FRANKLIN TEMPLETON | WESTERN ASSET

Western Asset Municipal Bond Ladders (1-15 Years)

Separately Managed Accounts Factsheet | as of September 30, 2026

Investment overview

The Western Asset Municipal Bond Ladders seek 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 years.

Investment objective

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
- 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

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.

For tax-exempt securities, certain investors may be subject to the Federal Alternative Minimum Tax, and state and local taxes may apply. Capital gains, if any, are fully taxable. Depends on individual tax situation. Please see **"Important tax information"** on the last page.

State-specific and state-biased portfolios within this Portfolio focus on individual states and are more vulnerable to losses caused by adverse developments in those states than are national portfolios, which diversify investments across multiple states.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

Investment process

STEP 1

Identify term structure of ladder

Term structure

- Purchase municipal bonds maturing at regular intervals from 1-15 years.[1]
- 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 diversified portfolio of preferred issuers

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.

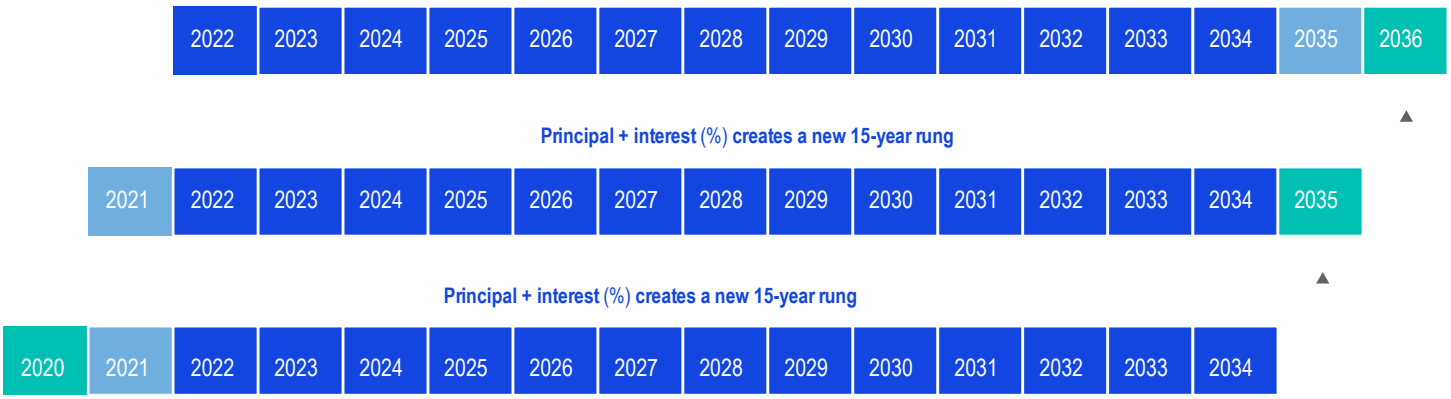
The investment process may change over time. The characteristics set forth above are intended as a general illustration of some of the criteria the strategy team considers in selecting securities for client portfolios. There is no guarantee that investment objectives will be achieved.

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 ($13.3K per year x 15 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.

Portfolio Information‡

As of September 30, 2026

Characteristics

	Portfolio
Effective Duration	5.54 Years
Yield to Worst	4.52%
Current Yield	3.95%
Weighted Average Life	6.42 Years
Cash Flow	4.43%

Sector Weightings (%)

	Portfolio
Transportation	20.12
Local General Obligation	17.57
Special Tax	13.64
Hospital/Healthcare	11.05
Education	10.20
Leasing	8.84
Water & Sewer	8.15
Housing	4.29
Pre-Refunded	4.09
Power	2.06

Credit Quality (%)

	Portfolio
AAA	6.88
AA	76.64
A	16.48

Average Life (%)

	Portfolio
0 to 1 Year	10.64
1 to 3 Years	10.55
3 to 5 Years	13.78
5 to 7 Years	19.57
7 to 10 Years	21.31
10 to 15 Years	24.16

‡ Source: Western Asset. Portfolio characteristics listed are based on representative accounts and assumes no withdrawals, contributions, or client-imposed restrictions. Portfolio characteristics of individual client accounts may differ from those of the representative accounts as a result of account size, client-imposed restrictions, the timing of client investments, market conditions, contributions, withdrawals and other factors.

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

Terms and definitions:

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

Effective Duration is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

Duration measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates. The higher the duration number, the more sensitive a fixed-income investment will be to interest rate changes.

Yield to worst (YTW) is based on a portfolio's current holdings on one specific day, is gross of all portfolio expenses, and is calculated based on assumptions that prepayment occurs if the bond has called or put provisions and the issuer can offer a lower coupon rate based on current market rates. If market rates are higher than the current yield of a bond, the YTW calculation will assume no prepayments are made, and YTW will equal the yield to maturity. The YTW will be the lowest of yield to maturity or yield to call (if the bond has prepayment provisions). The YTW of a bond portfolio is the market-weighted average of the YTWs of all the bonds in the portfolio.

Standard deviation measures the risk or volatility of an investment's return over a particular time period; the greater the number, the greater the risk.

The **up-capture ratio** measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark. An up-capture ratio of more than 100 indicates a manager who outperforms the relative benchmark in the benchmark's positive quarters.

The **down-capture ratio** is the ratio of the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark. A down-capture ratio of less than 100 indicates a manager who outperforms the relative benchmark in the benchmark's negative quarters and protects more of a portfolio's value during down markets.

Alpha is a measure of performance vs. a benchmark on a risk-adjusted basis. A positive alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%. Alpha is a measure of the difference between actual returns and expected performance measuring sensitivity to index movements.

Beta measures the sensitivity of an investment to the movement of its benchmark. A beta higher than 1.0 indicates the investment has been more volatile than the benchmark and a beta of less than 1.0 indicates that the investment has been less volatile than the benchmark.

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

R-squared measures the strength of the linear relationship between a fund and its benchmark. R-squared at 1.00 implies perfect linear relationship and zero implies no relationship exists.

What are the risks?

All investments involve risks, including possible loss of principal. Fixed income securities involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **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.

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