Investing in innovation: Franklin DynaTech SMA

Franklin Separately Managed Accounts

Franklin DynaTech is a diversified growth strategy which has focused on investing in innovation since 1968.[1] The investment team researches, investigates, explores, studies and scrutinizes the greatest innovations of our time, looking for the best potential investments. They seek to identify those companies and industries with compelling products, new processes, strong management and disruptive technologies. Our investment team is headquartered near the heart of Silicon Valley, allowing the managers and analysts firsthand access to research and the opportunity to build relationships with companies at the forefront of innovation today.

The heart of the investment philosophy is the belief that innovation drives long-term wealth creation. Importantly, the team views the world today through an investment lens that spans decades of history.

Innovation is accelerating

We are living in a period of unprecedented economic change, often referred to as the fourth industrial revolution.[2] This affords us with a compelling backdrop in which to invest, as new companies, technologies, and ideas are brought into the marketplace.

Innovation demands active management

In our view, innovation is one of the most misunderstood parts of the market and demands active management. New technologies, products and processes can impact our daily lives; however, their prospects as investments may vary significantly as the expectations of market participants change over time. Some innovations may be great investments today, or far in the future, or never at all.

Innovation is everywhere

The Franklin DynaTech investment team expects five platforms of growth, spanning myriad sectors and industries, to generate considerable economic value over the next five to ten years.

Franklin DynaTech: Platforms of growth[3]

Disruptive Commerce

- General commerce
- Media
- Sharing economy
- Verticals: travel, autos, real estate, etc.
- Transport & logistics
- ePayments
- Distributed lending

Genomic Advancements

- Sequencers & equipment
- Diagnostics
- Gene silencing or muting
- Gene editing
- Agriculture

Intelligent Machines

- Robotics
- 3D printing
- Internet of things
- Automated driving
- Drones
- Healthcare implantables

Energy Transformation

- Solar, wind, nuclear, geothermal
- Grid hardening, smart grid & AI optimization
- Distributed generation & storage
- Electric vehicles

Exponential Data

- Artificial intelligence & machine learning
- Cloud computing
- Edge computing
- Data analysis
- Augmented & virtual reality
- Blockchain

For more information on Franklin DynaTech SMA, please contact your Franklin Templeton Senior Advisor Consultant or our Franklin Templeton Separately Managed Account Sales Team at (800) DIAL BEN/342-5236.

1. The SMA Composite has a more limited operating history than the Franklin DynaTech strategy.
2. Source: Schwab, Klaus. *The Fourth Industrial Revolution.* Currency, 2017. Print.
3. This commentary reflects the analysis and opinions of the Franklin DynaTech investment team, and may differ from the opinions of other portfolio managers, investment teams or platforms at Franklin Templeton. Because market and economic conditions are subject to rapid change, the analysis and opinions provided may change without notice. The commentary does not provide a complete analysis of every material fact regarding any country, market, industry or security. An assessment of a particular country, market, security, investment or strategy is not intended as an investment recommendation nor does it constitute investment advice. Statements of fact are from sources considered reliable, but no representation or warranty is made as to their completeness or accuracy.

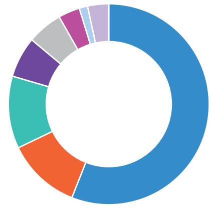
Franklin DynaTech SMA Composite

As of December 31, 2023

Portfolio Characteristics (%)[4]

Number of Holdings	64
Historical 3-Year Sales Growth	26.25%
Price to Earnings (12-mo Forward)	39.40x
Market Capitalization (Millions USD)	675,392

Sector Allocation[5]



Information Technology	56.01%
Consumer Discretionary	11.87%
Health Care	11.66%
Financials	6.57%
Communication Services	5.70%
Industrials	3.46%
Energy	1.35%
Cash & Cash Equivalents	3.40%

Important information

This piece contains certain performance and statistical information. There is no assurance that employment of any of the strategies will result in the intended targets being achieved. Past performance does not guarantee future results and results may differ over future time periods.

All investments are subject to certain risks, including possible loss of principal. Generally, investments offering the potential for higher returns are accompanied by a higher degree of risk. Investing in a thematic portfolio may entail greater risks than is normally associated with more widely diversified portfolios. Smaller, mid-sized and relatively new or unseasoned companies can be more sensitive to changing economic conditions, their prospects for growth may be less certain, and may have greater price volatility and less liquidity than those of larger, more established companies. Securities markets can fluctuate significantly in response to industry, financial or economic developments, and unexpected events, such as the spread of deadly diseases or disasters, can cause investor fear and panic, which can adversely affect companies, sectors and the market in general. Investors should review their investment objectives, risk tolerance and liquidity needs before choosing a manager. There is no guarantee that investment strategies will work under all market conditions and investors should evaluate their ability to invest for the long term, especially during periods of market downturns.

To obtain specific information on available products and services or GIPS compliant performance information, contact your Franklin Templeton representative at (800) DIAL BEN/342-5236.

These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials be preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your Financial Professional or contact your sponsor firm.

Separately Managed Accounts (SMAs) are investment services provided by Franklin Templeton Private Portfolio Group, LLC (FTPPG), a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by affiliated subadvisors of Franklin Templeton. Management is implemented by FTPPG, the designated subadvisor or, in the case of certain programs, the program sponsor or its designee. On December 1, 2022, LMPPG changed its name to Franklin Templeton Private Portfolio Group, LLC (FTPPG).

Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

4. The portfolio characteristics listed are based on the composite's underlying holdings, and do not necessarily reflect the composite's characteristics. Due to data limitations all equity holdings are assumed to be the primary equity issue (usually the ordinary or common shares) of each security's issuing company. This methodology may cause small differences between the portfolio's reported characteristics and the portfolio's actual characteristics. In practice, Franklin Templeton's portfolio managers invest in the class or type of security which they believe is most appropriate at the time of purchase. The market capitalization figures for the portfolio are at the security level, not aggregated up to the main issuer. Source: FactSet. Price Ratio calculations for the weighted average use harmonic means. Any exceptions to this are noted. The IBES Estimated 3–5-Year EPS Growth uses simple weighted average means; there can be no assurance that the estimated figure will be realized. Market capitalization statistics are indicated in the base currency for the portfolio presented.

5. Weightings as percent of total. Percentage may not total 100% due to rounding.

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