FRANKLIN TEMPLETON | WESTERN ASSET

# Western Asset Corporate Bond Ladders (1-5 Years)

Separately Managed Accounts Factsheet | as of September 30, 2026

## Investment overview

The Western Asset Corporate Bond Ladders seeks to deliver income opportunities while also seeking to preserve capital and reducing interest rate risk by investing in laddered corporate bonds. The strategy invests in a diversified portfolio of credit-monitored investment-grade corporate securities with equally weighted maturities from 1-10 years.

## Investment objective

**Seeks to :**

Maintain a competitive level of income while preserving of principal by investing — and reinvesting — in a well-diversified portfolio of investment-grade corporate bonds with laddered maturities.

**We believe:**

- Laddered portfolios may offer advantages over self-managed portfolios in creating a stable stream of income
- Ladders represent a disciplined approach that allows investors to manage changes in interest rates
- Credit monitoring may enhance income by providing opportunities to allocate across the full range of investment-grade securities
- A diversified set of bonds with staggered maturities and coupon stream may provide continued opportunities for reinvestment

## Key differentiators

**Team-managed approach**

- Team unites groups of specialists dedicated to different market sectors
- Each group of specialists draws on its distinctive expertise in the bottom-up analysis of its respective sector

**In-depth bond research**

- Looks across sectors and issues to select attractive income opportunities and ensure diversification when reinvesting cash flows

**Overseen by a fixed income leader**

- Access to a highly regarded proprietary credit research team in selecting and monitoring holdings
- Exclusive focus on fixed income management
- Long tenure managing separately managed accounts in taxable and tax-exempt markets

## 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.

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



NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

## Investment process

### STEP 1

**Identify term structure of ladder**

Term structure

- Purchase bonds maturing at regular intervals from 1-5 or 1-10 years.
- Hold securities to maturity and reinvest back out at longest maturity rung of ladder.
- Manage reinvestment risk by staggering maturities and coupon streams across a diverse mix of sectors and issuers.

### STEP 2

**Identify attractive sectors and industries**

Sector and issue decision.

- Employ in-depth research to uncover yield opportunities across the investment-grade rating spectrum.
- Winnow portfolio candidates using proprietary credit analysis.

### STEP 3

**Build portfolio from credit-monitored approved list**

Review/sell process

- Monitor credits constantly, despite intent to hold all securities until maturity.
- Re-examine whether a particular investment should continue to be held when the issuer's ability to pay the coupon or repay upon maturity is in doubt.

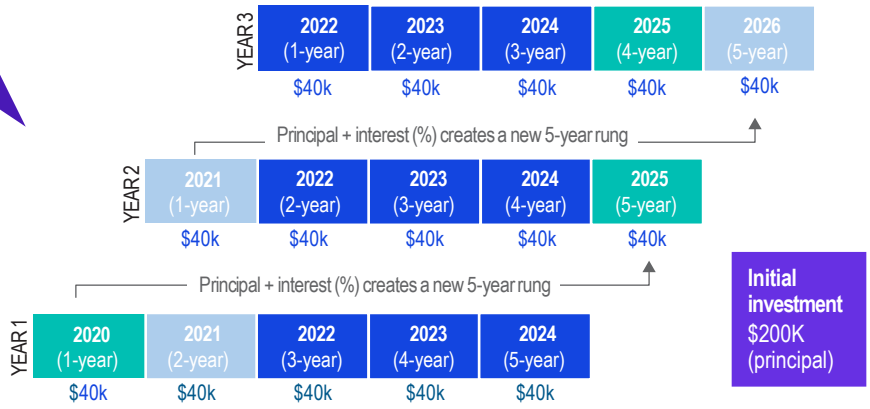
The investment process may change over time. The characteristics set forth above are intended as a general illustration of some of the criteria the strategy team considers in selecting securities for client portfolios. There is no guarantee that investment objectives will be achieved.

## Why invest in a corporate bond ladder?

- Help minimize impact of rising rates by allowing bonds to roll down curve until maturity
- May provide greater income from investing at potentially higher rates
- May benefit from owning well-diversified portfolio of individual bonds, and ongoing professional credit monitoring

## How reinvesting can advance the ladder

As bonds in each rung of the ladder mature, the principal plus interest are typically reinvested into longer-maturing, higher-yielding bonds.




The investment process may change over time. There is no guarantee the manager's investment process will be successful. For illustrative purposes only. Minimum initial investment may vary.

Diversification does not assure a profit or protect against market loss.

## Portfolio Information‡

As of September 30, 2026

### Characteristics

| | Portfolio |
|---|---|
| Effective Duration | 2.16 Years |
| Yield to Worst | 5.30% |
| Current Yield | 4.10% |
| Weighted Average Life | 2.37 Years |
| Cash Flow | 5.26% |

### Credit Quality (%)

| | Portfolio |
|---|---|
| AA | 22.50 |
| A | 57.41 |
| BBB | 20.09 |

### Average Life (%)

| | Portfolio |
|---|---|
| 0 to 1 Year | 20.34 |
| 1 to 3 Years | 40.05 |
| 3 to 5 Years | 39.61 |

‡ 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 S&P Global Ratings, Moody's Investors Service and/or Fitch Ratings, Inc. and typically range from AAA (highest) to D (lowest), or an equivalent and/or similar rating. For this purpose, if two or more of the agencies have assigned differing ratings to a security, the highest rating is used. Securities that are unrated by all three agencies are reflected as such. The credit quality of the investments in the portfolio does not apply to the stability or safety of the portfolio. The methodology used for the calculation of credit quality ratings displayed may differ from the methodology for monitoring investment limits, if applicable. **Please note, the portfolio itself has not been rated by an independent rating agency**.

## 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.

## 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.**

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