Franklin Intermediate Fixed Income SMA

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

Investment overview

The Franklin Intermediate Fixed Income SMA 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 objective

Core, diversified, active

- Seeks to provide high current income consistent with preservation of capital.
- Investment process aims to produce alpha from superior sector allocation, security selection, and macro positions.
- Brings together Franklin Templeton Fixed Income macro, fundamental, and quantitative research in a core fixed income offering.
- **Maturity Range:** 0-10 Years.
- **Typical Number of Positions**: 10-30.

Investment universe

- Focus on investment grade debt securities and government and corporate debt securities
- Benchmark: Bloomberg U.S. Intermediate Government/Credit Bond Index
- Target allocation per issuer is 5% maximum at time of purchase
- Minimum BBB-rated or higher at the time of purchase

Management adds value through:

- Sector rotation
- Security selection
- Yield curve and duration positioning

Investment management team

Thomas Runkel, CFA
Portfolio Manager
Industry since 1983

Jacob K. Chu
Portfolio Manager
Industry since 1996

For investors subject to the alternative minimum tax, a portion of interest income may be taxable. Capital gains are generally taxable. For investors subject to the alternative minimum tax, a portion of interest income may be taxable. Capital gains are generally taxable.

Investment process

In choosing investments, our intermediate fixed income team follows a disciplined, client-specific process that 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.

Our portfolio managers do not attempt to make interest rate bets through extending or reducing portfolio duration. Rather, they seek to add value primarily through asset allocation and security selection. Further, each client account is evaluated for risk tolerance, income and liquidity needs, maturity date and sector restrictions.

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

Characteristics

	Portfolio
Effective Duration	3.73 Years
Average Weighted Maturity	4.25 Years
Yield to Maturity	4.32%
Yield to Worst	4.31%
Weighted Average Coupon	3.00%
Weighted Average Price	96.87

Sector Weightings (%)

	Portfolio
U.S. Treasury	58.16
Investment Grade Credit	39.36
U.S. Government Agency	0.00
Cash & Cash Equivalents	2.48

Credit Quality (%)

	Portfolio
AAA	2.48
AA	60.66
A	22.97
BBB	13.89

Average Maturity (%)

	Portfolio
0 to 2 Years	29.05
2 to 4 Years	19.55
4 to 6 Years	21.45
6 to 8 Years	22.43
8+ Years	7.53

‡ Source: Franklin Templeton. Portfolio characteristics are based on a model portfolio, not an actual client account. The model portfolio is a hypothetical portfolio whereby the portfolio characteristics are based on simulated trading and account activity of a client account invested in this strategy. The model portfolio assumes no withdrawals, contributions, or client-imposed restrictions. Portfolio characteristics of individual client accounts may differ from those of the model portfolio as a result of account size, client-imposed restrictions, the timing of client investments, market conditions, contributions, withdrawals and other factors.

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.

Credit quality is a measure of a bond issuer's ability to repay interest and principal in a timely manner. The credit 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). For non-municipal portfolios, 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. For municipal portfolios, when ratings from multiple agencies are available, the highest is used, consistent with the portfolio investment process. Foreign government bonds without a specific rating are assigned the country rating provided by an NRSRO, if available. The Refunded category consists of refunded bonds secured by U.S. government or other high-quality securities. The Not Rated category consists of ratable securities that have not been rated by an NRSRO. The For non-municipal portfolios, Not Applicable category consists of non-ratable securities (e.g., equities). For municipal portfolios, the Not Applicable category consists of third-party ETFs and securities that only have a short-term rating and are not cash equivalents. Where cash is included in the breakdown, it includes equivalents, which may be rated.

Performance

Annualized Rates of Return – Pure Gross and Net of Fees (%) as of March 31, 2025 – PRELIMINARY – (Inception date: 3/31/1994)

	YTD*	1 Mth*	3 Mths*	1 Year	3 Year	5 Year	10 Year	20 Year	Since Incept
Franklin Intermediate Fixed Income SMA–Pure Gross of Fees—(USD)	**2.46**	**0.46**	**2.46**	**5.42**	**2.25**	**0.87**	**1.88**	**3.27**	**4.28**
Franklin Intermediate Fixed Income SMA–Net of Fees—(USD)	**2.08**	**0.34**	**2.08**	**3.86**	**0.74**	**-0.62**	**0.54**	**2.05**	**3.14**
Bloomberg Intermediate U.S. Government/Credit Index—(USD)	2.42	0.44	2.42	5.65	2.18	0.86	1.81	3.06	4.24

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

	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Franklin Interm. Fixed Inc–Pure Gross of Fees—(USD)	2.46	2.76	5.07	-6.90	-1.31	6.12	6.73	0.47	2.24	2.10	1.23
Franklin Interm. Fixed Inc–Net of Fees—(USD)	2.08	1.24	3.52	-8.28	-2.77	4.56	5.52	-0.70	1.06	0.95	0.13
Bloomberg Interm US Gov/Credit Index—(USD)	2.42	3.00	5.24	-8.23	-1.44	6.43	6.80	0.88	2.14	2.08	1.07

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.

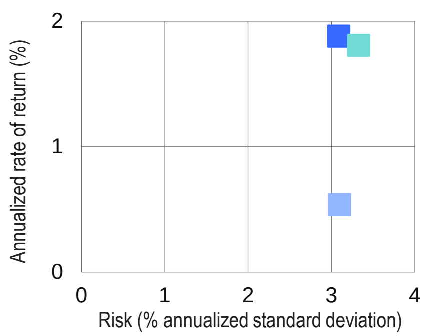
[1] **Fees:** Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in 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" (1.5% 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.**

Due to the integration of GIPS firms, predecessor firms may have a different claim of compliance date. Performance presented prior to January 1, 2004, is not in compliance.

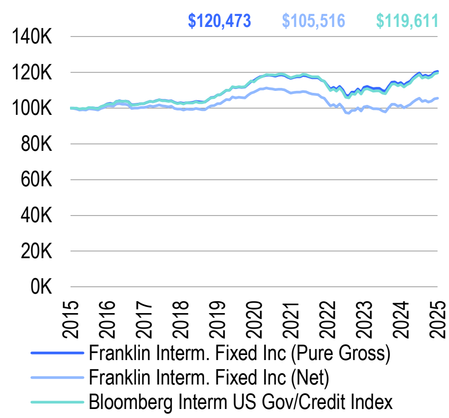
Performance Statistics [1] Preliminary (based on 10-year period ending March 31, 2025)

Risk/Return profile (%)

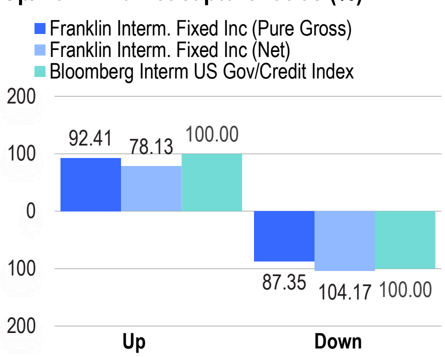


Franklin Interm. Fixed Inc (Pure Gross)	
Annualized Return (%)	1.88
Annualized Standard Deviation (%)	3.09
Franklin Interm. Fixed Inc (Net)	
Annualized Return (%)	0.54
Annualized Standard Deviation (%)	3.10
Bloomberg Interm US Gov/Credit Index	
Annualized Return (%)	1.81
Annualized Standard Deviation (%)	3.33

Growth of $100,000*



Up/Down market capture ratios (%)



Modern portfolio statistics

	Portfolio (Pure gross)	Portfolio (Net)	BM
Sharpe Ratio	0.01	-0.42	-0.01
Beta	0.92	0.92	N/A
Alpha (%)	0.06	-1.26	N/A
R-Squared	0.97	0.97	N/A

	(+) Months	(-) Months
Pure Gross:	67	53
Net:	67	53

[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" (1.5% is the maximum anticipated wrap fee for fixed income 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.

The **Bloomberg Municipal Bond 1-15 Year Index** 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. Returns for the benchmark include dividends or income not adjusted for foreign withholding taxes. Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

What are the risks?

All investments involve risks, including possible loss of principal. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **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**. Liquidity risk** exists when securities or other investments become more difficult to sell, or are unable to be sold, at the price at which they have been valued. **Active management** does not ensure gains or protect against market declines. The portfolio is **non-diversified** and may invest in a relatively small number of issuers, which may negatively impact the performance and result in greater fluctuation in value. 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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