

Franklin Rising Dividends SMA



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

Investment overview

The Franklin Rising Dividend SMA seeks long-term capital appreciation by investing at least 65% of its net assets in companies of any size that have paid consistently rising dividends. Capital preservation, while not an investment goal, is an important consideration. We anticipate the strategy may provide some risk management during times of heightened stock market volatility or protracted downturns.

Investment philosophy

- We believe that companies with consistently rising dividends should, over time, also realize stock price appreciation commensurate with dividend growth over the long term.

Investment process

Under normal market conditions, the portfolio invests at least 65% of its assets in companies that have paid consistently rising dividends. The portfolio invests predominantly in equity securities of companies that meet three of four of the following criteria:

- Consistently increased dividends in at least 8 out of the last 10 years, and have not decreased dividends during that time;
- Increased dividends substantially (at least 100%) over the last 10 years;
- Reinvested earnings, paying out less than 65% of current earnings in dividends (except for utility companies)
- Either long-term debt that is no more than 50% of total capitalization (except for utility companies) or senior debt that has been rated investment grade by at least one of the major bond rating organizations.

After initial investment screens are run, the Franklin Rising Dividends investment team then employs bottom-up, fundamental analysis to construct a more focused portfolio of companies that we believe offer strong rising dividends prospects going forward.

The portfolio may invest the rest of its assets in equity securities of companies that pay dividends but do not meet all of these criteria. The Portfolio may invest in companies of any size, across the entire market spectrum.

Investment management team

Matt Quinlan
Portfolio Manager
Industry since 1995

Amritha Kasturirangan, CFA
Portfolio Manager
Industry since 2001

Nayan M Sheth, CFA
Portfolio Manager
Industry since 2002

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

Top Ten Holdings (%)

	Portfolio
Microsoft Corporation	7.95
Visa Inc. Class A	3.46
Apple Inc.	3.14
Linde plc	2.96
UnitedHealth Group Incorporated	2.96
Broadcom Inc.	2.84
Stryker Corporation	2.76
Roper Technologies, Inc.	2.71
JPMorgan Chase & Co.	2.60
Texas Instruments Incorporated	2.54
Total	33.91

Sector Weightings (%)

	Portfolio	BM
Information Technology	25.68	29.63
Health Care	15.61	11.18
Financials	13.92	14.68
Industrials	13.80	8.47
Consumer Staples	10.19	6.05
Consumer Discretionary	6.62	10.31
Materials	6.33	2.02
Energy	3.38	3.66
Utilities	1.20	2.54
Communication Services	0.00	9.20
Real Estate	0.00	2.27
Cash & Other Net Assets	3.28	0.00

Market Capitalization (%)

	Portfolio
5.0-10.0 Billion	1.28
10.0-25.0 Billion	5.75
25.0-50.0 Billion	6.82
>50.0 Billion	86.15

Characteristics

	Portfolio	BM
Price to Earnings (12-Month Trailing)	27.14x	25.32x
Price to Cash Flow	21.76x	22.60x
Price to Book	12.50x	6.73x
Dividend Yield	1.63%	1.34%
Weighted Average Market Capitalization (Millions USD)	\$548,441	\$881,326

†Source: Franklin Templeton. Portfolio characteristics and sector weightings are based on representative accounts within the composite. Portfolio characteristics and sector weightings of individual client portfolios in the program may differ, sometimes significantly, from those shown above. Assumes no client-imposed restrictions. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the sectors listed and should not be used as a sole basis to make any investment decisions.

Performance

Annualized Rates of Return – Pure Gross and Net of Fees (%) as of March 31, 2025 – PRELIMINARY – (Inception date: 6/30/2015)

	YTD*	1 Mth*	3 Mths*	1 Year	3 Year	5 Year	Since Incept
Franklin Rising Dividends SMA–Pure Gross of Fees—(USD)	-1.28	-3.95	-1.28	2.43	5.86	16.00	11.29
Franklin Rising Dividends SMA–Net of Fees—(USD)	-2.02	-4.20	-2.02	-0.55	2.78	12.65	8.07
S&P 500 Index—(USD)	-4.27	-5.63	-4.27	8.25	9.06	18.59	12.81

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

	YTD	2024	2023	2022	2021	2020	2019	2018	2017	2016
Franklin Rising Dividends SMA–Pure Gross of Fees—(USD)	-1.28	11.70	12.87	-10.06	27.75	17.19	31.43	-4.62	21.32	15.04
Franklin Rising Dividends SMA–Net of Fees—(USD)	-2.02	8.46	9.60	-12.71	24.10	13.80	27.68	-7.42	17.84	11.72
S&P 500 Index—(USD)	-4.27	25.02	26.29	-18.11	28.71	18.40	31.49	-4.38	21.83	11.96

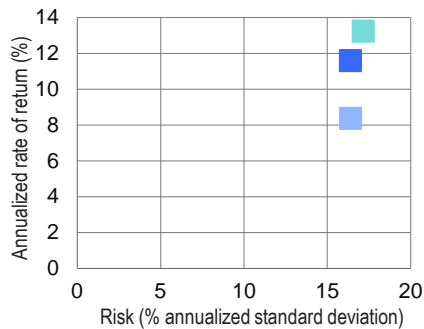
The strategy returns shown are preliminary composite returns, subject to future revision (downward or upward). Past performance is not a guarantee of future results. An investment in this strategy can lose value. Please visit www.franklintempleton.com for the latest performance figures. Investors cannot 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" (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. 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. Franklin Templeton 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.

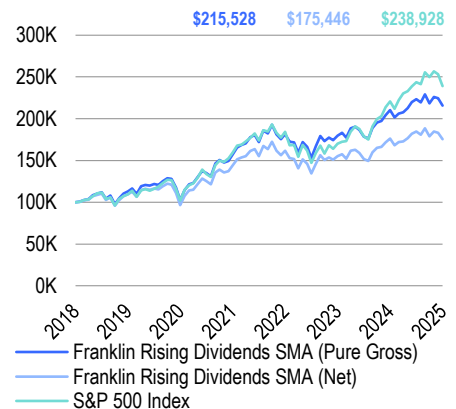
Performance Statistics ¹ Preliminary (based on 7-year period ending March 31, 2025)

Risk/Return profile (%)

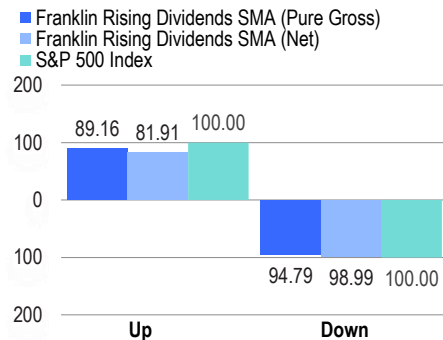


■ Franklin Rising Dividends SMA (Pure Gross)	
Annualized Return (%)	11.59
Annualized Standard Deviation (%)	16.40
■ Franklin Rising Dividends SMA (Net)	
Annualized Return (%)	8.36
Annualized Standard Deviation (%)	16.40
■ S&P 500 Index	
Annualized Return (%)	13.25
Annualized Standard Deviation (%)	17.17

Growth of \$100,000*



Up/Down market capture ratios (%)



Modern portfolio statistics

	Portfolio (Pure gross)	Portfolio (Net)	BM
Sharpe Ratio	0.60	0.42	0.67
Beta	0.92	0.92	N/A
Alpha (%)	-0.71	-3.61	N/A
R-Squared	0.93	0.93	N/A

	(+) Months	(-) Months
Pure Gross:	56	28
Net:	56	28

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" (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.

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.

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

The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. Source: © S&P Dow Jones Indices LLC. All rights reserved.

What are the risks?

All investments involve risks, including possible loss of principal. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Dividends** may fluctuate and are not guaranteed, and a company may reduce or eliminate its dividend at any time. **Equity securities** are subject to price fluctuation and possible loss of principal. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. **Active management** does not ensure gains or protect against market declines. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. The manager may consider **environmental, social and governance (ESG)** criteria in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated.

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