

# Western Asset GSM 3-Year Portfolios



Separately Managed Accounts | Fact Sheet as of March 31, 2025

## Investment overview

The Western Asset GSM 3-Year Portfolios actively manage U.S. Treasury bills, notes, bonds and U.S. government agency securities to seek to maximize total return. GSM 3-Year has a maximum individual security limit of five years and a maximum average portfolio maturity of three years.

## Investment objective

### Seeks to:

Produce total returns over complete market cycles that exceed appropriate benchmark returns. As part of this total return investment approach, the portfolios seek to preserve principal.

## Investment philosophy

- Long-term
- Active duration management
- Sector rotation between Treasuries and Agencies
- Strive to add incremental value over time and potentially reduce volatility
- The GSM 3-Year Portfolios predominantly focus on U.S. government debt (including Treasuries and Agencies).

## Key differentiators

### Leverage Western Asset Management resources

- Institutional-caliber buying power and trading expertise
- Access to proprietary credit research team
- Exclusive focus on fixed income management

## 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.

Investment process

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

Western Asset seeks to add value to a portfolio by actively rotating between the Treasury and Agency sectors.

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.

Portfolio Information†

As of March 31, 2025

Characteristics

|                       | Portfolio  |
|-----------------------|------------|
| Effective Duration    | 1.73 Years |
| Yield to Worst        | 3.95%      |
| Weighted Average Life | 1.83 Years |
| Cash Flow             | 3.95%      |

Sector Weightings (%)

|          | Portfolio |
|----------|-----------|
| Treasury | 100.00    |

Average Life (%)

|              | Portfolio |
|--------------|-----------|
| 1 to 3 Years | 100.00    |

† 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..

## Performance

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

|                                      | 1 Mth | 3 Mths | YTD  | 1 Year | 3 Year | 5 Year | 7 Yrs | 10 Year | 15 Yrs | 20 Year | 25 Yrs |
|--------------------------------------|-------|--------|------|--------|--------|--------|-------|---------|--------|---------|--------|
| GSM 3-Year –Pure Gross of Fees—(USD) | 0.47  | 1.55   | 1.55 | 5.30   | 3.11   | 1.48   | 2.10  | 1.61    | 1.42   | 2.19    | 2.61   |
| GSM 3-Year –Net of Fees—(USD)        | 0.34  | 1.18   | 1.18 | 3.75   | 1.59   | -0.02  | 0.59  | 0.11    | -0.08  | 0.68    | 1.10   |
| ICE BofA Treas 1-3 Yrs Index—(USD)   | 0.47  | 1.59   | 1.59 | 5.43   | 2.84   | 1.16   | 1.98  | 1.50    | 1.34   | 2.06    | 2.56   |

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

|                                      | 2024 | 2023 | 2022  | 2021  | 2020 | 2019 | 2018  | 2017  | 2016  | 2015  |
|--------------------------------------|------|------|-------|-------|------|------|-------|-------|-------|-------|
| GSM 3-Year –Pure Gross of Fees—(USD) | 4.07 | 4.68 | -2.68 | -0.45 | 2.80 | 3.36 | 1.45  | 0.57  | 0.86  | 0.55  |
| GSM 3-Year –Net of Fees—(USD)        | 2.54 | 3.14 | -4.12 | -1.92 | 1.29 | 1.83 | -0.05 | -0.92 | -0.63 | -0.94 |
| ICE BofA Treas 1-3 Yrs Index—(USD)   | 4.08 | 4.26 | -3.65 | -0.55 | 3.10 | 3.55 | 1.58  | 0.42  | 0.88  | 0.54  |

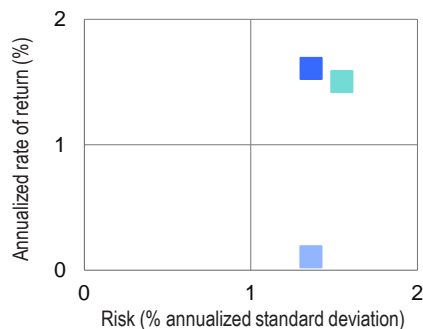
The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Past performance is not a guarantee of future results. An investment in this strategy can lose value. Please visit [www.franklintempleton.com](http://www.franklintempleton.com) for the latest performance figures. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

<sup>1</sup> **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. To obtain specific information on available products and services or a GIPS® Report, contact your Franklin Templeton separately managed account sales team at (800) DIAL BEN/342-5236. Western Asset Management Company, LLC claims compliance with the Global Investment Performance Standards (GIPS®). 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.

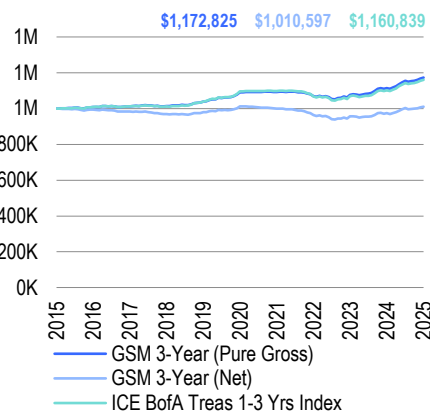
### Performance Statistics <sup>1</sup> Preliminary (based on 10-year period ending March 31, 2025)

#### Risk/Return profile (%)

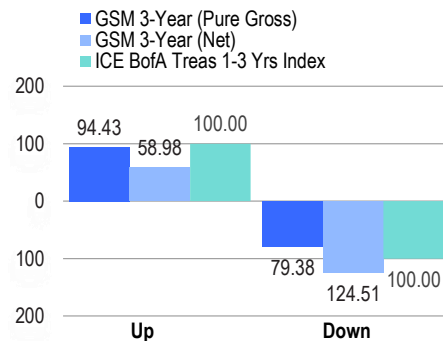


|                                     |      |
|-------------------------------------|------|
| <b>GSM 3-Year (Pure Gross)</b>      |      |
| Annualized Return (%)               | 1.61 |
| Annualized Standard Deviation (%)   | 1.36 |
| <b>GSM 3-Year (Net)</b>             |      |
| Annualized Return (%)               | 0.11 |
| Annualized Standard Deviation (%)   | 1.36 |
| <b>ICE BofA Treas 1-3 Yrs Index</b> |      |
| Annualized Return (%)               | 1.50 |
| Annualized Standard Deviation (%)   | 1.55 |

#### Growth of \$1,000,000\*



#### Up/Down market capture ratios (%)



#### Modern portfolio statistics

|              | Portfolio (Pure gross) | Portfolio (Net) | BM    |
|--------------|------------------------|-----------------|-------|
| Sharpe Ratio | -0.21                  | -1.30           | -0.25 |
| Beta         | 0.86                   | 0.86            | N/A   |
| Alpha (%)    | 0.05                   | -1.44           | N/A   |
| R-Squared    | 0.98                   | 0.98            | N/A   |

|             | (+) Months | (-) Months |
|-------------|------------|------------|
| Pure Gross: | 76         | 44         |
| Net:        | 76         | 44         |

<sup>1</sup> 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 call 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 **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.

## 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. **Asset-backed, mortgage-backed or mortgage-related securities** are subject to prepayment and extension risks.

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