

Franklin Small Cap Growth SMA



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

Investment overview

The Franklin Small Cap Growth SMA seeks long-term capital growth by investing at least 80% of its net assets in the equity securities of companies with market capitalizations of generally less than \$1.5 billion, or the highest market capitalization in the Russell 2000® Index, whichever is greater, at the time of purchase.

Investment management team

Michael McCarthy, CFA
Portfolio Manager
Industry since 1992

Brad Carris, CFA
Portfolio Manager
Industry since 2002

Investment philosophy

- The Franklin Equity Group philosophy holds that companies with the potential for long-term sustainable growth can provide significant opportunities for investors. Market participants can have a short-term perspective and may under appreciate the potential for value created by sustainable growth. We believe that we have the potential to deliver attractive risk-adjusted returns by identifying companies with potential for sustainable growth which we believe is not reflected in current prices.

Investment Process

- Within a collaborative environment, our team utilizes fundamental, bottom-up research to focus on companies that we believe have sustainable growth characteristics—meeting our criteria of growth potential, quality and valuation. Our analysis includes an assessment of any material environmental, social and governance (“ESG”) factors on the long-term risk and return profile of a company.

Growth

Quality

Valuation

- | | | |
|---|--|--|
| <ul style="list-style-type: none">Focus on companies with potential to produce sustainable earnings and cash flow growthEvaluate the long-term market opportunity and competitive structure of the industry to target current and emerging leaders | <ul style="list-style-type: none">Seek companies with strong and improving competitive positions in attractive marketsIdentify experienced and talented management teams as well as financial strength reflected in the capital structure, future gross and operating margins, free cash flow generation and returns on capital | <ul style="list-style-type: none">Consider a range of potential outcomes based on an assessment of multiple scenariosConsider whether or not security prices fully reflect the balance of the sustainable growth opportunities relative to the business and financial risks |
|---|--|--|

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

Top Ten Equity Holdings (%)

	Portfolio
Onto Innovation, Inc.	2.44
BWX Technologies, Inc.	2.08
BellRing Brands, Inc.	2.03
Arcosa, Inc.	2.00
Wingstop, Inc.	1.82
Integer Holdings Corporation	1.76
AAR CORP.	1.73
Gitlab, Inc. Class A	1.71
Inspire Medical Systems, Inc.	1.68
Allegiant Travel Company	1.61
Total	18.86

Sector Weightings (%)

	Portfolio	BM
Health Care	22.54	22.37
Information Technology	18.67	21.67
Industrials	17.94	20.04
Consumer Discretionary	13.30	11.08
Financials	8.62	6.35
Consumer Staples	5.93	4.50
Energy	2.90	4.47
Communication Services	2.50	2.17
Real Estate	1.71	1.68
Materials	0.00	4.15
Utilities	0.00	1.53
Cash & Cash Equivalents	5.88	0.00

Market Capitalization (%)

	Portfolio
<1.0 Billion	6.16
1.0-2.0 Billion	7.74
2.0-5.0 Billion	45.03
5.0-10.0 Billion	36.99
>10.0 Billion	4.06
N/A	0.01

Characteristics

	Portfolio	BM
Return on Equity	0.58%	6.02%
Historical 3 Years Sales Growth	40.68%	36.63%
Historical EPS Growth (3 Yr)	23.98%	33.89%
Price to Earnings (12 Month Forward)	22.48x	20.19x
Weighted Average Market Capitalization (Millions USD)	\$4,852	\$3,705

† Source: Franklin Templeton. Portfolio characteristics and sector weightings are based on representative accounts within the composite. Portfolio characteristics and sector weightings of individual client portfolios in the program may differ, sometimes significantly, from those shown above. Assumes no client-imposed restrictions. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the sectors listed and should not be used as a sole basis to make any investment decisions.

Performance

Annualized Rates of Return – Pure Gross and Net of Fees (%) as of December 31, 2023 – PRELIMINARY – (Inception date: 12/31/1997)

	YTD*	1 Mth*	3 Mths*	1 Year	3 Year	5 Year	10 Year	20 Year	Since Incept
Franklin Small Cap Growth SMA–Pure Gross of Fees—(USD)	29.70	13.75	17.34	29.70	-2.67	12.08	8.86	10.68	10.49
Franklin Small Cap Growth SMA–Net of Fees—(USD)	25.98	13.51	16.51	25.98	-5.52	9.19	6.72	8.82	8.59
Russell 2000 Growth Index —(USD)	18.66	11.97	12.75	18.66	-3.50	9.22	7.16	8.28	6.53

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Franklin Small Cap Growth SMA–Pure Gross of Fees—(USD)	29.70	-28.76	-0.21	43.66	33.53	0.82	22.71	8.87	-3.76	1.90
Franklin Small Cap Growth SMA–Net of Fees—(USD)	25.98	-30.90	-3.12	39.57	31.84	-0.57	21.08	7.36	-5.00	0.55
Russell 2000 Growth Index —(USD)	18.66	-26.36	2.83	34.63	28.48	-9.31	22.17	11.32	-1.38	5.60

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.

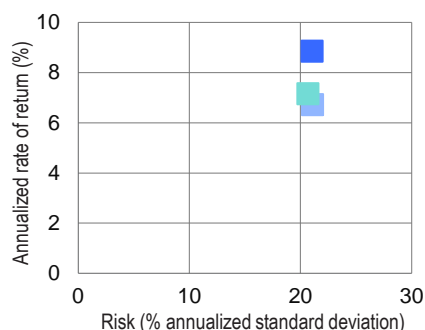
¹ **Fees:** Returns for periods less than one year are not annualized. Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs. Net performance includes the deduction of a 3.0% annual wrap fee, which is the maximum anticipated wrap fee for equity and balanced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

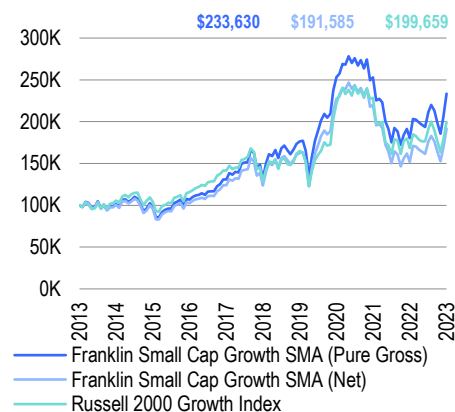
Performance Statistics¹ Preliminary (based on 10-year period ending December 31, 2023)

Risk/Return profile (%)

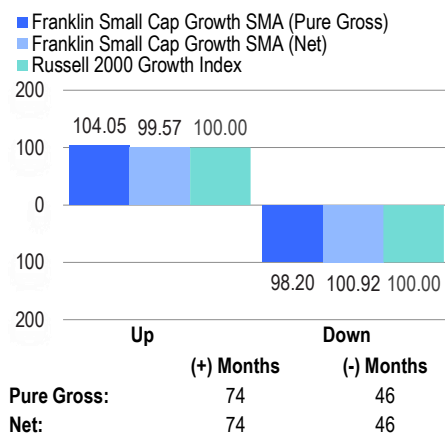


Franklin Small Cap Growth SMA (Pure Gross)	
Annualized Return (%)	8.86
Annualized Standard Deviation (%)	21.05
Franklin Small Cap Growth SMA (Net)	
Annualized Return (%)	6.72
Annualized Standard Deviation (%)	21.09
Russell 2000 Growth Index	
Annualized Return (%)	7.16
Annualized Standard Deviation (%)	20.68

Growth of \$100,000*



Up/Down market capture ratios (%)



Modern portfolio statistics

	Portfolio (Pure Gross)	Portfolio (Net)	BM
Sharpe Ratio	0.45	0.35	0.38
Beta	0.98	0.98	N/A
Alpha (%)	1.80	-0.21	N/A
R-Squared	0.93	0.93	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 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. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Equity securities** are subject to price fluctuation and possible loss of principal. **The investment style** may become out of favor, which may have a negative impact on performance. **Active management** does not ensure gains or protect against market declines. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. 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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