



Separately Managed Accounts

Western Asset Municipal Bond Ladders

3Q 2025

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For our clients, we are:



At-a-glance



1. AUM is in USD as of 30 September 2025. Total AUM of \$1.6tn includes \$78.5 Billion in cash management that is not represented here.

Investment specialisation across public and private markets



Our Investment Capabilities (USD Billion)



Our Investment Managers Asset Classes

Franklin Templeton (1947)	●	●	●	●
Alcentra (2002)	●			
Benefit Street Partners (2008)	●			
Brandywine Global (1986)	●	●		
Clarion Partners (1982)	●			
ClearBridge Investments (2005)	●			
Lexington Partners (1994)	●			
Putnam Investments (1937)	●			
Royce Investment Partners (1972)	●			
Western Asset (1971)		●		

Complemented by innovations in

Sustainable and Impact investing, ETFs, Custom Indexing, Frontier Risk Alternatives, and others

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

Western Asset Municipal Bond Ladders Portfolios



Overview

The Western Asset Municipal Bond Ladders are designed to deliver tax-free income opportunities while preserving capital and reducing interest rate risk by investing in laddered municipal bonds. The strategy invests in a diversified portfolio of credit-monitored investment-grade municipal securities with equally weighted maturities from 1-15 or 1-30 years.

Objectives

The strategy seeks to maintain a competitive level of tax-free income while preserving principal by investing — and reinvesting — in a well-diversified portfolio of investment-grade municipal 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 municipal 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, to efficiently implement and monitor the portfolios.
- 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.
 - A highly regarded proprietary credit research team that selects and monitors holdings.
 - Over four decades of municipal bond trading, with access to the full inventory of municipal offerings and the ability to purchase quality securities.
 - Exclusive focus on fixed income management.
 - Long tenure in managing separately managed accounts in taxable and tax-exempt markets.

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. **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. Portfolios focused on a **single state** are subject to greater risk of adverse economic and regulatory changes than a geographically diversified portfolio.

Why invest in a Municipal Bond Ladders?

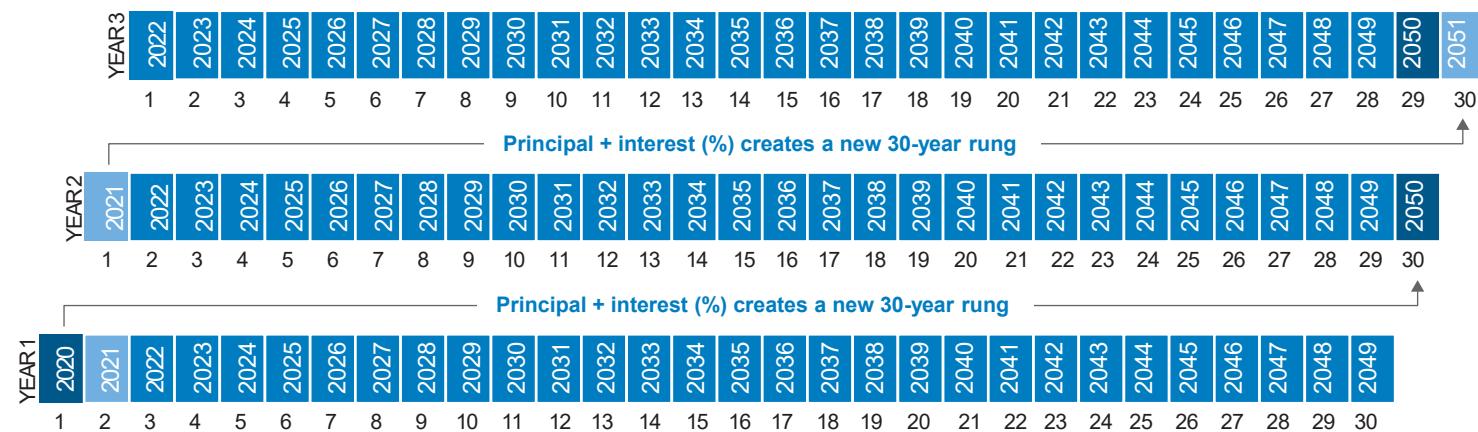


How reinvesting can advance the ladder

- Help minimize impact of rising rates by allowing municipal 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

Initial principal investment \$200K (\$6.6K per year x 30 years)

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



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

The investment process may change over time. There is no guarantee that investment objectives will be achieved.

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

The chart shown is for illustrative purposes only.

Western Asset Municipal Bond Ladders Portfolios

Investment process



STEP 1

Identify term structure of ladder

Term structure

- Purchase municipal bonds maturing at regular intervals from 1-15 or 1-30 years¹
- 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
- Reexamine 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

¹Other options may be available.

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.

Municipal Bond Ladders (1-15 Years) portfolio characteristics

As of 9/30/2025



Average Life

	Portfolio %
0 to 1 Year	13.92
1 to 3 Years	17.67
3 to 5 Years	15.95
5 to 7 Years	13.79
7 to 10 Years	13.71
10 to 15 Years	24.96

Source: Western Asset. Portfolio characteristics are based on a representative account and are subject to change at any time. Portfolio characteristics of individual client portfolios in the program may differ, sometimes significantly, from those shown above. Please see appendix for term definitions.

This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the credit qualities or maturity structures listed and should not be used as a sole basis to make any investment decisions.

Municipal Bond Ladders (1-15 Years) portfolio characteristics

As of 9/30/2025



Credit Quality (%)	Municipal Bond Ladders (1-15 Years)
AAA	8.75
AA	69.09
A	22.15

Characteristics (%)	Municipal Bond Ladders (1-15 Years)
Effective Duration	5.21 Years
Yield to Worst	3.23%
Current Yield	3.67%
Weighted Average Life	5.86 Years
Cash Flow	3.17%

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.

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Municipal Bond Ladders (1-30 Years) portfolio characteristics

As of 9/30/2025



Average Life

	Portfolio %
0 to 1 Year	3.02
1 to 3 Years	8.71
3 to 5 Years	8.22
5 to 7 Years	13.69
7 to 10 Years	5.29
10 to 15 Years	25.94
>15 Years	35.13

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Municipal Bond Ladders (1-30 Years) portfolio characteristics

As of 9/30/2025



Credit Quality (%)	Municipal Bond Ladders (1-30 Years)
AAA	6.90
AA	75.68
A	17.42

Characteristics (%)	Municipal Bond Ladders (1-30 Years)
Effective Duration	9.14 Years
Yield to Worst	3.92%
Current Yield	3.87%
Weighted Average Life	11.54 Years
Cash Flow	3.72%

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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.

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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