FRANKLIN TEMPLETON

Franklin taxable bond ladders

Invest with a fixed income leader

Investment objective: Franklin taxable bond ladders seeks to deliver income opportunities from a portfolio of securities with laddered maturities. Our strategies focus on U.S. government and corporate debt securities.

Investment process

1.	2.	3.	4.	5.
Identify ladder structure	**Leverage deep in-house research***	**Uncover attractive yield opportunities**	**Build a high quality portfolio**	**Ongoing portfolio and credit monitoring**
We review your current holdings and provide a comprehensive analysis of how they would be transitioned into a Franklin Laddered Portfolio. For new accounts incepting with cash, we will construct a portfolio with maturities across various rungs of the chosen ladder. The ladder rungs are determined by the account size at either 1- or 2-year increments.	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 portfolio managers in assessing primary and secondary market transactions and surveillance of current holdings.	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.	The team implements the investment strategy using a disciplined conservative approach, focusing on credits with strong fundamentals, while avoiding riskier bonds.	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.

*Applies to the Franklin Corporate Ladder SMAs only.

Why invest in ladders

- A set of bonds with staggered maturities may offer advantages over self-managed portfolios by creating the potential for a stable stream of income.
- Ladders have the potential to offer a predictable source of cash flow generated by a portfolio of high credit 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.
- Laddered portfolios are subject to ongoing monitoring that gives investors access to investment expertise through various credit cycles.

Why Franklin Corporate Ladders?

Credit research

Our corporate credit team applies a research-driven approach to investing. Organized regionally, our credit analysts specialize by industry sector, covering investment-grade and high-yield issuers. This structure allows our analysts to take a deeper dive into relevant risk factors while also conducting a more precise relative value analysis when comparing credit spreads.

Why Franklin U.S. Government Ladders?

U.S. government ladders offer the same structural benefits of the corporate ladder strategy. They are not subject to corporate credit risk and accordingly the level of yield will typically be lower.

Portfolio customization options

Franklin offers a full range of customizable, laddered strategies across the maturity and duration spectrum. Franklin is committed to collaborating with you to address your objectives including: risk profile, cash flow, investment flexibility, and tax management goals.

Franklin Corporate Ladders

	1–3-Year Ladder	1–5-Year Ladder	1–10-Year Ladder
Credit Quality[1]	Minimum credit rating of BBB- (Investment grade at time of purchase)	Minimum credit rating of BBB- (Investment grade at time of purchase)	Minimum credit rating of BBB- (Investment grade at time of purchase)
Coupon Income	Choice to reinvest coupon income or receive cash	Choice to reinvest coupon income or receive cash	Choice to reinvest coupon income or receive cash
Minimum Initial Investment	$125K	$125K	$125K
Number of Bonds[2]	Minimum 2 bonds every rung 20–30 holdings	Minimum 2 bonds every rung 15–30 holdings	Minimum 2 bonds every rung 20–40 holdings
Benchmark	Bloomberg 1–3-Year Corporate Index	Bloomberg 1–5-Year Corporate Index	Bloomberg Intermediate Corporate Index

Franklin U.S. Government Ladders

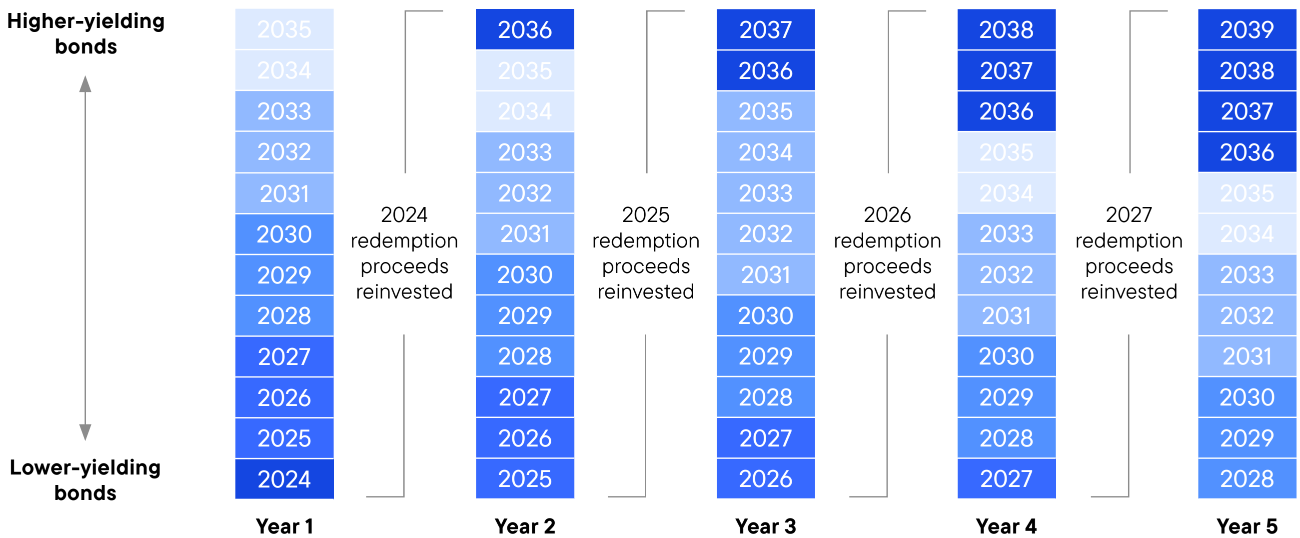
	1–5-Year Ladder	1–10-Year Ladder	5–20-Year Ladder
Credit Quality[1]	AA/AAA	AA/AAA	AA/AAA
Coupon Income	Choice to reinvest coupon income or receive cash	Choice to reinvest coupon income or receive cash	Choice to reinvest coupon income or receive cash
Minimum Initial Investment	$100K	$100K	$100K
Number of Bonds[2]	Minimum 2 bonds every rung 15–30 holdings	Minimum 2 bonds every rung 20–40 holdings	Minimum 2 bonds every rung 15–30 holdings
Benchmark	Bloomberg 1–5-Year Treasury Index	Bloomberg Intermediate Treasury Index	Custom 33% Bloomberg 5–10-Year Treasury Index + 67% Bloomberg 10–20-Year Treasury Index

Please note that all investment solutions may not be available for sale. Please consult your Financial Professional for availability.
An investor cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.

1. Ratings shown are assigned by one or more Nationally Recognized Statistical Rating Organizations ('NRSRO'), such as Standard & Poor's, Moody's and Fitch. When ratings from multiple agencies are available, the highest is used, consistent with the portfolio investment process. Ratings reflect an NRSRO's opinion of an issuer's creditworthiness and typically range from AAA (highest) to D (lowest). 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 Not Applicable category consists of third-party ETFs and securities that only have a short-term rating and are not cash equivalents. Cash includes equivalents, which may be rated. All holdings are subject to change.
2. The number of bonds in a portfolio may vary by the timing of purchases and sales, changes in the purchase and sell list, general market conditions, and factors specific to each existing account due to client considerations. A concentration in a small number of holdings may increase risk exposure. Any decline in value of an individual bond may have a material impact on the account value.

Mechanics of climbing the ladder

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



For illustrative purposes only. Minimum initial amount may vary.

Investment team

Thomas Runkel
Vice President/Portfolio Manager
Franklin Templeton Fixed Income
San Mateo, California

Tom focuses on relative value security selection and allocation among the credit sectors for the multi-sector fixed income portfolios. He also serves as the director of portfolio strategies and the lead portfolio manager for the SMA Taxable Fixed Income strategies and supervises the Franklin SMA Taxable Fixed Income Portfolio Management team.

Jacob K. Chu
Vice President/Portfolio Manager
San Mateo, California

Jacob is a Portfolio Manager for the SMA Taxable Fixed Income strategies. His responsibilities include development of strategy, security selection, and management of accounts. Additionally, Mr. Chu focuses on performance analysis and client service.

Albert Chan, CFA
Head of Portfolio Construction & Analytics
Franklin Templeton Fixed Income
Boston, Massachusetts

Albert is Head of Portfolio Construction within fixed income and leads the team's efforts in researching market and macroeconomic data, building quantitative models, recommending broad positioning and portfolio construction ideas, and overseeing and monitoring portfolio implementation.

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.

IMPORTANT LEGAL INFORMATION

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.

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.

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