

Franklin Municipal Ladder 5-20 Year SMA



Separately Managed Accounts | Fact Sheet as of March 31, 2024

Investment overview

The Franklin Municipal Ladder 5-20 Year SMA seek a high level of current income by investing across different municipal issuers. At least every other year in the ladder will have a municipal position with a corresponding maturity in that year for the complete maturity range of the strategy.

Investment objective

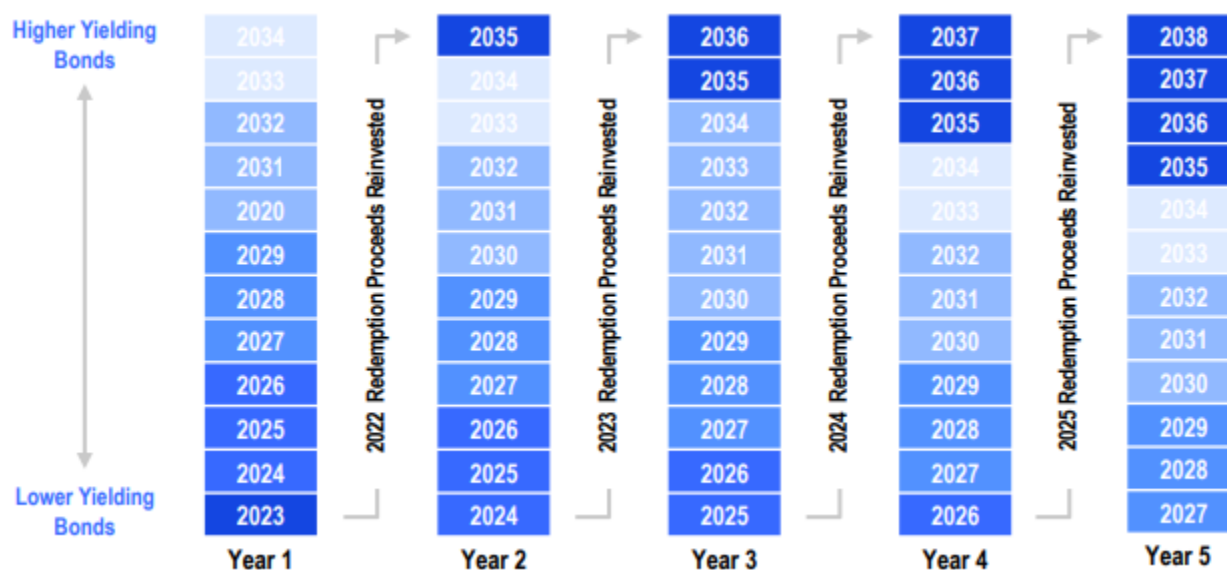
Franklin municipal bond ladders seeks to deliver tax-free income opportunities by investing across different municipal issuers. Our strategy invests in high-quality bonds, seeking to take advantage of relative valuation differences between sectors, geographic regions, issuers and individual bond issues.

Why invest in municipal ladders

- A diversified set of municipal bonds with staggered maturities may offer advantages over self-managed portfolios by creating a stable stream of income.
- Ladders have the potential to offer a stable, predictable source of cash flows generated by a portfolio of high-quality securities with known maturity dates.
- Laddered portfolios may help minimize the impact of rising interest rates by allowing any principal from maturing bonds to be reinvested at higher prevailing rates.
- Ladders represent a disciplined approach to credit selection and rigorous on-going monitoring that gives investor access to investment expertise through various credit cycles

Mechanics of Laddered Portfolio*

As bonds on each rung of the ladder mature, the principal plus interest (if desired) are typically reinvested into longer-dated, higher-yielding securities:



Investment management team

Jeff Snyder
Portfolio Manager
Industry since 1998

Dylan G. Sanderson
Portfolio Manager
Industry since 2004

Francisco Rivera
Portfolio Manager
Industry since 1994

Chris Sperry, CFA
Portfolio Manager
Industry since 1996

*For illustrative purposes only. Minimum initial amount may vary.

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NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

Investment process

STEP 1

Identify ladder structure

Current holdings are reviewed, and a comprehensive analysis is provided of how they would be transitioned into a Franklin Laddered Portfolio. For new accounts incepting with cash, we will construct a portfolio, equally weighted across the rungs of the chosen ladder with different issuers. The ladder rungs are determined by the account size at either 1- or 2-year rungs.

STEP 2

Leverage deep in-house research

We employ a rigorous credit research process centered around a sector-specific, transaction driven model. Each analyst typically follows between one and three sectors and works with all of the portfolio managers in assessing primary and secondary market transactions and surveillance of current holdings.

STEP 3

Uncover attractive yield opportunities

We source opportunities in both the primary and secondary markets. Our presence as a leader in the space allows for institutional access to primary market supply as well as institutional-level execution when both buying and selling.

STEP 4

Build a high-quality portfolio

The team implements the investment strategy using a disciplined conservative approach, focusing on credits with strong fundamentals while avoiding riskier bonds and those subject to the alternative minimum tax.

STEP 5

Ongoing Portfolio and credit monitoring

We regularly monitor each client's portfolio as well as the bond market to help ensure the portfolio continues to be appropriately positioned. A member of the team is available to review account holdings and performance upon request.

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, 2024

Characteristics

	Portfolio
Effective Duration	6.92 Years
Yield to Maturity	3.68%
Yield to Worst	3.15%
Weighted Average Coupon	4.78%
Weighted Average Price	109.41
Weighted Average Maturity	12.73 Years

Sector Weightings (%)

	Portfolio
Local	37.42
Utilities	25.03
Special Tax	12.58
Education	12.42
Lease	6.29
State General Obligation	6.25

Credit Quality (%)

	Portfolio
AAA	31.19
AA	68.81
A	0.00
BBB	0.00

Average Maturity (%)

	Portfolio
1 to 2 Years	0.00
2 to 3 Years	0.00
3 to 5 Years	0.00
5 to 7 Years	12.59
7 to 10 Years	25.04
10 to 15 Years	25.00
15 to 20 Years	31.12
20 to 30 Years	6.25
30+ Years	0.00

†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 March 31, 2024 – PRELIMINARY – (Inception date: 12/31/2019)

	YTD*	1 Mth*	3 Mths*	1 Year	3 Year	Since Incept
Franklin Municipal Ladder 5-20 Year SMA–Pure Gross of Fees—(USD)	-0.70	-0.27	-0.70	1.99	-1.13	0.32
Franklin Municipal Ladder 5-20 Year SMA–Net of Fees—(USD)	-1.07	-0.39	-1.07	0.48	-2.59	-1.17
Bloomberg Municipal Bond Index—(USD)	-0.39	0.00	-0.39	3.13	-0.41	0.83

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

	YTD	2023	2022	2021	2020
Franklin Muni Ladder 5-20 Yr–Pure Gross of Fees—(USD)	-0.70	5.69	-9.85	0.33	6.78
Franklin Muni Ladder 5-20 Yr–Net of Fees—(USD)	-1.07	4.13	-11.20	-1.16	5.21
Bloomberg Muni Bond Index—(USD)	-0.39	6.40	-8.53	1.52	5.21

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.

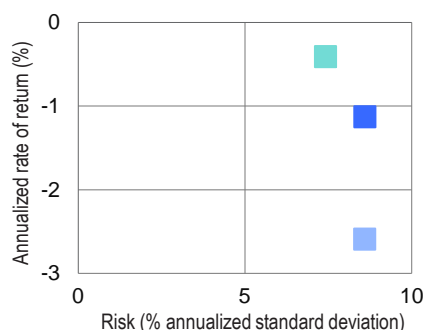
¹ **Fees:** Returns for periods less than one year are not annualized. Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs. Net performance includes the deduction of a 3.0% annual wrap fee, which is the maximum anticipated wrap fee for equity and balanced 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.

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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.

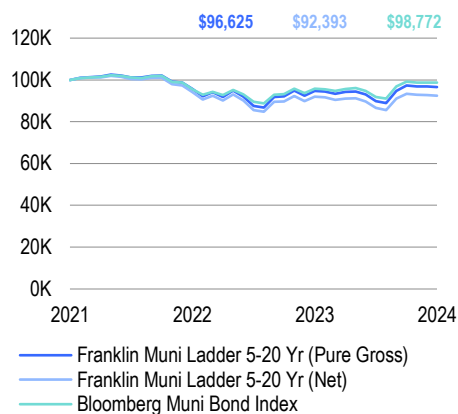
Performance Statistics¹ Preliminary (based on 3-year period ending March 31, 2024)

Risk/Return profile (%)

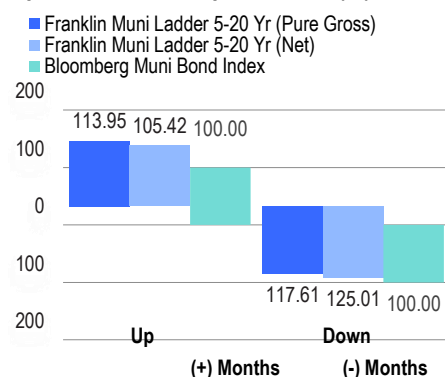


■ Franklin Muni Ladder 5-20 Yr (Pure Gross)	
Annualized Return (%)	-1.13
Annualized Standard Deviation (%)	8.60
■ Franklin Muni Ladder 5-20 Yr (Net)	
Annualized Return (%)	-2.59
Annualized Standard Deviation (%)	8.60
■ Bloomberg Muni Bond Index	
Annualized Return (%)	-0.41
Annualized Standard Deviation (%)	7.42

Growth of \$100,000*



Up/Down market capture ratios (%)



Pure Gross:	17	19
Net:	17	19

Source: Franklin Templeton.

Modern portfolio statistics

	Portfolio (Pure Gross)	Portfolio (Net)	BM
Sharpe Ratio	-0.40	-0.57	-0.38
Beta	1.16	1.16	N/A
Alpha (%)	-0.19	-1.67	N/A
R-Squared	0.99	0.99	N/A

* 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 3.0% annual wrap fee, which is the maximum anticipated wrap fee for equity and balanced 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.

Risks

All investments involve risks, including possible loss of principal. 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. Portfolios focused on a **single state** are subject to greater risk of adverse economic and regulatory changes than a geographically diversified portfolio.

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