



Separately Managed Account

# Franklin Templeton Dividend Strategy Balanced Portfolios

4Q 2024

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These materials are being provided for illustrative and informational purposes only. The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information has not been verified, and may be different from the information included in documents and materials created by the sponsor firm in whose investment program a client participates. Some sponsor firms may require that these materials be preceded or accompanied by investment profiles or other documents, or materials prepared by such sponsor firms, which will be provided upon a client's request. For additional information, documents and/or materials, please speak to your financial professional or contact your sponsor firm.

# Gateway to investment specialists



**\$1.6 Trillion**

Assets under management<sup>1</sup>

**75+**

Years of active management experience

**150+**

Countries with investors

**1,600+**

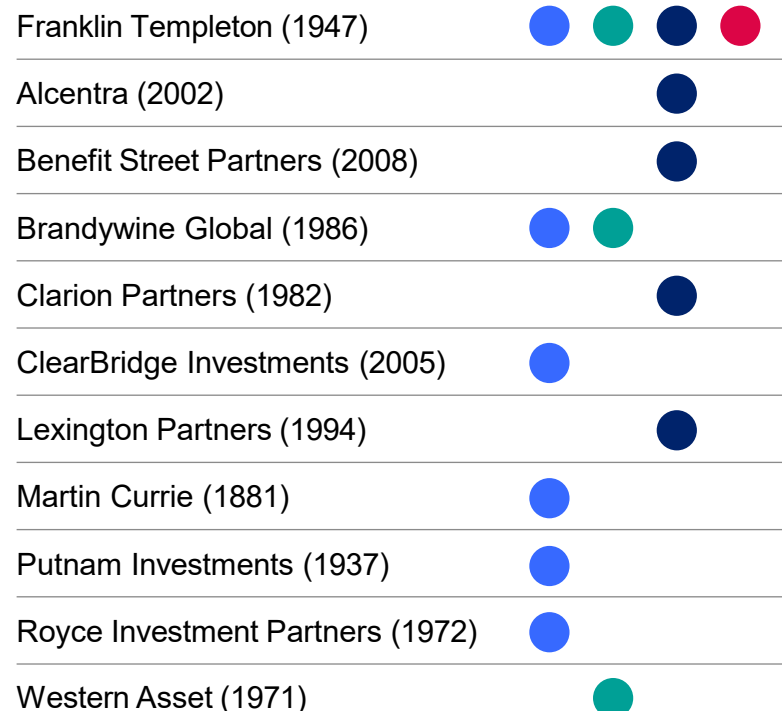
Investment professionals

## Our Investment Capabilities (USD Billion)



**Complemented by innovations in** Sustainable and Impact investing, ETFs, Custom Indexing, Frontier Risk Alternatives, and others

## Our Investment Managers Asset Classes



1. AUM is in USD as of 31 December 2024. Total AUM of \$1.6 Trillion includes \$63.4 Billion in cash management that is not represented here.

# Franklin Templeton

## Dividend Strategy Balanced Portfolios



### Overview

Franklin Templeton Dividend Strategy Balanced Portfolios aim to meet long-term financial goals with dividend income, dividend income growth and long-term capital appreciation, while utilizing high-quality bonds to manage portfolio volatility.

### Philosophy

We believe that:

- A total return portfolio—with exposure to companies that either pay an existing dividend or have the potential to pay and/or significantly grow their dividends—combined with the potential added stability of bonds—has the potential to outperform over the long term.
- Competitive risk-adjusted returns may be achieved by investing in select large- and mid-cap companies and by seeking to limit portfolio turnover to capitalize on potential for long-term growth.

### Objectives

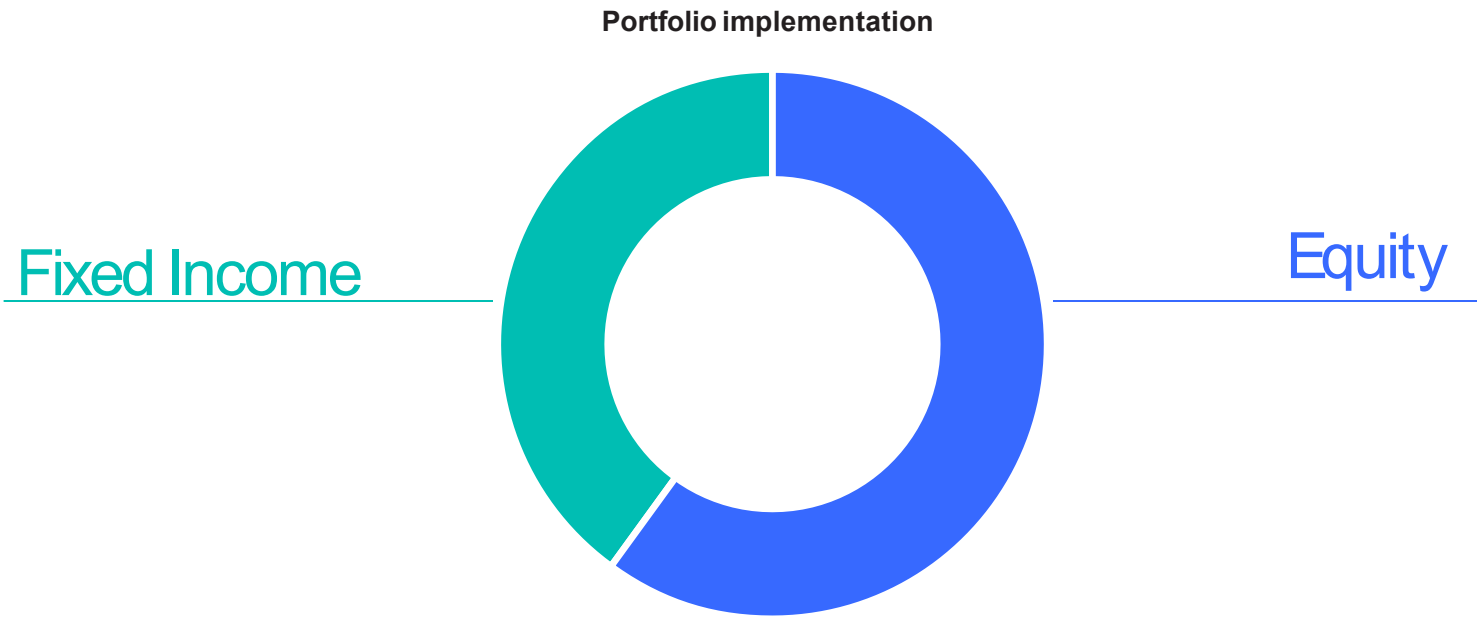
The strategy seeks to:

- Dividend income.
- Achieve growth of dividend income.
- Achieve long-term capital appreciation.
- Utilize fixed income as an anchor to manage volatility in the overall portfolio, as well as to provide income and total return.

### What are the risks?

**All investments involve risks, including possible loss of principal.** **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **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.

# Franklin Templeton Dividend Strategy Balanced Portfolios investment process



## Portfolio Implementation Dividend Strategy Balanced Taxable Portfolios

- Two strategies are managed independently by the Dividend Strategy Team and the Taxable Fixed Income Team.
- Allocation to fixed income will vary depending upon portfolio managers' discretion and market conditions.

An account's actual allocations to its equity and fixed income segments will vary over time as markets change. An account will be rebalanced to its target allocation in the event that the account's allocations to its equity and fixed income segments drift 10% or more from their target allocations. An account generally will not be rebalanced unless such 10% drift threshold is reached. However, cash flows into and out of an account will be applied towards the account's more underweight segment in order to bring such account's allocations back towards their target allocations.

For Illustrative Purposes Only. Asset allocations are approximate and subject to change. 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.

# Franklin Templeton Dividend Strategy Balanced Portfolios Equity investment process



## STEP 1

### Define the investment universe

Emphasize domestic large-capitalization stocks, but also consider mid- and small-capitalization companies and ADRs of foreign companies opportunistically

## STEP 2

### Evaluate stocks using proprietary discipline

Screen for companies across all market sectors with either an attractive dividend yield, a history of (or prospects for) dividend growth, strong balance sheets, dominant positions and/or reasonable valuations

## STEP 3

### Select securities and construct portfolio

Conduct fundamental research and dividend analysis to identify companies with attractive growth characteristics relative to their valuation levels

## STEP 4

### Review process

Re-examine a current holding when valuation is realized, fundamentals deteriorate, and/or cyclical shifts alter industry's attractiveness

# Franklin Templeton Dividend Strategy Balanced Portfolios Fixed Income 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 between short-, intermediate-, and long-maturity securities

## STEP 3

### Sector Allocation

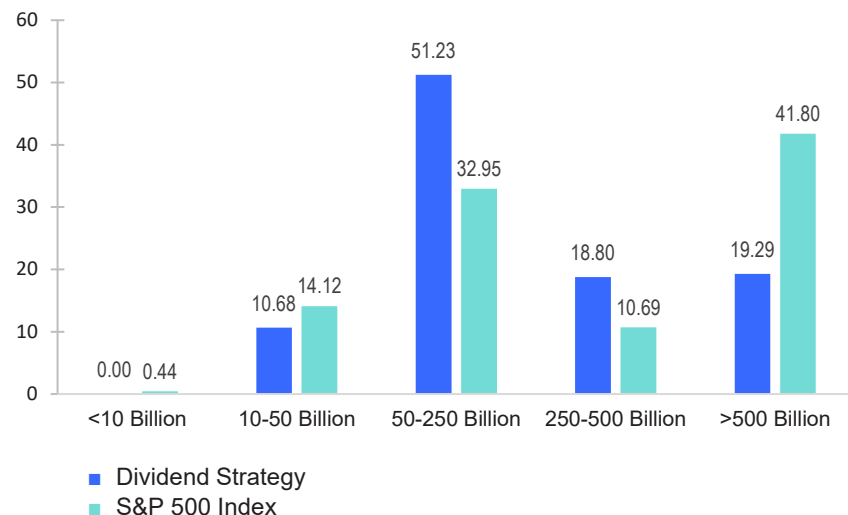
Western Asset seeks to add value to a portfolio by actively rotating between the Treasury and Agency sectors.

# Equity portfolio characteristics

## As of 12/31/2024



### Market capitalization breakdown in USD (%)



### Portfolio characteristics

|   | Dividend Strategy | S&P 500 Index |
|---|-------------------|---------------|
| Number of Issuers                                     | 52                | 503           |
| Estimated 3-5 Year EPS Growth                         | 10.86%            | 14.19%        |
| Price to Earnings (12-Month Forward)                  | 19.21x            | 23.97x        |
| Price to Book   | 5.59x             | 7.67x         |
| Dividend Yield  | 2.16%             | 1.26%         |
| Median Market Cap (Millions USD)                      | \$143,550         | \$319,619     |
| Weighted Average Market Capitalization (Millions USD) | \$455,023         | \$1,084,049   |

Portfolio characteristics and composition are currently inaccessible at the representative account level for the Dividend Strategy Balanced portfolio. In lieu of this, the following pages show portfolio characteristics for a model portfolio of Dividend Strategy for the equity portion and for a representative account of GSM 5-Year for the fixed income portion.

Source: FactSet. Portfolio characteristics and market capitalization breakdown are based on a model portfolio, not an actual client account. The model portfolio is a hypothetical portfolio whereby the Portfolio characteristics and market capitalization breakdown are based on simulated trading and account activity of a client account invested in this strategy. The model portfolio assumes no withdrawals, contributions or client-imposed restrictions. Portfolio characteristics and market capitalization breakdown of individual client accounts may differ from those of the model portfolio 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.**

P/E ratio Year 1 and Long-term EPS growth are provided by I/B/E/S, are inherently limited and should not be used as an indication of future performance.

**Yields and dividends represent past performance and there is no guarantee they will continue to be paid.**

# Equity portfolio characteristics

## As of 12/31/2024



### Sector weightings (%)

|                         | Dividend Strategy | S&P 500 Index |
|-------------------------|-------------------|---------------|
| Financials              | 16.62             | 13.62         |
| Information Technology  | 14.18             | 32.49         |
| Energy                  | 10.48             | 3.16          |
| Consumer Staples        | 10.46             | 5.53          |
| Communication Services  | 9.61              | 9.37          |
| Health Care             | 9.50              | 10.09         |
| Materials               | 7.69              | 1.89          |
| Industrials             | 6.91              | 8.16          |
| Utilities               | 5.37              | 2.33          |
| Real Estate             | 4.28              | 2.10          |
| Consumer Discretionary  | 2.12              | 11.26         |
| Cash & Cash Equivalents | 2.78              | 0.00          |

### Top holdings (%)

### Dividend Strategy

|                       |              |
|-----------------------|--------------|
| Microsoft Corp        | 3.81         |
| Broadcom Inc          | 3.64         |
| Sempra                | 3.44         |
| JPMorgan Chase & Co   | 3.26         |
| Williams Cos Inc/The  | 3.11         |
| Enbridge Inc          | 3.11         |
| Becton Dickinson & Co | 3.09         |
| Exxon Mobil Corp      | 3.03         |
| Nestle SA             | 2.82         |
| T-Mobile US Inc       | 2.69         |
| <b>Total</b>          | <b>32.01</b> |

Source: FactSet. Weightings and holdings are based on a model portfolio, not an actual client account. The model portfolio is a hypothetical portfolio whereby the weightings and holdings are based on simulated trading and account activity of a client account invested in this strategy. The model portfolio assumes no withdrawals, contributions or client-imposed restrictions. Weightings and holdings of individual client accounts may differ from those of the model portfolio 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.**



# Fixed Income portfolio characteristics

## As of 12/31/2024



| Sector weightings | GSM 5-Year |
|-------------------|------------|
| Treasury          | 100.00     |

| Characteristics (%)   | GSM 5-Year |
|-----------------------|------------|
| Effective Duration    | 3.78 Years |
| Yield to Worst        | 4.36%      |
| Weighted Average Life | 4.16 Years |
| Cash Flow             | 4.36%      |

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.**

# Performance



## Annualized rates of return – pure gross and net of fees (%) as of December 31, 2024

|  | 1 Mth | 3 Mths | YTD   | 1 Year | 3 Year | 5 Year | 7 Yrs | 10 Year | 15 Yrs |
|--|-------|--------|-------|--------|--------|--------|-------|---------|--------|
| Dividend Strategy Bal (70/30)—Pure Gross of Fees—(USD) | -3.04 | 0.12   | 13.36 | 13.36  | 5.77   | 8.60   | 8.80  | 8.40    | 9.67   |
| Dividend Strategy Bal (70/30)—Net of Fees—(USD)        | -3.28 | -0.62  | 10.09 | 10.09  | 2.70   | 5.45   | 5.65  | 5.26    | 6.49   |
| Index Mix (70/30)—(USD)                                | -1.84 | 1.19   | 17.90 | 17.90  | 6.27   | 10.48  | 10.25 | 9.68    | 10.38  |

## Calendar-year total returns – pure gross and net of fees (%) ending December 31

|  | 2024  | 2023  | 2022   | 2021  | 2020  | 2019  | 2018  | 2017  | 2016  | 2015  |
|--|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|
| Dividend Strategy Bal (70/30)—Pure Gross of Fees—(USD) | 13.36 | 11.89 | -6.70  | 19.34 | 6.96  | 22.47 | -2.42 | 13.77 | 11.18 | -1.88 |
| Dividend Strategy Bal (70/30)—Net of Fees—(USD)        | 10.09 | 8.65  | -9.45  | 15.91 | 3.85  | 18.95 | -5.28 | 10.48 | 7.97  | -4.75 |
| Index Mix (70/30)—(USD)                                | 17.90 | 19.43 | -14.77 | 18.92 | 15.33 | 23.28 | -2.41 | 15.27 | 8.73  | 1.54  |

**70/30 Index Mix** consists of the following: 70% S&P 500 Index and 30% Bloomberg Intermediate Treasury Bond Index.

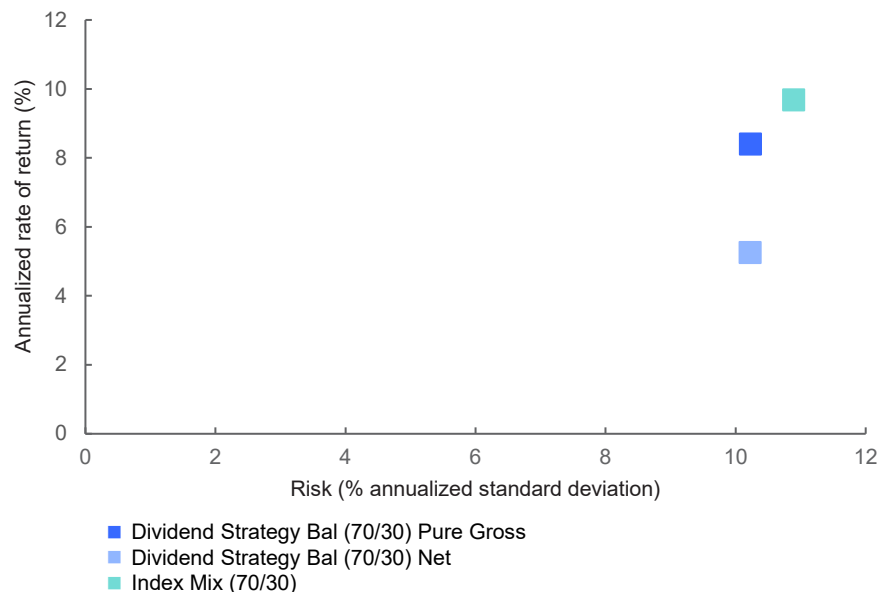
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# Risk/return profile



**Pure gross and net of fees** (based on 10-year period ending December 31, 2024)



**Modern portfolio statistics** as of December 31, 2024

|                                   | Dividend Strategy<br>Bal (70/30) Pure<br>Gross | Dividend Strategy<br>Bal (70/30) Net | Index Mix<br>(70/30) |
|-----------------------------------|--|--------------------------------------|----------------------|
| Annualized Return (%)             | 8.40   | 5.26                                 | 9.68                 |
| Annualized Standard Deviation (%) | 10.23  | 10.23                                | 10.89                |
| Sharpe Ratio                      | 0.67   | 0.38                                 | 0.74                 |
| Beta                              | 0.90   | 0.90                                 | N/A                  |
| Alpha (%)                         | -0.41  | -3.32                                | N/A                  |
| R-Squared                         | 0.91   | 0.91                                 | N/A                  |

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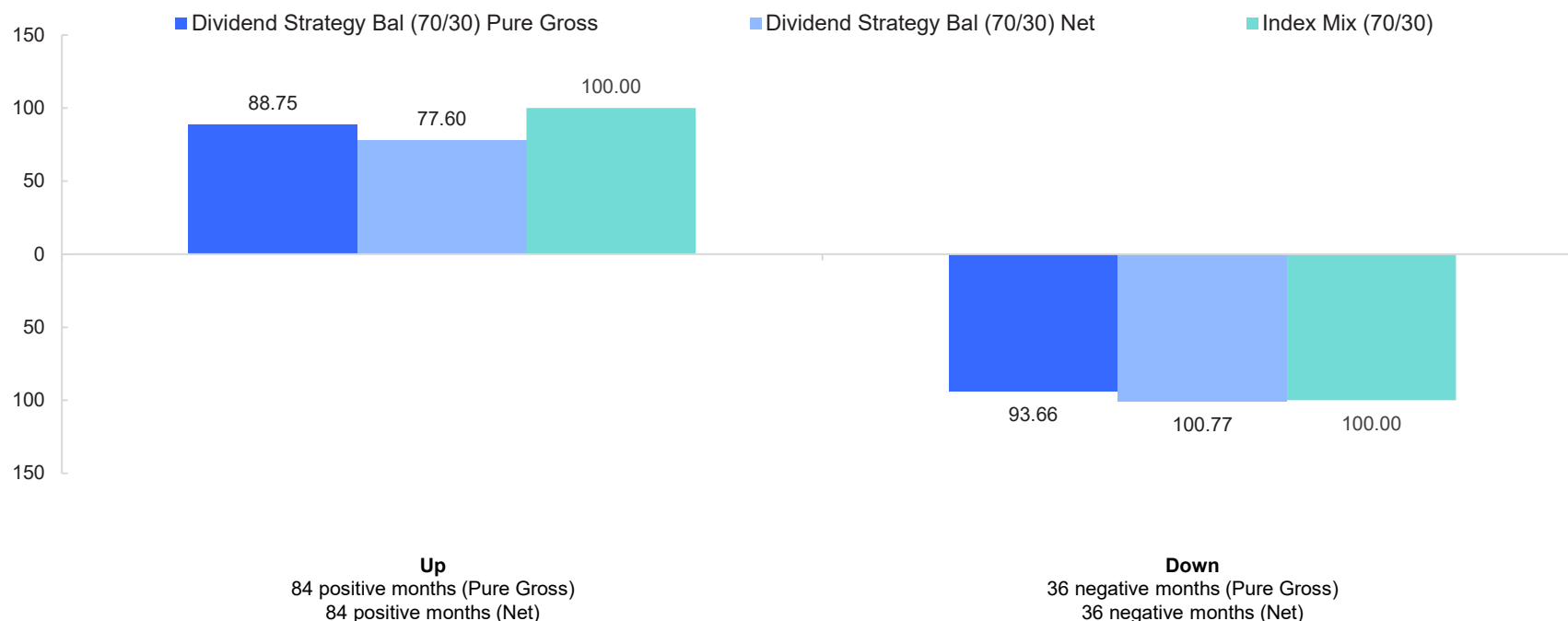
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# Up down market capture ratios (%)



**Pure Gross and net of fees** (based on 10-year period ending December 31, 2024)



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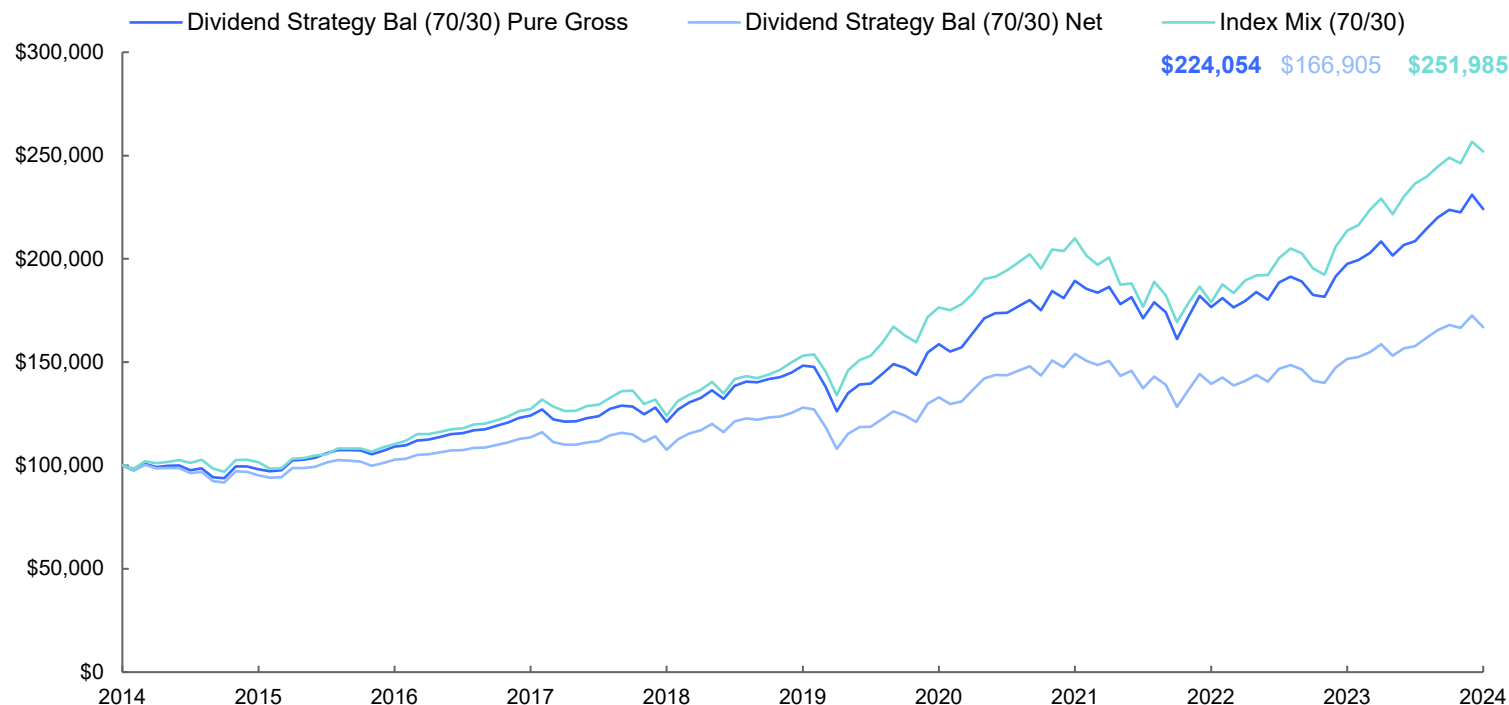
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# Growth of \$100,000



**Pure gross and net of fees** (based on 10-year period ended December 31, 2024)



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# Performance



## Annualized rates of return – pure gross and net of fees (%) as of December 31, 2024

|  | 1 Mth | 3 Mths | YTD   | 1 Year | 3 Year | 5 Year | 7 Yrs | 10 Year | 15 Yrs |
|--|-------|--------|-------|--------|--------|--------|-------|---------|--------|
| Dividend Strategy Bal (60/40)—Pure Gross of Fees—(USD) | -2.69 | -0.17  | 11.56 | 11.56  | 4.84   | 7.43   | 7.71  | 7.37    | 8.55   |
| Dividend Strategy Bal (60/40)—Net of Fees—(USD)        | -2.94 | -0.90  | 8.33  | 8.33   | 1.79   | 4.31   | 4.58  | 4.25    | 5.40   |
| Index Mix (60/40)—(USD)                                | -1.66 | 0.78   | 15.59 | 15.59  | 5.35   | 9.09   | 9.02  | 8.51    | 9.18   |

## Calendar-year total returns – pure gross and net of fees (%) ending December 31

|  | 2024  | 2023  | 2022   | 2021  | 2020  | 2019  | 2018  | 2017  | 2016 | 2015  |
|--|-------|-------|--------|-------|-------|-------|-------|-------|------|-------|
| Dividend Strategy Bal (60/40)—Pure Gross of Fees—(USD) | 11.56 | 10.68 | -6.68  | 16.24 | 6.86  | 19.80 | -1.95 | 11.97 | 9.64 | -1.38 |
| Dividend Strategy Bal (60/40)—Net of Fees—(USD)        | 8.33  | 7.48  | -9.42  | 12.89 | 3.76  | 16.36 | -4.81 | 8.73  | 6.46 | -4.27 |
| Index Mix (60/40)—(USD)                                | 15.59 | 17.20 | -13.70 | 15.78 | 14.16 | 20.60 | -1.80 | 13.15 | 7.64 | 1.55  |

**60/40 Index Mix** consists of the following: 60% S&P 500 Index and 40% Bloomberg U.S. Intermediate Treasury Bond Index.

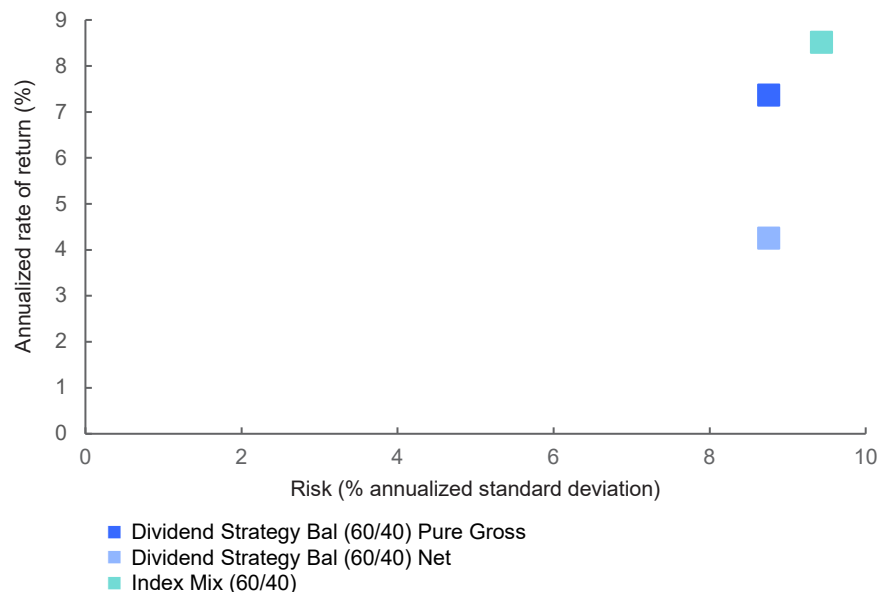
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# Risk/return profile



**Pure gross and net of fees** (based on 10-year period ending December 31, 2024)



**Modern portfolio statistics** as of December 31, 2024

|                                   | Dividend Strategy<br>Bal (60/40) Pure<br>Gross | Dividend Strategy<br>Bal (60/40) Net | Index Mix<br>(60/40) |
|-----------------------------------|--|--------------------------------------|----------------------|
| Annualized Return (%)             | 7.37   | 4.25                                 | 8.51                 |
| Annualized Standard Deviation (%) | 8.76   | 8.76                                 | 9.43                 |
| Sharpe Ratio                      | 0.65   | 0.32                                 | 0.73                 |
| Beta                              | 0.89   | 0.89                                 | N/A                  |
| Alpha (%)                         | -0.35  | -3.26                                | N/A                  |
| R-Squared                         | 0.91   | 0.91                                 | N/A                  |

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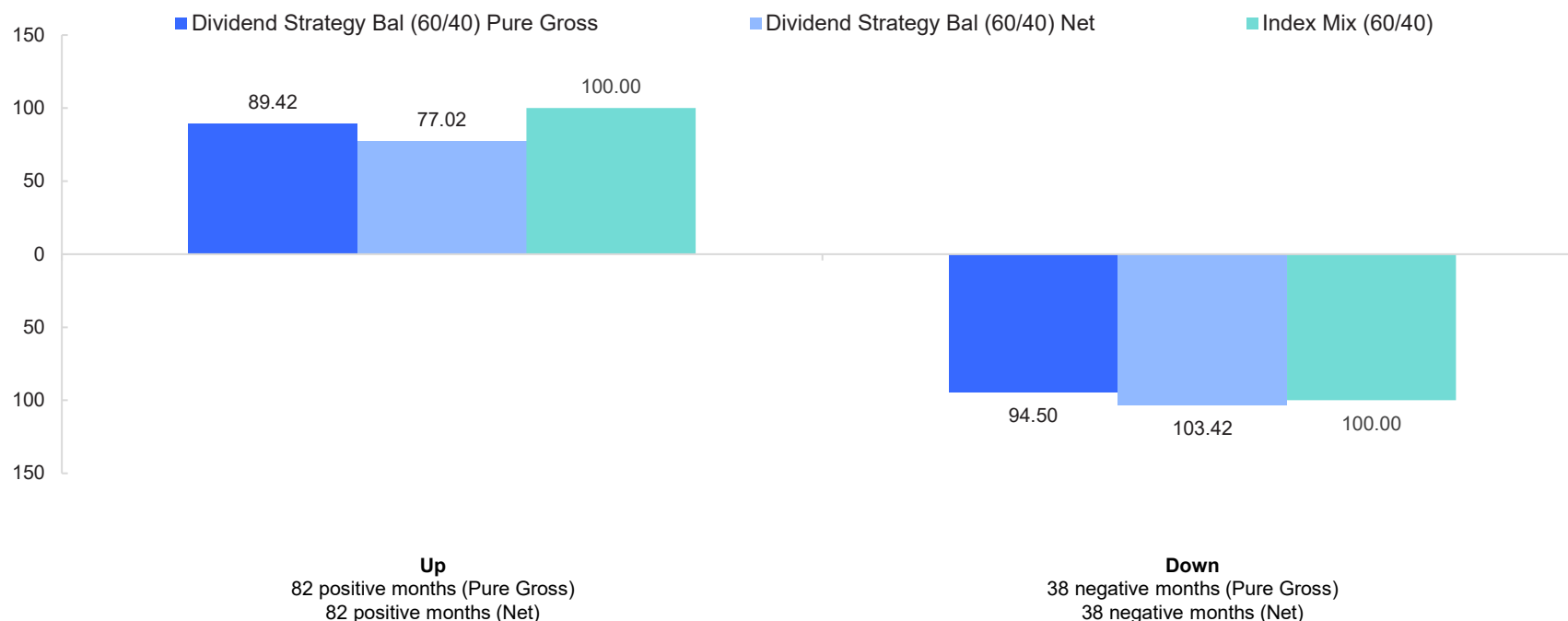
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# Up down market capture ratios (%)



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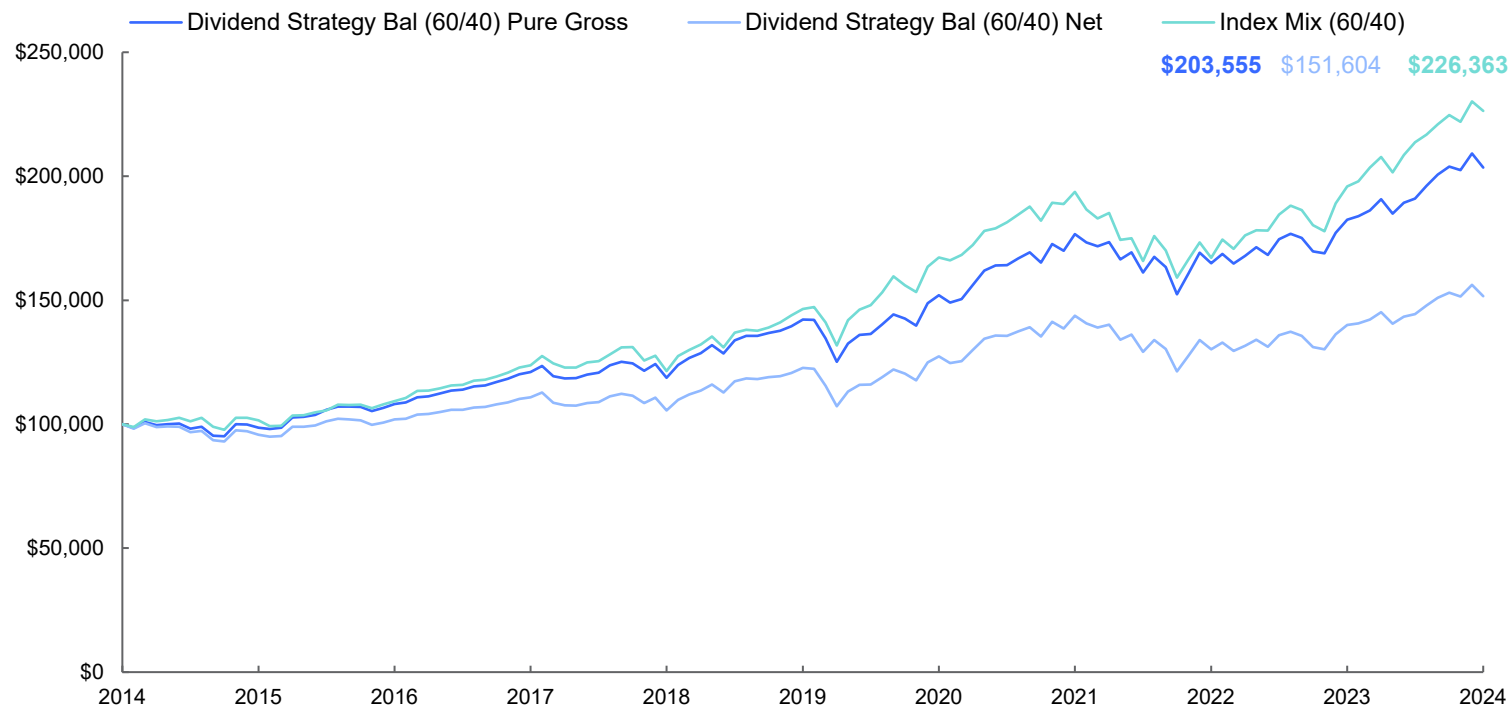
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# Growth of \$100,000



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**60/40 Index Mix** consists of the following: 60% S&P 500 Index and 40% Bloomberg U.S. Intermediate Treasury Bond Index.

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" (3.0% is the maximum anticipated wrap fee for equity and balanced 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.

# Investment management team



John Baldi

*Managing Director, Portfolio Manager*

- Industry since 1999
- Firm since 2004
- BS in Finance and Economics from Boston College
- JPMorgan Chase — Senior Analyst, Specialty Finance

Michael Clarfeld, CFA

*Managing Director, Portfolio Manager*

- Industry since 2000
- Firm since 2006
- Duke University — BA in History
- Member of the CFA Institute
- CFA Society New York
- Hygrove Partners, LLC — Equity Analyst
- Goldman Sachs — Equity Research, Financial Analyst

Diane Keady

*Managing Director, Portfolio Manager*

- Industry since 2000
- Firm since 1994
- New York University, Leonard N. Stern School of Business — MBA
- Rutgers University — BS
- Citigroup Asset Management — U.S. Sales and Distribution, Vice President
- Salomon Smith Barney — GAAP Reporting, Vice President
- Smith Barney Shearson — Technology Finance, Expense Analyst

## Investment 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.

## Franklin Templeton Dividend Strategy Balanced Taxable 70/30

Reporting Currency: USD

Strategy Inception Date: March 2005

Composite Creation Date: January 2013

| 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) |
|--------|--------------------|----------------------------|------------------|----------------------|---|----------------------|--------------------------|--------------------------|---|---------------------------|--|
| 2023   | 8.65%              | 11.89%                     | 19.43%           | 154                  | 100                                       | 0.32%                | 12.19%                   | 13.04%                   | 71.2  | 0.09%                     | 75,344.4   |
| 2022   | -9.45%             | -6.70%                     | -14.77%          | 167                  | 100                                       | 0.35%                | 14.39%                   | 15.03%                   | 72.9  | 0.11%                     | 65,194.3   |
| 2021   | 15.91%             | 19.34%                     | 18.92%           | 166                  | 100                                       | 0.62%                | 11.84%                   | 11.87%                   | 80.5  | 0.10%                     | 78,206.6   |
| 2020   | 3.85%              | 6.96%                      | 15.33%           | 175                  | 100                                       | 0.58%                | 11.91%                   | 12.81%                   | 72.9  | 0.11%                     | 69,403.0   |
| 2019   | 18.95%             | 22.47%                     | 23.28%           | 214                  | 100                                       | 0.77%                | 7.27%                    | 8.27%                    | 78.2  | 0.13%                     | 61,593.5   |
| 2018   | -5.28%             | -2.42%                     | -2.41%           | 203                  | 100                                       | 0.41%                | 6.55%                    | 7.41%                    | 60.2  | 0.12%                     | 50,961.6   |
| 2017   | 10.48%             | 13.77%                     | 15.27%           | 132                  | 100                                       | 0.54%                | 6.67%                    | 6.78%                    | 53.0  | 0.10%                     | 53,956.9   |
| 2016   | 7.97%              | 11.18%                     | 8.73%            | 107                  | 100                                       | 0.49%                | 7.24%                    | 7.32%                    | 41.6  | 0.09%                     | 46,104.9   |
| 2015   | -4.75%             | -1.88%                     | 1.54%            | 106                  | 100                                       | 0.22%                | 7.42%                    | 7.37%                    | 32.9  | 0.08%                     | 42,608.6   |
| 2014   | 7.19%              | 10.39%                     | 10.31%           | 100                  | 100                                       | 0.32%                | n/a                      | n/a                      | 34.9  | 0.08%                     | 42,421.5   |

\*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:

Franklin Templeton Private Portfolio Group, LLC ("FTPPG") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. FTPPG has been independently verified for the periods January 1, 2013 - December 31, 2023. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure 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:

Franklin Templeton Private Portfolio Group, LLC ("FTPPG"), formerly known as Legg Mason Private Portfolio Group, LLC ("LMPPG"), is a wholly owned indirect subsidiary of Franklin Resources, Inc. ("Franklin"). In July 2020 Legg Mason, Inc., its parent company, was purchased by Franklin. FTPPG has used Subadvisers for all periods presented. FTPPG, together with its Subadvisers, provides investment advisory services primarily in investment programs sponsored by Sponsor Firms. The investment advisory services FTPPG and the Subadvisers provide differ depending on the type of Sponsor Firm investment program in which a client participates.

### Composite Information:

The Franklin Templeton Dividend Strategy Balanced Taxable 70/30 composite consists of discretionary wrap accounts with an account minimum of US \$25,000. The strategy aims to meet long-term financial goals with dividend income, dividend income growth and long-term capital appreciation, while utilizing high-quality bonds to manage portfolio volatility. The main risks of this strategy are General Investment Risk, Small Cap Risk, Mid Cap Risk, Credit Risk, and Interest Rate Risk.

### Input and Calculation Data:

The fee schedule currently in effect is 3.00% on all assets. Net of fee composite returns are calculated by reducing each monthly composite pure gross rate of return by the highest "bundled" fee charged (3.00%) annually, prorated to a monthly ratio. The "bundled" fee includes transaction costs, investment management, custodial, and other administrative fees. The internal dispersion of annual returns is measured by the asset-weighted standard deviation of portfolio returns included in the composite for the entire year. The three-year annualized ex-post standard deviation is not available prior to 2015 because the composite did not have 36 months of GIPS compliant data. Gross returns are used to calculate presented risk measures. The composite employs a 10% significant cash flow policy which started in January 2021. 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. Past performance is not necessarily indicative of future results. 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:

The composite uses a custom blended benchmark consisting of 70% S&P 500® / 30% Bloomberg US Intermediate Treasury which is calculated by weighting the respective index returns monthly.

## Franklin Templeton Dividend Strategy Balanced Taxable 60/40

Reporting Currency: USD

Strategy Inception Date: March 2005

Composite Creation Date: January 2013

| 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) |
|--------|--------------------|----------------------------|------------------|----------------------|---|----------------------|--------------------------|--------------------------|---|---------------------------|--|
| 2023   | 7.48%              | 10.68%                     | 17.20%           | 4,918                | 100                                       | 0.33%                | 10.69%                   | 11.57%                   | 1,276.7   | 1.69%                     | 75,344.4   |
| 2022   | -9.42%             | -6.68%                     | -13.70%          | 2,609                | 100                                       | 0.22%                | 12.28%                   | 13.01%                   | 652.5   | 1.00%                     | 65,194.3   |
| 2021   | 12.89%             | 16.24%                     | 15.78%           | 1,832                | 100                                       | 0.52%                | 9.89%                    | 10.04%                   | 531.3   | 0.68%                     | 78,206.6   |
| 2020   | 3.76%              | 6.86%                      | 14.16%           | 1,690                | 100                                       | 0.63%                | 9.95%                    | 10.84%                   | 453.1   | 0.65%                     | 69,403.0   |
| 2019   | 16.36%             | 19.80%                     | 20.60%           | 1,239                | 100                                       | 0.77%                | 6.21%                    | 7.00%                    | 349.9   | 0.57%                     | 61,593.5   |
| 2018   | -4.81%             | -1.95%                     | -1.80%           | 825                  | 100                                       | 0.26%                | 5.58%                    | 6.25%                    | 221.1   | 0.43%                     | 50,961.6   |
| 2017   | 8.73%              | 11.97%                     | 13.15%           | 552                  | 100                                       | 0.44%                | 5.54%                    | 5.70%                    | 167.3   | 0.31%                     | 53,956.9   |
| 2016   | 6.46%              | 9.64%                      | 7.64%            | 381                  | 100                                       | 0.42%                | 6.06%                    | 6.20%                    | 113.3   | 0.25%                     | 46,104.9   |
| 2015   | -4.27%             | -1.38%                     | 1.55%            | 363                  | 100                                       | 0.17%                | 6.30%                    | 6.31%                    | 99.1  | 0.23%                     | 42,608.6   |
| 2014   | 5.97%              | 9.14%                      | 9.19%            | 289                  | 100                                       | 0.32%                | n/a                      | n/a                      | 88.0  | 0.21%                     | 42,421.5   |

\*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.

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### Input and Calculation Data:

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### Primary Benchmark Information:

The composite uses a custom blended benchmark consisting of 60% S&P 500® / 40% Bloomberg US Intermediate Treasury which is calculated by weighting the respective index returns monthly.

# Definitions



## Index Definitions

The **Bloomberg 1-3 Year Government Bond Index** is a broad measure of the performance of short-term government bonds. Source: Bloomberg Indices.

The **Bloomberg 1-Year Municipal Bond Index** is an unmanaged index composed of national municipal bond issues with a maturity range of 1-2 years. Source: Bloomberg Indices.

The **Bloomberg 5-Year Municipal Bond Index** is a market-value-weighted index representative of the medium term (4 to 6 years) tax-exempt bond market. Source: Bloomberg Indices.

The **Bloomberg Asset-Backed Securities Index** is composed of debt securities backed by credit card, auto and home equity loans that are rated investment grade or higher by Moody's Investors Service, Standard & Poor's Ratings Service or Fitch Investor's Service, in that order. Issues must have at least one year to maturity and an outstanding par value of at least \$50 million. Price, coupon and total return are reported on a month-end to month-end basis. All returns are market value-weighted inclusive of accrued interest but do not include adjustments for advisory fees or other expenses. Source: Bloomberg Indices.

The **Bloomberg Fixed-Rate Mortgage-Backed Securities Index** is composed of about 600 15-year to 30-year fixed-rate mortgage-backed pools of Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Corporation. Source: Bloomberg Indices.

The **Bloomberg U.S. Agencies Index** is the U.S. Agency component of the U.S. Government/Credit index, consisting of publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government (such as USAID securities). The largest issues are Fannie Mae, the Resolution Trust Funding Corporation (REFCORP), and the Federal Home Loan Bank System (FHLB). The index includes both callable and non-callable agency securities. Source: Bloomberg Indices.

The **Bloomberg U.S. Aggregate Bond Index** includes the Government/Credit and the Mortgage-Backed indexes. The return comprised price appreciation/depreciation and income as a percent of the original investment. Indexes are rebalanced monthly by market capitalization. Source: Bloomberg Indices.

The **Bloomberg U.S. Credit Index** measures the investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related bond markets. It consists of two components: US Corporate Index - Comprising corporate bonds issued by industrial, financial institutions, and utility companies; and Non-corporate component - Including bonds from non-US agencies, sovereigns, supranationals, and local authorities. Source: Bloomberg Indices.

The **Bloomberg U.S. Government/Credit Bond Index** includes the Bloomberg U.S. Government Bond Index and the Bloomberg Credit Bond Index. The Government Index includes all public U.S. Treasury obligations and the debt of U.S. Government agencies and quasi-federal corporations. The Credit Index includes corporates (industrial, utility and finance including both U.S. and non-U.S. corporations) and noncorporates (sovereign, supranational, foreign agencies and foreign local governments). Source: Bloomberg Indices.

The **Bloomberg U.S. Intermediate Government/Credit Bond Index** is a market value weighted performance benchmark for government and corporate fixed-rate debt issues (rated Baa/BBB or higher) with maturities between one and ten years. Source: Bloomberg Indices.

The **Bloomberg U.S. Intermediate Treasury Bond Index** is composed of all public obligations of the U.S. Treasury.

The **Bloomberg U.S. Treasury Index** is a measure of the public obligations of the U.S. Treasury. Source: Bloomberg Indices.

The **Bloomberg Municipal Managed Money Short/Intermediate (1-10 Year) Index** covers the investment grade USD-denominated tax-exempt bond market. It is a subset of the US Municipal Index and includes only bonds issued within the past 5 years with a maturity range of one to ten years. Bonds must have an index rating Aa3 and above. Bonds whose purpose is for health care or housing are excluded. Source: Bloomberg Indices.

The **FTSE 3-Month U.S. Treasury Bill Index** is an index based upon the average monthly yield of the 90-day Treasury bills. Treasury bills are secured by the full faith and credit of the U.S. Government and offer a fixed rate of return. Source: FTSE.

The **Merrill Lynch 1-3 Year Treasury Bond 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: Merrill Lynch.

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.

**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.

**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.

**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.

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**At Franklin Templeton, everything we do has a single focus: to deliver better client outcomes.**

- We have deep expertise across equity, fixed income, alternatives, multi-asset solutions and cash strategies
- We offer an unmatched range of specialist investment managers, consisting of more than 1,500 investment professionals
- Over 75 years of experience in identifying opportunities and delivering investment solutions to clients.

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Investments for the program(s) discussed herein are traded primarily in U.S. markets and unless otherwise noted, equity and fixed income investments for such program(s) are primarily of U.S. issuers. In addition, unless otherwise noted, indexes referred to herein represent groups of securities that are issued primarily by U.S. issuers.

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