FRANKLIN TEMPLETON | WESTERN ASSET

Separately Managed Account

Western Asset Gov/Corp Portfolios

2Q 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 June 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

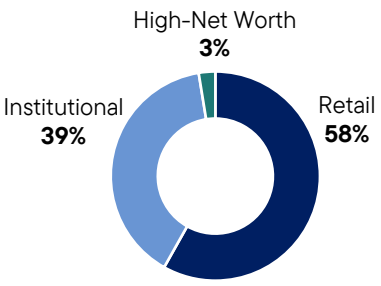
Leader in multi-asset, quantitative, and hedged solutions, offering clients a single point of access to public and private market capabilities.

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

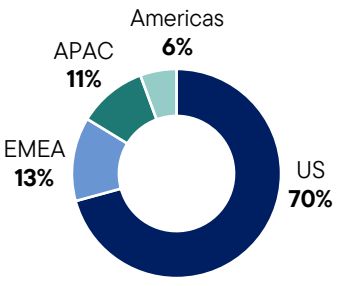
$1.8 trillion of AUM

AUM by **Client Type**



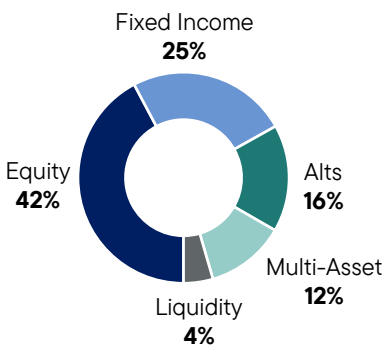
~$704bn
managed for institutions

AUM by **Region**

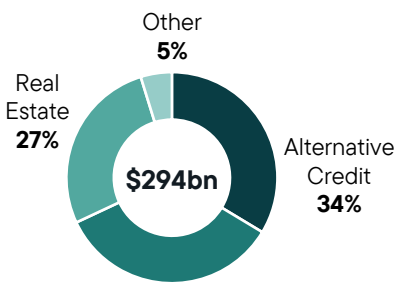


~$524bn
of non-US AUM

AUM by **Asset Class**



Alternative AUM by **Strategy**



34%
Secondary Private Equity

Investment specialization across public and private markets

Our investment capabilities

Equity
$757bn

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
$522bn[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)
- Western Asset (1971)

Alternatives
$294bn

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
$219bn

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 June 30, 2026.
1. Fixed income assets under management includes $81bn 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.

Our team offers a range of actively managed strategies that span the risk/return spectrum

Lower risk, lower return potential

Higher risk, higher return potential

Enhanced cash	GSM 3-year	GSM 5-year	GSM 7-year	Active Bond Intermediate	Active Bond Aggregate	Active Bond Gov/Corp

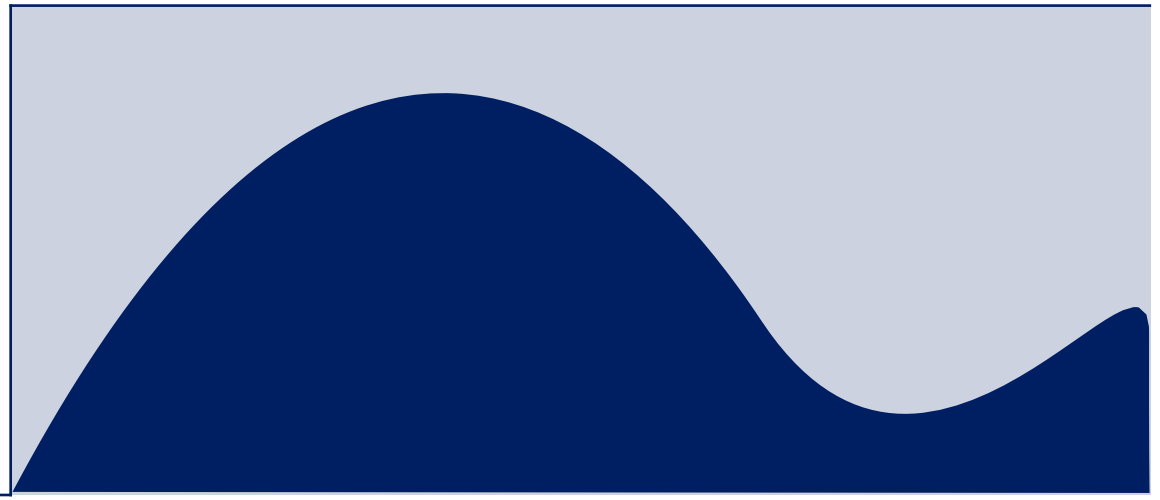
Fixed income investments are subject to interest rate risk. As rates rise, the price of fixed income securities falls. GSM portfolios are comprised of US Treasury and US Agency securities (except Gov/Corp, which also includes investments in corporate bonds). The three GSM programs available, GSM 3-Year, GSM 5-Year and GSM 7-Year, have maximum average maturities of three, five and seven years, respectively.

Potential benefits of active management

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.

While active fixed income management does not guarantee superior performance—and may entail additional risks beyond those in passive portfolios—it does offer a number of potential benefits.

- May provide opportunity for growth through focus on total return versus focus on yield alone.
- Flexibility to pursue market opportunities.
- Ongoing monitoring and portfolio restructuring based on changing conditions.
- Risk management—including duration management, yield curve positioning and other strategies.



Interest Rate	Rising	Unclear	Falling
Portfolio Positioning	Defensive	Neutral	Positive
Maturity Positioning	Shorten	Neutral	Lengthen

All fixed income investments are subject to interest rate risk. As interest rates rise, the price of fixed income securities fall.

This chart is for illustrative purposes only and does not represent the performance of any specific investment.

Western Asset Gov/Corp Portfolios

Overview

The Gov/Corp Portfolios invest primarily in securities within the Bloomberg U.S. Intermediate Government/Credit Bond Index including U.S. Treasury securities, federal agency securities and investment grade corporate bonds to seek to maximize total return.

Objectives

The strategy seeks to:

Preserve principal and outperform passive investment strategies by investing primarily in intermediate term corporate and U.S. government debt (including treasuries and agencies).

Key differentiators

- Team-managed approach.
  - Utilizes a team of sector specialists.
- Leverage Western Asset Management resources.
  - Institutional-caliber buying power and trading expertise.
  - Access to proprietary credit research team.
  - Exclusive focus on fixed-income management.

Philosophy

We believe in:

- Long-term
  - Active duration management.
- Value oriented
  - We seek to identify and favor sectors and issuers that are undervalued or out of favor in the market.
- Diversified strategies
  - 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 Gov/Corp Portfolios predominantly focus on investment-grade securities similar to those represented within the Bloomberg Intermediate Government/Credit Index.

Western Asset Gov/Corp 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

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 3

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.

STEP 4

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.

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.

Fixed Income portfolio characteristics

Gov/Corp
As of 6/30/2026

Sector weightings	Portfolio %
Treasury	63.60
Investment-Grade Credit	36.40

Characteristics	Portfolio
Effective Duration	3.81 Years
Yield to Worst	4.45%
Weighted Average Life	4.32 Years
Cash Flow	4.44%

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 June 30, 2026	1 Mth	3 Mths	YTD	1 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year	25 Yrs
Gov/Corp –Pure Gross of Fees—(USD)	0.08	0.45	0.56	3.17	4.63	1.38	1.99	2.02	2.34	3.48	3.65
Gov/Corp –Net of Fees—(USD)	-0.04	0.08	-0.19	1.65	3.08	-0.11	0.48	0.51	0.83	1.95	2.12
Bloomberg Interm US Gov/Credit Index—(USD)	0.10	0.43	0.40	3.14	4.68	1.22	1.89	1.92	2.25	3.19	3.48

Calendar-year total returns – pure gross and net of fees (%) ending December 31	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Gov/Corp –Pure Gross of Fees—(USD)	6.94	2.81	5.35	-7.53	-1.43	6.29	6.90	0.71	2.29	2.07
Gov/Corp –Net of Fees—(USD)	5.37	1.29	3.79	-8.91	-2.89	4.72	5.32	-0.78	0.78	0.56
Bloomberg Interm US Gov/Credit Index—(USD)	6.97	3.00	5.24	-8.23	-1.44	6.43	6.80	0.88	2.14	2.08

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.

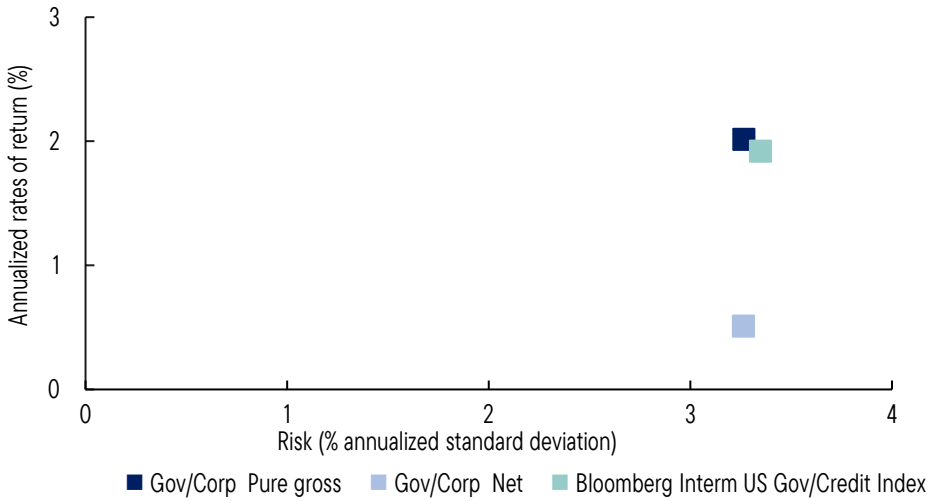
For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC (“FTPPG”), refer to FTPPG’s Form ADV Part 2A disclosure document. Management and performance of individual accounts may vary for reasons that include 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

Gov/Corp
vs Bloomberg Interm US Gov/Credit Index

As of 6/30/2026

Pure gross and net of fees (based on 10-year period ending 6/30/2026)



Modern portfolio statistics	Pure gross	Net	Index
Annualized Return (%)	2.02	0.51	1.92
Annualized Standard Deviation (%)	3.26	3.26	3.35
Sharpe Ratio	-0.10	-0.56	-0.13
Beta	0.97	0.97	N/A
Alpha (%)	0.08	-1.41	N/A
R-Squared	0.98	0.98	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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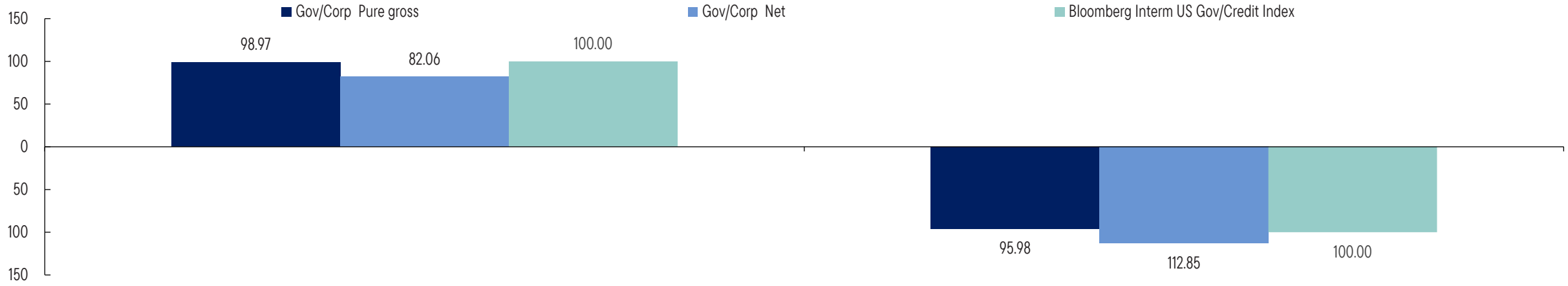
Up down market capture ratios (%)

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



Up
71 positive months (Pure gross)
71 positive months (Net)

Down
49 negative months (Pure gross)
49 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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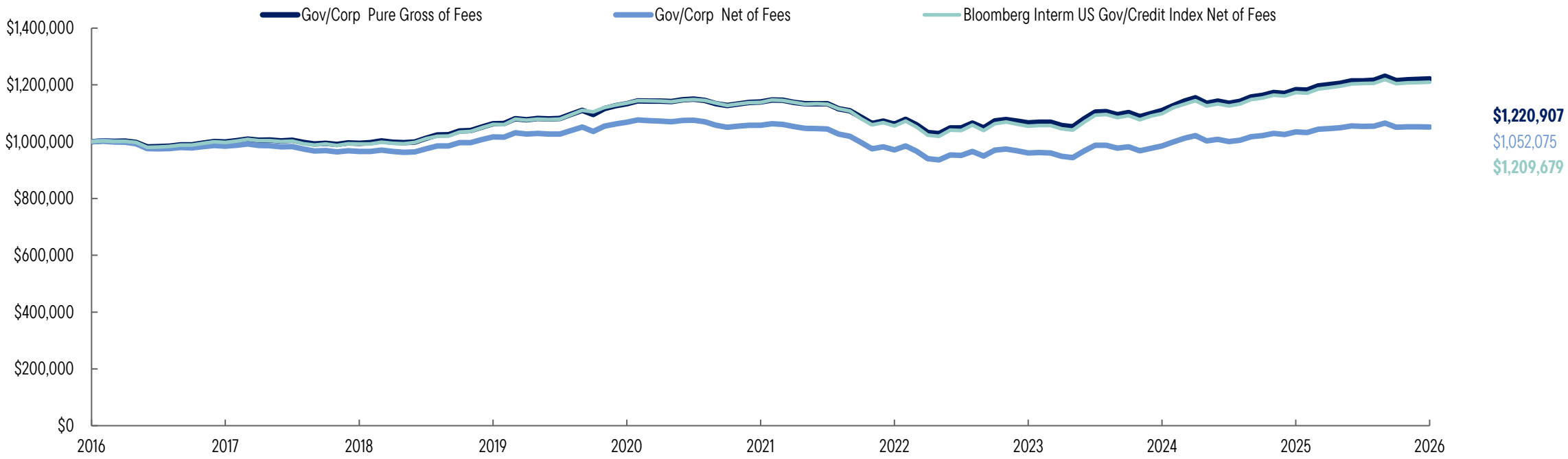
Growth of $1,000,000

Pure gross and net of fees (based on 10-year period ending June 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 Gov/Corp 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. **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 GSM - Govt/Corp

Reporting Currency: USD

Strategy Inception Date: April 1999

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	1.29%	2.81%	3.00%	413	100	0.04%	4.84%	5.07%	392.2	0.14%	277,453.8
2023	3.79%	5.35%	5.24%	521	100	0.08%	4.41%	4.64%	379.0	0.10%	385,964.0
2022	-8.91%	-7.53%	-8.23%	584	100	0.15%	3.85%	3.88%	393.7	0.10%	391,755.8
2021	-2.89%	-1.43%	-1.44%	625	100	0.05%	2.56%	2.37%	486.9	0.10%	488,490.0
2020	4.72%	6.29%	6.43%	659	100	0.15%	2.50%	2.34%	548.0	0.11%	479,809.9
2019	5.32%	6.90%	6.80%	654	100	0.07%	1.98%	2.07%	513.2	0.11%	455,275.9
2018	-0.78%	0.71%	0.88%	654	100	0.06%	1.96%	2.12%	494.3	0.12%	424,136.1
2017	0.78%	2.29%	2.14%	668	100	0.10%	1.97%	2.14%	494.9	0.11%	436,309.0
2016	0.56%	2.07%	2.08%	703	100	0.06%	2.04%	2.26%	512.4	0.12%	419,206.9
2015	-0.36%	1.14%	1.07%	646	100	0.10%	2.06%	2.13%	446.5	0.10%	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.

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 - Government/Corporate portfolios are discretionary fixed-income portfolios that offer - to individual and taxable institutional investors - tailored management of U.S. Treasury securities, federal agency securities and investment-grade corporate bonds. These portfolios seek to produce total returns over complete market cycles that exceed appropriate benchmark returns. The portfolios also seek to preserve principal. The composite is comprised of accounts that are separately managed accounts (SMAs) managed in accordance with the strategy with an account minimum of US $80,000. The composite employs a 10% significant cash flow policy. Effective January 1, 2012 the WA Intermediate Taxable Fixed Income Composite merged with the WA GSM Government/Corporate Composite as they are the same strategy.

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 returns of the Bloomberg® U.S. Intermediate Government/Credit Index.

Definitions

Index Definitions

The **Citi 3-Month T-Bill Index** is an unmanaged index of three-month Treasury bills. The index consists of an average of the last three-month U.S. Treasury bill issues.

The **Bloomberg Government Bond 1-3 Year Index** is an index that measures the performance of all public U.S. government obligations with remaining maturities of approximately 1-3 years. Bloomberg Indices.

The **Bloomberg 1-15 Year Blend (1-17) Municipal Bond Index** consists of a broad selection of investment-grade general obligation and revenue bonds of maturities from 1 to 17 years. Source: Bloomberg Indices.

The **Bloomberg Intermediate U.S. Government/Credit Index** is an unmanaged index that measures the performance of intermediate (one to ten years) government and corporate fixed-rate debt issues. Source: Bloomberg Indices.

The **Bloomberg Municipal 1 Year Index** is an unmanaged Index of municipal bonds with a remaining maturity of one to two years. Source: Bloomberg Indices.

The **Bloomberg Municipal 5 Year Index** is an unmanaged index that tracks USD-denominated long-term, tax-exempt bond market with maturities of 4-6 years, including state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. Source: Bloomberg Indices.

The **Bloomberg Municipal Bond Index** is a broad measure of the municipal bond market with maturities of at least one year. Source: Bloomberg Indices.

The **Bloomberg Municipal Managed Money Short Intermediate Index** measures the performance of the publicly traded municipal bonds that cover the USD-denominated short/intermediate term tax-exempt bond market, including state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. Source: Bloomberg Indices.

The **Bloomberg U.S. 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.

The **Bloomberg U.S. Government 1-5 Year Index** measures the performance of US dollar denominated, fixed-rate, nominal U.S. Treasuries and U.S. agency debentures with maturities greater or equal than 1 year but less than 5 years. Source: Bloomberg Indices.

The **Bloomberg U.S. Government/Credit Bond Index** is an index that tracks the performance of U.S. government and corporate bonds rated investment grade or better, with maturities of at least one year. Source: Bloomberg Indices.

The **Bloomberg U.S. High Yield Very Liquid Index (VLI)** is a component of the US Corporate High Yield Index designed to track a more liquid component of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market. Source: Bloomberg Indices.

The **Bloomberg U.S. Intermediate Corporate Index** measures the performance of investment grade, fixed-rate, US dollar-denominated taxable corporate securities with maturities of 1-10 years. Source: Bloomberg Indices.

The **Bloomberg U.S. Intermediate Treasury Index** measures the performance of the U.S. Treasury debentures with maturities of 1-10 years. Source: Bloomberg Indices.

The **ICE BofA 1-3 Year Treasury Index** is a market-capitalization-weighted index including all U.S. Treasury notes and bonds with maturities greater than or equal to one year and less than three years. Source: The index data referenced herein is the property of Intercontinental Exchange ("ICE") and/or its licensors and has been licensed for use by Franklin Templeton. ICE and its licensors accept no liability in connection with this use.

Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

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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