

Investment overview

The Western Asset Core Portfolios offer investors access to these flagship strategies in a separately managed account. These separately managed accounts consist of investments in individual securities and shares of no-fee¹ mutual funds advised by Western Asset and its affiliates. The no-fee funds are used by Western Asset to achieve appropriate levels of diversification, as well as to provide clients with exposure to sectors that are normally difficult to include in a separately managed account with low minimum investment requirements.

Investment objective

Seeks to:

Maximize total return consistent with prudent portfolio management

Investment philosophy

Long-term

- Seek out the greatest long-term value by thoroughly analyzing a wide range of sectors of the fixed income market.

Value-oriented

- Identify and favor sectors and issuers that are undervalued or out of favor in the market.

Diversified strategies²

- Results do not depend on only one or two opportunities; multiple themes are employed in portfolios. Diversification seeks to limit the impact of a single adverse market event.
- Strive to add incremental value over time and potentially reduce volatility.

Sector rotation

- The Core Portfolios predominantly focus on investment-grade securities across all market sectors and maturities.

Key differentiators

Unique structure

- Utilizes an institutional-style hybrid approach for the strategy that combines individual securities and no-fee funds into one account.
- Provides access within the fixed income market to a greater number of sectors, with more diversification in each sector than a traditional separately managed account with a similar minimum account size.
- Increases the diversification within each sector, which may achieve lower volatility and higher returns than a traditional managed account with this minimum account size.

Management team

Western Asset, one of the world's leading fixed income managers, was founded in 1971. With a focus on long-term fundamental value investing that employs a top-down, bottom-up approach, the firm has nine offices around the globe and deep experience across the range of fixed income sectors. Western Asset has been recognized for its emphasis on team management and intensive proprietary research, supported by robust risk management.

Western Asset team-managed approach

- Team unites groups of specialists dedicated to different market sectors.
- Each group of sector specialists utilizes their expertise in bottom-up analysis of each portfolio sector.

¹ Shares of the no-fee funds may only be purchased by or on behalf of separately managed accounts by Franklin Resources, Inc. affiliates, including Western Asset. Managed account clients will pay fees to program sponsors or to their account managers, and such fees will be calculated taking into account assets invested in shares of no-fee funds. Unless reimbursed by the fund's manager or its affiliates, ordinary and extraordinary fund-level operating expenses are borne by shareholders. The manager of the no-fee funds has entered into an expense reimbursement agreement with the funds pursuant to which the manager has agreed to reimburse 100% of each fund's ordinary operating expenses through December 31, 2025. The expense reimbursement agreement does not cover brokerage, taxes and extraordinary expenses.

² Diversification does not ensure a profit or protect against market loss.

Investment process

By implementing the process illustrated, Western Asset seeks to provide investors with diversified, value-oriented, tightly controlled portfolios that exceed benchmark returns while approximating the benchmark's risk.

STEP 1

Interest rate exposure/duration weighting

Western Asset's investment team comprehensively analyzes a variety of domestic and international macroeconomic factors to establish a duration target.

STEP 2

Term structure weighting

The Firm carefully employs strategies in an attempt to take advantage of changes in the yield curve's shape and shifts in the relationship among short-, intermediate- and long-maturity securities.

STEP 3

Sector allocation

We believe that value can be added to a portfolio by actively rotating among, and within, different sectors of the bond market. The investment team studies the fundamental factors that influence sector spread relationships.

STEP 4

Issue selection

Using a bottom-up process, the Firm seeks to identify companies with changing credit characteristics and securities that are undervalued and out of favor due to unusual circumstances.

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.

Western Asset Core Portfolio construction

Western Asset portfolios will normally maintain a minimum of 50% of the portfolio in individual securities. Typically, 25-30 individual bonds are held in the account. These securities will consist primarily of bonds in the Treasury, Agency and investment-grade corporate bond sectors. These bonds are an integral part of the overall portfolio construction and are actively managed in concert with the no-fee funds.

Portfolio composition

Individual securities

U.S. Treasuries
Agencies
Investment-grade corporates
U.S. Treasury inflation protected securities (TIPS)
Mortgage-backed securities (MBS)
Cash and cash equivalents

No-fee Fund¹

(Core completion)

U.S. Treasuries and agencies
Investment-grade corporates
U.S. Treasury inflation protected securities (TIPS)
Commercial mortgage-backed securities (CMBS)
Mortgage pools
Asset-backed securities



No-fee fund¹

(Investment-grade corporates)

Investment-grade corporates
Municipals
U.S. Treasuries
Cash and cash equivalents

No-fee fund¹

(Mainly mortgages)

Agency and non-agency mortgage-backed securities
Mortgage pools
Asset-backed securities
U.S. Treasuries and agencies
Commercial mortgage-backed securities (CMBS)
Mortgage dollar rolls
Cash and cash equivalents

Portfolio Information[‡] As of December 31, 2025

Characteristics

	Portfolio
Effective Duration	6.29 Years
Yield to Worst	4.88%
Weighted Average Life	9.89 Years
Cash Flow	4.66%

Average Life (%)

	Portfolio
0 to 1 Year	-9.12
1 to 3 Years	10.38
3 to 5 Years	33.66
5 to 7 Years	18.24
7 to 10 Years	25.44
>10 Years	21.41

Sector Weightings (%)

	Portfolio
Investment-Grade Credit	34.98
Agency Mortgage-Backed Securities	31.58
Treasury	22.80
Commercial Mortgage Backed Securities	6.82
Collateralized Loan Obligation	6.11
Non-Agency Mortgage Backed Securities	3.69
Asset-Backed Securities	2.99
Emerging Markets Government	2.66
Emerging Markets Corporate	1.96
Inflation-Linked	1.27
High-Yield Credit	0.05
Cash & Cash Equivalents	-14.91

Credit Quality (%)

	Portfolio
AAA	14.73
AA	65.90
A	18.86
BBB	11.95
<BBB	0.85
NR	2.62
Cash & Cash Equivalents	-14.91

[‡] Source: Western Asset. Portfolio characteristics listed are based on representative accounts and assumes no withdrawals, contributions, or client-imposed restrictions. Portfolio characteristics of individual client accounts may differ from those of the representative accounts as a result of account size, client-imposed restrictions, the timing of client investments, market conditions, contributions, withdrawals and other factors.

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 based on each portfolio security's rating as provided by the following Nationally Recognized Statistical Rating Organizations ("NRSRO"): Standard and Poor's ("S&P"), Moody's Investors Service ("Moody's"), Fitch Ratings, Ltd. In the event a portfolio security is rated by more than one NRSRO, the higher rating is shown. In the case where a security is not rated by an NRSRO, these are listed as "Non Rated". The credit quality of the investments in the Portfolio does not apply to the stability or safety of the Portfolio. These ratings may change over time. The Portfolio itself has not been rated by an NRSRO.

Performance

Annualized Rates of Return – Pure Gross and Net of Fees (%) as of December 31, 2025 – PRELIMINARY

	1 Mth	3 Mths	YTD	1 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year	25 Yrs
Core –Pure Gross of Fees—(USD)	-0.11	1.21	8.54	8.54	5.21	-1.03	1.77	2.05	2.72	3.79	4.37
Core –Net of Fees—(USD)	-0.23	0.84	6.94	6.94	3.65	-2.50	0.27	0.54	1.20	2.25	2.83
Bloomberg Aggregate Index—(USD)	-0.15	1.10	7.30	7.30	4.66	-0.36	1.99	2.01	2.42	3.25	3.77

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Core –Pure Gross of Fees—(USD)	8.54	0.93	6.29	-16.89	-1.89	8.22	10.05	-0.57	4.96	3.75
Core –Net of Fees—(USD)	6.94	-0.56	4.73	-18.14	-3.34	6.63	8.43	-2.04	3.41	2.22
Bloomberg Aggregate Index—(USD)	7.30	1.25	5.53	-13.01	-1.54	7.51	8.72	0.01	3.54	2.65

The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Past performance is not a guarantee of future results. An investment in this strategy can lose value. 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.

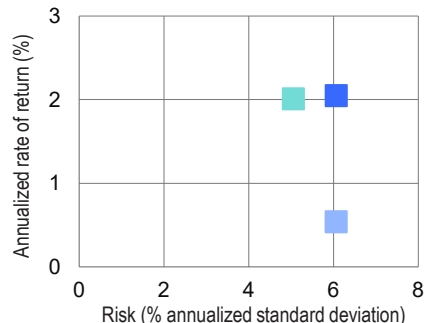
¹ **Fees:** Periods less than one year are not annualized. Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns is reduced by a model "wrap fee" (1.5% is the maximum anticipated wrap fee for fixed income portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may 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 ADV Part 2A disclosure document. 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.

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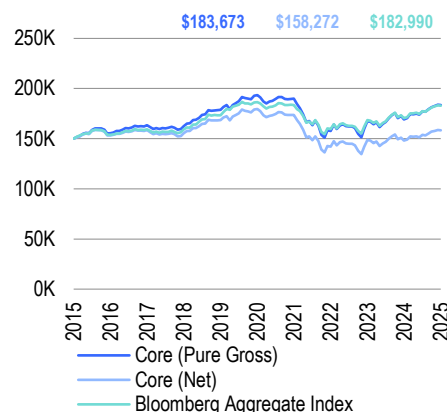
Performance Statistics ¹ Preliminary (based on 10-year period ending December 31, 2025)

Risk/Return profile (%)

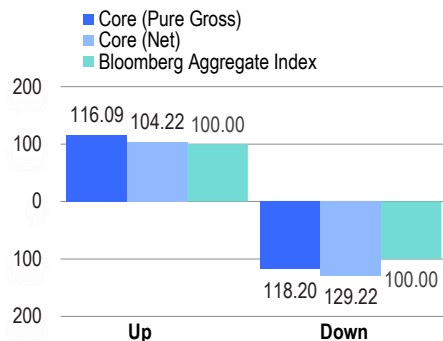


Core (Pure Gross)	
Annualized Return (%)	2.05
Annualized Standard Deviation (%)	6.06
Core (Net)	
Annualized Return (%)	0.54
Annualized Standard Deviation (%)	6.06
Bloomberg Aggregate Index	
Annualized Return (%)	2.01
Annualized Standard Deviation (%)	5.05

Growth of \$150,000*



Up/Down market capture ratios (%)



Modern portfolio statistics

	Portfolio (Pure gross)	Portfolio (Net)	BM
Sharpe Ratio	0.00	-0.25	-0.02
Beta	1.18	1.18	N/A
Alpha (%)	0.11	-1.37	N/A
R-Squared	0.96	0.96	N/A

	(+) Months	(-) Months
Pure Gross:	67	53
Net:	67	53

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.

Performance results are for the composite which includes all actual, fully discretionary accounts with substantially similar investment policies and objectives managed to the composite's investment strategy. Composite returns are stated in U.S. dollars and assume reinvestment of any dividends, interest income, capital gains, or other earnings. The composite may include account(s) that are gross of fees and pure gross of fees. "Pure" gross-of-fee returns do not reflect the deduction of any expenses, including transaction costs. A traditional (or "true") gross-of-fee return reflects performance after the reduction of transaction costs but before the reduction of the investment advisory fee. The gross-of-fee return may include a blend of "true" gross-of-fee returns for non-wrap accounts and "pure" gross-of-fee returns for wrap accounts. Net-of-fee returns is reduced by a model "wrap fee" (1.5% is the maximum anticipated wrap fee for fixed income portfolios) which includes trading expenses as well as investment management, administrative and custodial fees. The model wrap fee used represents the highest anticipated wrap fee applicable to the strategy. Actual fees and account minimums may vary.

Terms and definitions:

Weighted Average Life: An estimate of the number of years to maturity, taking the possibility of early payments into account, for the underlying holdings.

Effective Duration is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

Duration measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates. The higher the duration number, the more sensitive a fixed-income investment will be to interest rate changes.

Yield to worst (YTW) is based on a portfolio's current holdings on one specific day, is gross of all portfolio expenses, and is calculated based on assumptions that prepayment occurs if the bond has called or put provisions and the issuer can offer a lower coupon rate based on current market rates. If market rates are higher than the current yield of a bond, the YTW calculation will assume no prepayments are made, and YTW will equal the yield to maturity. The YTW will be the lowest of yield to maturity or yield to call (if the bond has prepayment provisions). The YTW of a bond portfolio is the market-weighted average of the YTWs of all the bonds in the portfolio.

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 US Aggregate Index** is comprised of investment-grade, U.S. dollar-denominated government, corporate, and mortgage- and asset-backed issues having at least one year to maturity. Source: Bloomberg Indices.

What are the 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. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. Investments in **underlying funds** are subject to the same risks as, and indirectly bear the fees and expenses of, the underlying funds.

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