualized standard deviation of excess return.

One Franklin Parkway
San Mateo, CA 94403-1906
(800) 822-8464
franklintempleton.com

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