FRANKLIN TEMPLETON | WESTERN ASSET

Separately Managed Account

# Western Asset Enhanced Cash SMA Portfolios

**3Q 2026**

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**Not FDIC Insured | No Bank Guarantee | May Lose Value**

FRANKLIN TEMPLETON

# Your trusted partner for what's ahead™

Our approach is built around the client. As a strategic partner, we bridge today's needs with tomorrow's opportunities by:

**Solving** for complex priorities and long-term goals.

**Supporting** portfolios with actionable, data-driven insights.

**Scaling** cutting-edge technology to drive innovation and growth.

AUM is in USD as of September 30, 2026.

## Diverse Investment Capabilities

### Public Markets

Active equity platform built on fundamental research, team stability, and aiming toward long-term value creation.

Active fixed income platform built on macro expertise, rigorous credit research and risk management, while seeking long-term capital preservation.

### Digital Assets

Research, portfolios and infrastructure for crypto trading and tokenized real-world assets.

### Private Markets

Specialists in alternative credit, secondary private equity, real estate, and venture capital seeking to deliver absolute returns.

### Multi Asset Solutions

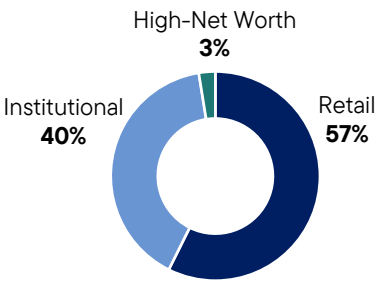
Leader in multi-asset, quantitative, and hedged solutions, offering clients a single point of access to public and private market capabilities.

## Firm Highlights

- Founded in 1947
- **$1.8 trillion** of assets under management
- **1,500+** investment professionals globally
- Serving clients in **150** countries with offices in **30+** countries
- **Public company discipline** with the long-term patience of a partnership

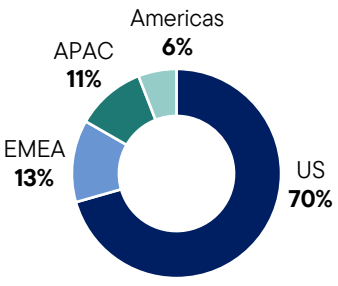
## $1.8 trillion of AUM

AUM by **Client Type**



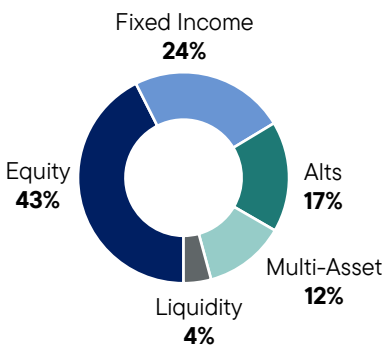

**~$720bn**
managed for institutions

AUM by **Region**

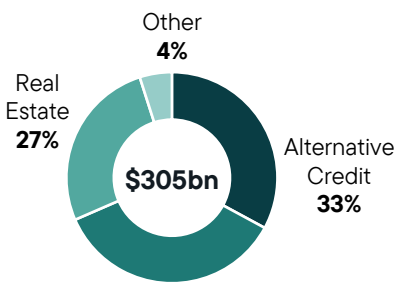



**~$523bn**
of non-US AUM

AUM by **Asset Class**




Alternative AUM by **Strategy**




**36%**
Secondary Private Equity

# Investment specialization across public and private markets

## Our investment capabilities

### Equity
**$764bn**

**Emerging/Frontier**
**Global convertibles | Sector**
**Single country | Thematic**
**US equity | Shariah**

- Franklin Templeton (1947)
- ClearBridge Investments (2005)
- Putnam Investments (1937)
- Royce Investment Partners (1972)

### Fixed Income
**$503bn[1]**

**Bank loans | Corporate credit**
**Emerging markets | Currencies**
**Municipals | Government**
**Sustainable bonds | Short duration**
**Liquidity[2] | Stable value**
**Multi-sector | Securitized | Sukuk**

- Franklin Templeton (1947)

### Alternatives
**$305bn**

**Alternative credit | Private credit**
**Digital assets | Hedged strategies**
**Private equity | Real estate**
**Secondaries | Venture capital**

- Franklin Templeton (1947)
- Benefit Street Partners (2008)
- Clarion Partners (1982)
- Lexington Partners (1994)

### Multi-Asset
**$224bn**

**Balanced | Income**
**Model portfolios | Target date**
**Target risk | Target volatility | Shariah**

- Franklin Templeton (1947)

**Complemented by innovations in:** Tax-managed, systematic, custom indexing, long-short, frontier risk, and others.

AUM is in USD as of September 30, 2026.
1. Fixed income assets under management includes $76bn in liquidity assets.
2. Liquidity represents cash management assets invested in strategies seeking principal preservation, liquidity and competitive money market yields.

# Western Asset Management Approach and Philosophy

Western Asset is a global investment management firm committed to understanding the needs of each client, identifying investment solutions, and delivering superior long-term investment results

## Team-managed approach

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

## Investment Philosophy

**Long-term, fundamental value discipline**

- Bottom-up
- Top-down

**Diversified strategies**

- Depth of resources
- Global

**Integrated analytics and risk management**

- Relative value analysis
- Transparency and communication

## Objective-Driven Investing

**Seeks to:**

- Protect from rising rates
- Protect from inflation
- Preserve capital
- Diversify globally
- Hedge liabilities
- Enhance income
- Generate tax-free income
- Generate total return
- Achieve ESG objectives

## Core Fixed Income

- Intermediate
- Core
- Core Full Discretion
- Investment-Grade Credit
- Agency Mortgage-Backed

## Generate Total Return

- Total Return Unconstrained
- Global Total Return
- Global Multi-Sector
- Dynamic Fixed Income
- Credit Opportunities
- MBS Opportunities
- Emerging Market

## Enhance Income

- Short-Duration High Income
- Emerging Markets Debt
- High Yield
- Diversified High Income
- Structured Products/REIT/CLO

## Increase Alpha

- Global Credit Absolute Return
- Macro Opportunities

## Hedge Liabilities

- Long Duration
- Long Credit
- Liability-Driven Investing
- Tail Risk Management

Not all Western Asset strategies have an ESG objective.

# Western Asset Enhanced Cash SMA Portfolios

## Overview

The Enhanced Cash SMA invest in short-term investment-grade securities with a maximum portfolio duration of two years or less and benchmark to a variety of short-term indexes, such as the Citi 3-Month U.S. Treasury Bill Index and the Bloomberg 1-3 Year Government Bond Index.

## Philosophy

**We believe that:**

Active portfolio management within a low volatility corporate liquidity framework can help preserve capital, maintain liquidity, and maximize total return.

## Objectives

**The strategy seeks to:**

Maximize total return consistent with prudent portfolio management.

## Key differentiators

- Team-Managed Approach.
- Leverage Western Asset Management Resources.
  - Institutional-caliber buying power and trading expertise.
  - Access to proprietary credit research team.
  - Exclusive focus on fixed-income management.
- Ability to customize the portfolio to meet client constraints.

# Western Asset Enhanced Cash SMA Portfolios

## Investment process

STEP 1

### Interest Rate Exposure/Duration Weighting

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

STEP 2

### Issue Selection

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

STEP 3

### 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 between short-, intermediate-, and long-maturity securities.

STEP 4

### Sector Allocation

Western Asset believes that the 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.

The investment process may change over time. The characteristics set forth 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 investment objectives will be achieved.

# Representative short-term investment guidelines

- Eligible investments include the following:
  - Taxable Commercial Paper.
  - U.S. Government and Agency Securities.
  - Yankee, Sovereign and Eurodollar Debt.
  - AAA Rated Asset-Backed securities.
  - U.S. Agency Collateralized Mortgage Obligations.
  - Corporate Debt Securities.
  - Cash Sweep Vehicles.
  - Taxable and tax-exempt municipal bonds.

- The average effective duration of the portfolio should not exceed a range of one-two years with a maximum life on any individual issue not to exceed a range of two-five years.
- Except for U.S. Government and Agency securities, all investments in any one issue (liabilities of a single issuer) must not exceed ten percent of the portfolio value at the time of purchase.
- The minimum major rating category of any instrument in the portfolio is “A”.
- Within the above-mentioned guidelines, the investment manager has the latitude to determine the maturity, structure, duration and composition of the portfolio.

Note: The guidelines provided above are general in nature. The program manager may, to a limited extent, invest in other securities entailing additional risks beyond those highlighted in this profile.

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. Prior to December 31, 2015, in the event a portfolio security was rated by more than one NRSRO, the lower rating was 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.

# Fixed Income portfolio characteristics

## Enhanced Cash SMA

As of 9/30/2026

| Sector weightings | Portfolio % |
|---|---|
| Credit | 78.31 |
| Agency | 9.44 |
| Asset-Backed Securities | 4.44 |
| Treasury | 2.74 |
| Residential Mortgage-Backed Securities | 1.18 |
| Other Cash | 3.88 |

| Characteristics | Portfolio |
|---|---|
| Effective Duration | 1.66 Years |
| Yield to Worst | 5.07% |
| Weighted Average Life | 1.80 Years |
| Cash Flow | 5.02% |

Source: Western Asset. Portfolio characteristics and weightings listed are based on representative accounts and assumes no withdrawals, contributions, or client-imposed restrictions. Portfolio characteristics and weightings 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. **Please see appendix for term definitions.**
**Yield to Worst is calculated without the deduction of fees and expenses.**

# Performance

| Annualized rates of return – pure gross and net of fees (%) as of September 30, 2026 | 1 Mth | 3 Mths | YTD | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year | 15 Year | 20 Year | 25 Yrs |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Enhanced Cash SMA –Pure Gross of Fees—(USD) | -0.61 | -0.23 | 0.93 | 2.09 | 4.51 | 2.85 | 2.56 | 2.34 | 1.99 | 2.31 | 2.41 |
| Enhanced Cash SMA –Net of Fees—(USD) | -0.73 | -0.60 | -0.19 | 0.58 | 2.97 | 1.33 | 1.04 | 0.83 | 0.49 | 0.80 | 0.89 |
| Index Mix—(USD) | -0.12 | 0.40 | 1.66 | 2.76 | 4.40 | 2.87 | 2.38 | 2.13 | 1.55 | 1.86 | 2.00 |

| Calendar-year total returns – pure gross and net of fees (%) ending December 31 | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Enhanced Cash SMA –Pure Gross of Fees—(USD) | 5.70 | 4.48 | 5.25 | -1.59 | -0.14 | 2.85 | 3.39 | 1.77 | 1.25 | 1.38 |
| Enhanced Cash SMA –Net of Fees—(USD) | 4.15 | 2.94 | 3.69 | -3.04 | -1.62 | 1.33 | 1.86 | 0.26 | -0.24 | -0.12 |
| Index Mix—(USD) | 4.78 | 4.74 | 4.79 | -1.18 | -0.28 | 1.86 | 2.92 | 1.72 | 0.64 | 0.57 |

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 are 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.

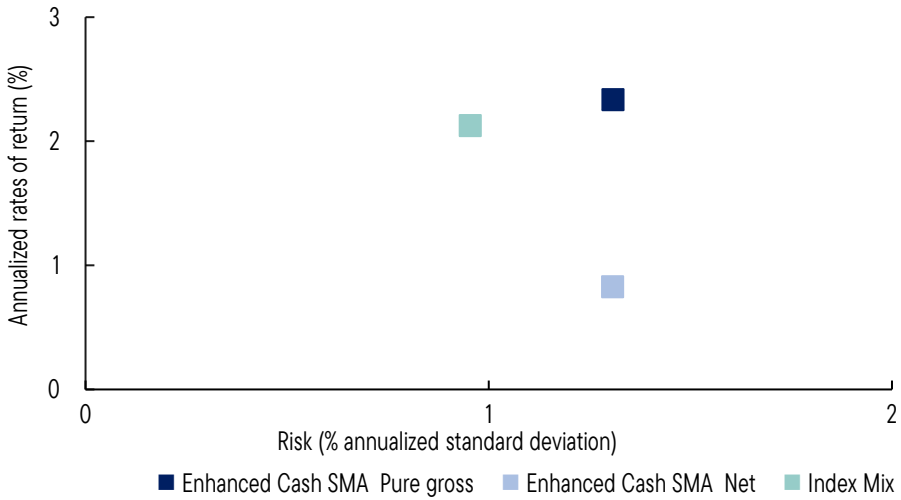
**For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC (“FTPPG”), refer to FTPPG’s Form ADV Part 2A disclosure document. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs. Past performance is not a guarantee of future results. Please see appendix for GIPS® Report and term definitions.**

# Risk/return profile

## Enhanced Cash SMA vs Index Mix

As of 9/30/2026

### Pure gross and net of fees (based on 10-year period ending 9/30/2026)

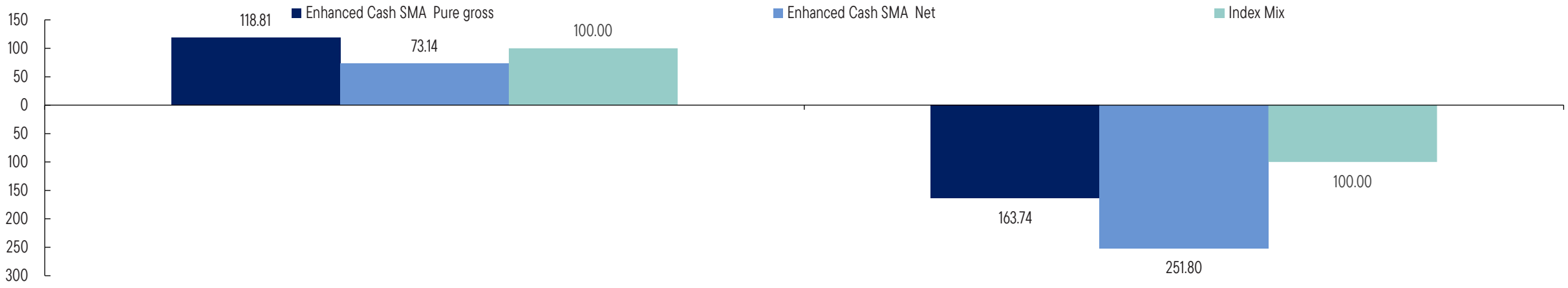



| Modern portfolio statistics | Pure gross | Net | Index |
|---|---|---|---|
| Annualized Return (%) | 2.34 | 0.83 | 2.13 |
| Annualized Standard Deviation (%) | 1.31 | 1.31 | 0.95 |
| Sharpe Ratio | -0.11 | -1.25 | -0.37 |
| Beta | 1.16 | 1.16 | N/A |
| Alpha (%) | 0.27 | -1.22 | N/A |
| R-Squared | 0.55 | 0.55 | N/A |

Alpha, Beta, Sharpe Ratio, and R-Squared are shown versus the Index. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.
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# Up down market capture ratios (%)

**Pure gross** (based on 10-year period ending September 30, 2026)



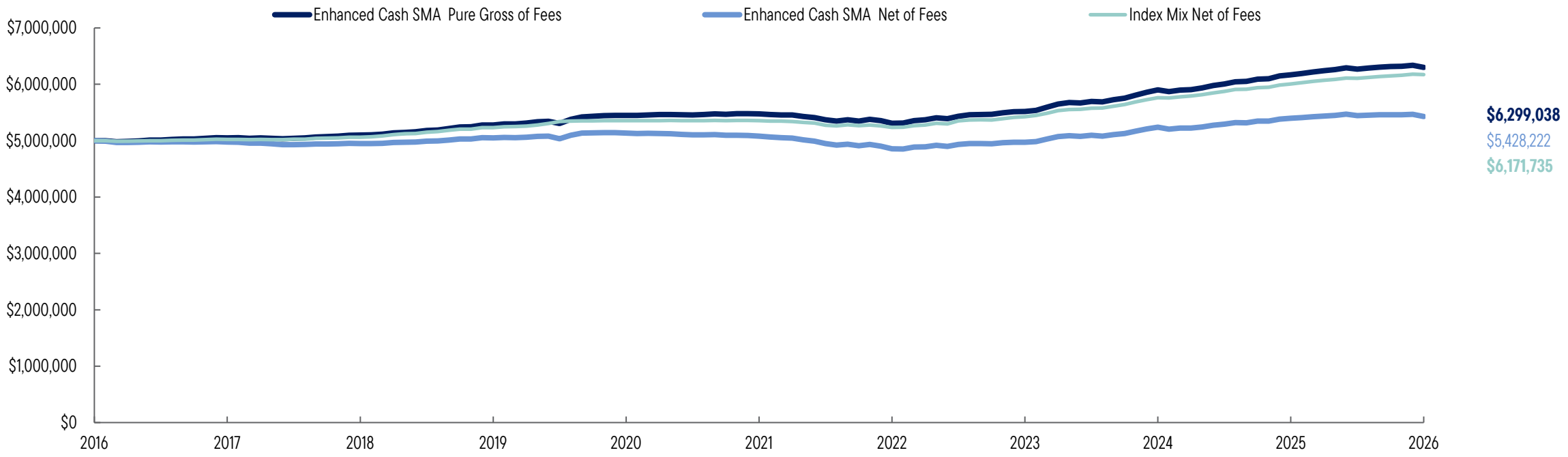

**Up**
91 positive months (Pure gross)
91 positive months (Net)

**Down**
29 negative months (Pure gross)
29 negative months (Net)

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 are 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.
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# Growth of $5,000,000

**Pure gross and net of fees** (based on 10-year period ending September 30, 2026)




For illustrative purposes only. Assumes no withdrawals or contributions. These statistics are based on gross and net-of-fees monthly composite returns, were calculated assuming reinvestment of dividends and income, and take into account both realized and unrealized capital gains and losses.
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 are 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.
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# Investment management team

Western Asset Management is one of the world's leading global fixed income managers. Founded in 1971, the firm is known for team management and proprietary research, supported by robust risk management and a long-term fundamental value approach.

# What are the risks?

## Western Asset Enhanced Cash SMA Portfolios

**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. **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. **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**.

# GIPS Composite Report

## WESTERN ASSET ENHANCED CASH

**Reporting Currency: USD**

**Strategy Inception Date: January 2000**

**Composite Creation Date: January 2006**

| Period | Total Return (Net) | Total Return (*Pure Gross) | Benchmark Return | Number of Portfolios | % of Wrap Fee Portfolios in the Composite | Composite Dispersion | Composite 3 Yr. St. Dev. | Benchmark 3 Yr. St. Dev. | Total Composite Assets at End of Period (USD million) | Percentage of Firm Assets | Total Firm Assets at End of Period (USD million) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2024 | 2.94% | 4.48% | 4.74% | 5 | 100 | n/m | 1.80% | 1.39% | 195.8 | 0.07% | 277,453.8 |
| 2023 | 3.69% | 5.25% | 4.79% | <5 | 100 | n/m | 1.58% | 1.26% | 159.4 | 0.04% | 385,964.0 |
| 2022 | -3.04% | -1.59% | -1.18% | <5 | 100 | n/m | 1.55% | 0.93% | 106.8 | 0.03% | 391,755.8 |
| 2021 | -1.62% | -0.14% | -0.28% | 5 | 100 | n/m | 1.16% | 0.69% | 113.1 | 0.02% | 488,490.0 |
| 2020 | 1.33% | 2.85% | 1.86% | <5 | 100 | n/m | 1.11% | 0.65% | 107.5 | 0.02% | 479,809.9 |
| 2019 | 1.86% | 3.39% | 2.92% | <5 | 100 | n/m | 0.60% | 0.54% | 56.6 | 0.01% | 455,275.9 |
| 2018 | 0.26% | 1.77% | 1.72% | <5 | 100 | n/m | 0.62% | 0.47% | 50.6 | 0.01% | 424,136.1 |
| 2017 | -0.24% | 1.25% | 0.64% | <5 | 100 | n/m | 0.64% | 0.38% | 64.9 | 0.01% | 436,309.0 |
| 2016 | -0.12% | 1.38% | 0.57% | <5 | 100 | n/m | 0.65% | 0.38% | 64.2 | 0.02% | 419,206.9 |
| 2015 | -0.66% | 0.83% | 0.30% | <5 | 100 | n/m | 0.65% | 0.29% | 92.0 | 0.02% | 433,747.1 |

*Pure gross of fee returns do not reflect the deduction of any expenses, including transaction costs, and are presented as supplemental to the net of fee returns.

n/m - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

**Compliance Statement:**

Western Asset claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Western Asset has been independently verified for the periods from January 1, 1993 - December 31, 2024. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

**Firm Information:**

Founded in 1971, Western Asset Management Company is a global fixed-income investment manager with offices in Pasadena, New York, London, Singapore, Tokyo, Melbourne, São Paulo, Hong Kong, and Zürich. Western Asset is a wholly owned subsidiary of Franklin Resources, Inc. but operates autonomously. Western Asset is comprised of six legal entities across the globe, each with distinct regional registrations: Western Asset Management Company, LLC, a registered Investment Adviser with the Securities and Exchange Commission; Western Asset Management Company Ltda. is regulated by Comissão de Valores Mobiliários; Western Asset Management Company Pty Ltd ABN 41 117 767 923 is the holder of the Australian Financial Services License 303160; Western Asset Management Company Pte. Ltd. Co. Reg. No. 200007692R is a holder of a Capital Markets Services License for fund management and regulated by the Monetary Authority of Singapore; Western Asset Management Company Ltd, a registered Financial Instruments Business Operator and regulated by the Financial Services Agency of Japan; and Western Asset Management Company Limited is authorised and regulated by the Financial Conduct Authority ("FCA") (FRN 145930). This communication is intended for distribution to Professional Clients only if deemed to be a financial promotion in the UK as defined by the FCA. This communication may also be intended for certain EEA countries where Western Asset has been granted permission to do so. For the current list of the approved EEA countries please contact Western Asset at +44 (0)20 7422 3000.

**Composite Information:**

Western Asset - Enhanced Cash portfolios are discretionary fixed income portfolios that offer - to individual and taxable institutional investors - customized taxable approach for a client's core or excess cash not requiring daily liquidity. Western Asset performs both duration and yield curve analysis to determine a maturity position and structure it believes will provide total returns superior to money market investments. Western Asset may invest Enhanced Cash portfolios in dollar denominated U.S. Treasury or Agency securities, corporate obligations including commercial paper, corporate bonds, Eurobonds and Yankee debt, asset-backed securities, non-U.S. sovereign debt, and U.S. Agency collateralized mortgage obligations. The composite is comprised of accounts that are separately managed accounts (SMAs) managed in accordance with the strategy with an account minimum of US $5,000,000 (prior to 7/1/2024 US $10,000). The composite employs a 10% significant cash flow policy.

# GIPS Composite Report

**Input and Calculation Data:**
The current fee schedule is 1.50% on all assets. Net returns are calculated by deducting the anticipated maximum annual wrap fee applied on a monthly basis from the "pure" gross monthly return. The wrap fee includes all charges for trading costs, portfolio management, custody, and other administrative fees. Wrap fees may vary across different financial firms and across different accounts based upon account size and other factors. Dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year (equal-weighted prior to 2014). Periods with five or fewer accounts are not statistically representative and are not presented. The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. Past investment results are not indicative of future investment results. Information contained herein is believed to be accurate, but cannot be guaranteed. Employees and/or clients of Western Asset may have a position in the securities mentioned. A list of composite and limited distribution pooled fund descriptions and a list of broad distribution pooled funds is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Please contact Michael Van Raaphorst at 212-601-6211 or Michael.VanRaaphorst@westernasset.com. 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.

**Primary Benchmark Information:**
For comparison purposes, composite returns are shown against a blend index of 50% FTSE® 3-month Treasury Bill Index and 50% Bloomberg® U.S. Government Bond Index, 1-3 Year, rebalanced monthly.

# Definitions

## Term definitions

**Maturity** is the date at which a debt instrument is due and payable. A bond due to mature on January 1, 2025, will return the bondholder's principal and final interest payment when it reaches maturity on that date. Bond yields are frequently calculated on a yield-to-maturity basis.

**Duration (Modified Duration)** is the measure of the price sensitivity of a fixed income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

**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. **Yield to Worst is calculated without the deduction of fees and expenses.**

**Insured** municipal bonds are ones where scheduled interest and principal payments are guaranteed by AAA-rated municipal bond insurers.

**General Obligation** municipal bonds are backed by the credit and taxing power of the issuing jurisdiction rather than the revenue of a given project.

**Revenue** bonds are municipal bonds supported by the revenue from a specific project.

**Pre-refunded** bonds are municipal bonds that are generally backed or secured by U.S. Treasury bonds.

**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.

**Average Maturity** is the average length of maturity for all fixed-rate debt instruments held in a portfolio.

**Average Coupon** based on the portfolio's underlying holdings, which may differ and are subject to change. Coupon rate is the annual coupon payments paid by the issuer relative to a bond's face or par value. **Average Coupon is calculated without the deduction of fees and expenses.**

**Yield to Maturity:** The rate of return anticipated on a bond if it is held until the maturity date. The calculation of YTM takes into account the current market price, par value, coupon interest rate and time to maturity. **Yield to Maturity is calculated without the deduction of fees and expenses.**

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

The **Sharpe Ratio** is a risk-adjusted measure that is calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical adjusted performance.

**Alpha** is a measure of the difference between actual returns and expected performance, given the level of risk as measured by **Beta**, where Beta measures sensitivity to benchmark movements.

**R-Squared** measures the strength of the linear relationship between the portfolio and its benchmark. R-squared at 1.0 implies perfect linear relationship and zero implies no relationship exists.

**Standard Deviation** is a measure of the variability of returns; the higher the standard deviation, the greater the range of performance (i.e., volatility).

The **Capture Ratios** measure a manager's composite performance relative to the benchmark, considering only those months that are either positive (Up) or negative (Down) for the benchmark.

An **Up-Market Capture Ratio** greater than 1.0 indicates a manager who has outperformed the benchmark in the benchmark's positive months.

A **Down-Market Capture Ratio** of less than 1.0 indicates a manager who has outperformed the relative benchmark in the benchmark's negative months.

# Notes

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