

Franklin Intermediate Investment Grade Credit SMA



FRANKLIN
TEMPLETON

Separately Managed Accounts | Fact Sheet as of December 31, 2023

Investment overview

The investment management team manages portfolios composed primarily of Investment Grade Corporate/Credit issues. Using a bottom-up, relative value strategy, we seek to provide capital appreciation with a high level of current income.

Investment management team

Thomas Runkel, CFA
Portfolio Manager
Industry since 1983

Jacob K. Chu
Portfolio Manager
Industry since 1996

Investment philosophy

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

Investment parameters

Currency

- U.S. dollar denominated only

Minimum credit quality

- Investment Grade: BBB-rated or higher at the time of purchase by at least one nationally recognized rating agency

Fixed income sectors

- Investment Grade Credit

Concentration

- Number of positions: 20–50
- Target allocation per issuer: 3-4% at time of purchase

Maturity range:

- 0-10 years

Benchmark:

- Bloomberg U.S. Intermediate Credit Bond Index

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 investment grade credit securities. 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 December 31, 2023

Characteristics		Sector Weightings (%)		Credit Quality (%)	
	Portfolio		Portfolio		Portfolio
Effective Duration	3.47 Years	Investment Grade Credit	97.84	AAA	5.16
Average Weighted Maturity	3.99 Years	Cash & Cash Equivalents	2.16	AA	12.73
Yield to Maturity	4.77%			A	45.67
Yield to Worst	4.74%			BBB	36.44
Weighted Average Coupon	3.44%			BB	0.00
Weighted Average Price	96.04				

Average Maturity (%)	
	Portfolio
0 to 2 Years	24.06
2 to 4 Years	29.88
4 to 6 Years	19.24
6 to 8 Years	16.84
8+ Years	9.98

†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 nonratable 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 December 31, 2023 – PRELIMINARY – (Inception date: 1/31/2009)

	YTD*	1 Mth*	3 Mths*	1 Year	3 Year	5 Year	10 Year	Since Incept
Franklin Intermediate Investment Grade Credit SMA–Pure Gross of Fees—(USD)	6.25	2.16	4.67	6.25	-1.00	2.52	2.16	3.62
Franklin Intermediate Investment Grade Credit SMA–Net of Fees—(USD)	4.69	2.04	4.29	4.69	-2.47	1.12	1.02	2.57
Bloomberg US Intermediate Credit Index—(USD)	6.94	2.73	5.60	6.94	-1.28	2.44	2.46	3.98

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Franklin Interim IG Credit–Pure Gross of Fees—(USD)	6.25	-7.46	-1.32	7.43	8.67	-0.11	3.27	1.82	0.62	3.39
Franklin Interim IG Credit–Net of Fees—(USD)	4.69	-8.84	-2.78	5.85	7.67	-1.06	2.34	0.92	-0.15	2.58
Bloomberg US Intermediate Credit Index—(USD)	6.94	-9.10	-1.03	7.08	9.52	0.01	3.67	3.68	0.90	4.15

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). 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.

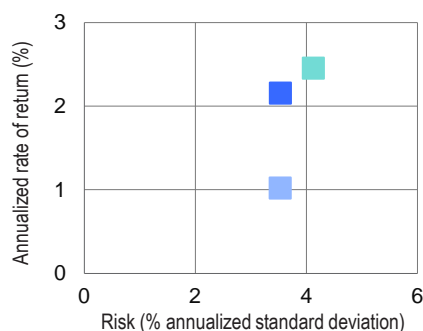
¹ **Fees:** Returns for periods less than one year are not annualized. Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs. Net performance includes the deduction of a 3.0% annual wrap fee, which is the maximum anticipated wrap fee for equity and balanced strategies and 1.5% for fixed income strategies. Actual fees 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 disclosure document. Returns reflect the reinvestment of dividends and other earnings. All performance is reported in US dollars.

Past performance is not a guarantee of future results. 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 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.

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.

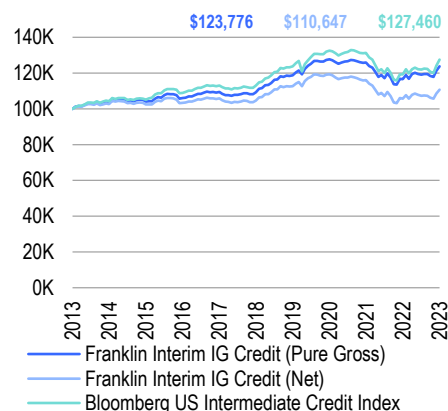
Performance Statistics¹ Preliminary (based on 10-year period ending December 31, 2023)

Risk/Return profile (%)

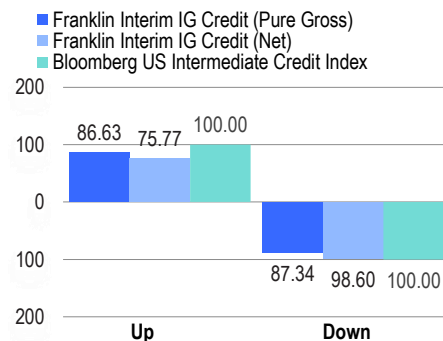


■ Franklin Interim IG Credit (Pure Gross)	
Annualized Return (%)	2.16
Annualized Standard Deviation (%)	3.53
■ Franklin Interim IG Credit (Net)	
Annualized Return (%)	1.02
Annualized Standard Deviation (%)	3.53
■ Bloomberg US Intermediate Credit Index	
Annualized Return (%)	2.46
Annualized Standard Deviation (%)	4.13

Growth of \$100,000*



Up/Down market capture ratios (%)



	(+) Months	(-) Months
Pure Gross:	72	48
Net:	72	48

Modern portfolio statistics

	Portfolio (Pure Gross)	Portfolio (Net)	BM
Sharpe Ratio	0.27	-0.05	0.31
Beta	0.83	0.83	N/A
Alpha (%)	-0.10	-1.21	N/A
R-Squared	0.94	0.94	N/A

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. Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs. Net performance includes the deduction of a 1.5% annual wrap fee, which is the maximum anticipated wrap fee for fixed income portfolios.

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.

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.

Any information, statement or opinion set forth herein is general in nature, is not directed to or based on the financial situation or needs of any particular investor, and does not constitute, and should not be construed as, investment advice, forecast of future events, a guarantee of future results, or a recommendation with respect to any particular security or investment strategy or type of retirement account. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional.

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On December 1, 2022, Legg Mason Private Portfolio Group, LLC (LMPPG) changed its name to Franklin Templeton Private Portfolio Group, LLC (FTPPG).

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