

Western Asset Managed Municipals Portfolios



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

Investment overview

Western Asset Managed Municipals Portfolios consist of directly owned individual securities and shares of a no-fee mutual fund advised by Western Asset. The no-fee fund¹ is used by Western Asset to achieve appropriate levels of diversification, as well as blend the attractive features of individually managed portfolios with the benefit of exposures to sectors that are normally difficult to include in a separately managed account with low minimum investment requirements.

Investment objective

The strategy seeks to provide current income exempt from regular federal income taxes and achieve total return over a full market cycle.

Investment philosophy

- Provide investors with diversified, long-term value-oriented portfolios
- Through integrated risk management and analytics, seek to deliver solid risk-adjusted returns
- Bottom-up credit focus targets long-term trends leading to lower-turnover portfolios seeking to weather cyclical storms

Key differentiators

Unique structure

Hybrid approach combining;

- flexibility across the full municipal credit and duration spectrum
- ability to rotate sectors more tactically
- ability to own smaller, less liquid holdings
- ability to manage through the interest rates cycle by employing the firm's macro views with interest rate hedges

Provides broader access and greater diversification among fixed income sectors than traditional separately managed accounts of similar size

Municipal expertise

- Managing municipal portfolios since 1981
- Team supported by both credit and quantitative research analysts

Overseen by a fixed income leader

- Institutional-caliber buying power and trading expertise
- Access to highly regarded municipal bond sector specialists
- Exclusively focused 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.

¹ Shares of the no-fee funds may only be purchased by or on behalf of separately managed accounts by Franklin Resources, Inc. affiliates, including Western Asset. Managed account clients will pay fees to program sponsors or to their account managers, and such fees will be calculated taking into account assets invested in shares of no-fee funds. Unless reimbursed by the fund's manager or its affiliates, ordinary and extraordinary fund-level operating expenses are borne by shareholders. The manager of the no-fee funds has entered into an expense reimbursement agreement with the funds pursuant to which the manager has agreed to reimburse 100% of each fund's ordinary operating expenses through December 31, 2025. The expense reimbursement agreement does not cover brokerage, taxes and extraordinary expenses.

Investment process

STEP 1

Identify attractive sectors

Invest mainly in investment-grade municipals, but may also include higher-yielding, lower-rated securities, limited to 20% of assets.

STEP 2

Identify municipal issuers

Bottom-up credit research targeting long-term relative value positions within the municipal sector. Employs a book yield objective, integrated throughout the portfolio and risk processes, with the goal of maintaining a buy/hold low-turnover portfolio that can weather cyclical storms.

STEP 3

Manage through interest rate cycles

Managing duration through security structure, curve placement and the use of Treasury futures to dampen rate volatility, as well as profit when the relationship between treasuries and municipals makes one market rich or cheap in comparison with the other.

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.

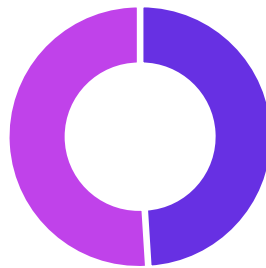
Western Asset Managed Municipals portfolio construction

Western Asset portfolios will normally maintain a minimum of 50% of the portfolio in individual securities. These securities will consist primarily of municipal securities across the investment-grade sector, but they may also include higher-yielding, lower-rated municipals. These municipal securities are an integral part of the overall portfolio construction and are actively managed in concert with the no-fee fund.¹

Portfolio composition

Individual Securities

Revenue municipal bonds
Core positions
General obligation municipal bonds
Cash and equivalents



No-fee mutual fund sectors

Revenue municipal bonds
General obligation municipal bonds
Cash and equivalents
Treasury futures
Below-investment-grade issues

Portfolio Information[†]

As of December 31, 2025

Characteristics

	Portfolio
Effective Duration	6.39 Years
Yield to Worst	3.81%
Weighted Average Life	8.17 Years
Cash Flow	3.56%

Average Life (%)

	Portfolio
0 to 1 Year	9.11
1 to 3 Years	14.98
3 to 5 Years	11.35
5 to 7 Years	23.86
7 to 10 Years	13.51
>10 Years	27.19

Sector Weightings (%)

	Portfolio
Industrial Revenue	23.15
Transportation	22.56
Hospital/Healthcare	11.70
Leasing	10.84
Local General Obligation	7.43
Education	6.31
Water & Sewer	4.98
Power	4.60
Special Tax	3.88
State General Obligation	2.32
Pre-Refunded	1.51
Variable Rate Demand Notes	0.36
Housing	0.22
Other	0.12
Cash & Cash Equivalents	0.03

Credit Quality (%)

	Portfolio
AAA	2.70
AA	37.26
A	41.14
BBB	12.71
<BBB	3.22
NR	2.93
Cash & Cash Equivalents	0.03

[†] 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 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.

Performance

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

	1 Mth	3 Mths	YTD	1 Year	3 Year	5 Year	7 Year	10 Year	15 Year	20 Year	25 Yrs
Managed Municipals–Pure Gross of Fees—(USD)	0.18	1.58	3.88	3.88	3.91	1.09	2.63	2.54	3.99	4.13	4.44
Managed Municipals–Net of Fees—(USD)	0.05	1.20	2.35	2.35	2.38	-0.40	1.11	1.02	2.46	2.59	2.90
Bloomberg Muni Bond Index—(USD)	0.09	1.56	4.25	4.25	3.88	0.80	2.36	2.34	3.34	3.52	3.93

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Managed Municipals–Pure Gross of Fees—(USD)	3.88	1.65	6.26	-7.92	2.18	5.20	7.95	0.92	5.61	0.53
Managed Municipals–Net of Fees—(USD)	2.35	0.14	4.69	-9.29	0.67	3.65	6.36	-0.58	4.05	-0.96
Bloomberg Muni Bond Index—(USD)	4.25	1.05	6.40	-8.53	1.52	5.21	7.54	1.28	5.45	0.25

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 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.

1 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.

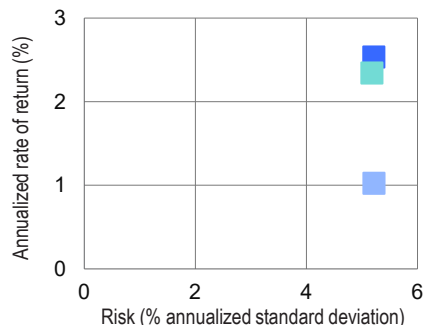
For fee schedules, contact your financial professional, or if you enter into an agreement directly with Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), refer to FTPPG's Form ADV Part 2A disclosure document. Management and performance of individual accounts may vary for reasons that include the existence of different implementation practices and model requirements in different investment programs.

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See last page for Additional Performance Calculation Information.

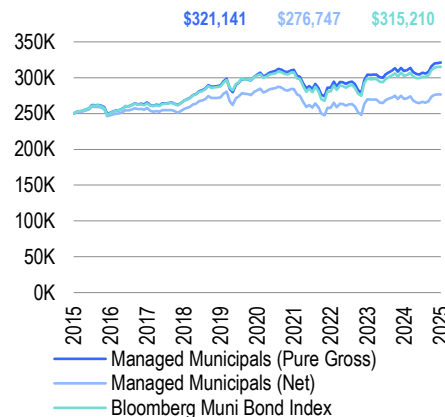
Performance Statistics ¹ Preliminary (based on 10-year period ending December 31, 2025)

Risk/Return profile (%)

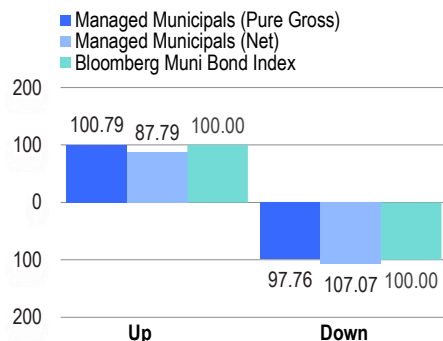


■ Managed Municipals (Pure Gross)	
Annualized Return (%)	2.54
Annualized Standard Deviation (%)	5.22
■ Managed Municipals (Net)	
Annualized Return (%)	1.02
Annualized Standard Deviation (%)	5.22
■ Bloomberg Muni Bond Index	
Annualized Return (%)	2.34
Annualized Standard Deviation (%)	5.18

Growth of \$250,000*



Up/Down market capture ratios (%)



Modern portfolio statistics

	Portfolio (Pure gross)	Portfolio (Net)	BM
Sharpe Ratio	0.08	-0.20	0.05
Beta	1.00	1.00	N/A
Alpha (%)	0.19	-1.29	N/A
R-Squared	0.98	0.98	N/A

	(+) Months	(-) Months
Pure Gross:	77	43
Net:	77	43

¹ 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:

Dividend yield is determined by dividing a stock's annual dividends per share by the current market price per share. Dividend yield is a financial ratio that shows how much a company pays out in dividends. **Dividend yield is calculated without the deduction of fees and expenses.**

P/E (Year 1) is the previous day's closing price of the stock divided by the consensus earnings per share (EPS) of fiscal year 1 (FY1) provided by I/B/E/S. Forecasts are inherently limited and should not be relied upon as indicators of future performance.

The **price-to-book ratio (P/B)** is a stock's price divided by the stock's per share book value. Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of a common stock.

Weighted median market capitalization represents the value at which half the portfolio's market capitalization weight falls above, and half falls below.

Weighted average market capitalization represents the average value of the companies held in the portfolio. When that figure is weighted, the impact of each company's capitalization on the overall average is proportional to the total market value of its shares.

Market capitalization measures the number of outstanding common shares of a given corporation multiplied by the latest price per share.

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 portfolio and its benchmark. R-squared at 1.00 implies perfect linear relationship and zero implies no relationship exists.

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

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. Investments in **underlying funds** are subject to the same risks as, and indirectly bear the fees and expenses of, the underlying funds. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default.

Additional Performance Calculation Information

Prior to January 2016, performance results were calculated using Western Asset's US Municipal Long Composite which was comprised of institutional accounts with a minimum of US \$10 million. Net total returns were calculated by reducing the institutional gross-of-fees performance by the highest bundle fee of 1.5%. Western Asset follows substantially the same investment philosophy, strategies and processes in managing SMA Managed Municipal portfolios that it does in managing institutional US Municipal Long portfolios. The performance of Western's Managed Municipals Composite may vary from the performance of the institutional Municipal Long Composite, especially over shorter time periods and during periods of extraordinary market conditions. The SMA portfolios are implemented through a combination of individual holdings along with an allocation to a no-load mutual fund share created to allow the portfolio managers to replicate the same themes and characteristics of our managed municipal institutional and mutual fund strategy. Members in the institutional composite typically hold individual securities..

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