

WESTERN ASSET MUNICIPAL BOND LADDERS (1-15 YEARS)

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

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
- 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

Risks: All investments involve risk, including loss of principal and there is no guarantee that investment objectives will be met.

Fixed income securities are subject to interest rate and credit risk, which is a possibility that the issuer of a security will be unable to make interest payments and repay the principal on its debt. As interest rates rise, the price of fixed income securities falls.

Fixed income securities are subject to illiquidity risk, which is the risk that securities may be difficult to sell at certain prices when no market participants are willing to purchase the securities at such prices. 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.

STEP 1

Identify term structure of ladder

Term structure

- Purchase municipal bonds maturing at regular intervals from 1-15 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

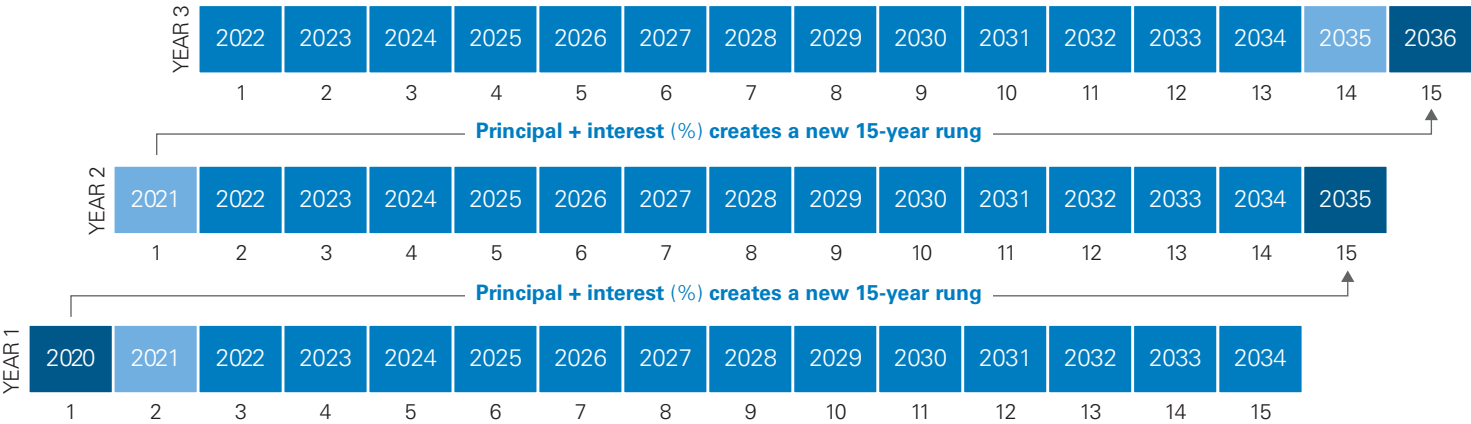
Why invest in a municipal bond ladder?

- 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

How reinvesting can advance the ladder

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

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.

¹ Other options may be available.

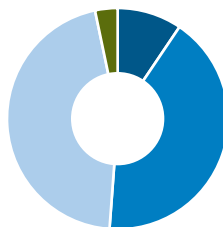
Portfolio information¹ as of March 31, 2021

Characteristics

Effective Duration (Years)	4.76
Yield to Maturity (%)	2.05
Average Maturity (Years)	8.28
Average Coupon Rate (%)	4.45
Yield to Worst (%)	1.07
Current Yield (%)	3.88

Credit Quality (%)²

AAA	9.44
AA	41.74
A	45.53
BBB	3.29



Maturity (%)

0 - 1	0.00
1 - 2	9.93
2 - 3	3.34
3 - 4	9.47
4 - 5	7.71
5 - 6	1.78
6 - 7	6.72
7 - 8	6.72
8 - 9	10.48
9 - 10	6.62
10 - 11	10.10
11 - 12	0.00
12 - 13	6.83
13 - 14	6.74
14 - 15	10.25
15+	3.30

Current Yield is defined as the coupon of a bond divided by its price.

¹ Source: Franklin Resources, Inc. Portfolio characteristics and sector weightings are based on a representative account within the composite. Portfolio characteristics and sector weightings of individual client portfolios in the program may differ, sometimes significantly, from those shown above. 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. **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. The **Coupon Rate** is the annual coupon payments paid by the issuer relative to a bond's face or par value. **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 call 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.

² 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.

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 1,300 investment professionals
 - Over 70 years of experience in identifying opportunities and delivering investment solutions to clients.
-

Important tax information: Franklin Resources, Inc, its affiliates, and its employees are not in the business of providing tax or legal advice to taxpayers. These materials and any tax-related statements are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties or complying with any applicable tax laws or regulations. Tax-related statements, if any, may have been written in connection with the "promotion or marketing" of the transaction(s) or matter(s) addressed by these materials, to the extent allowed by applicable law. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Separately Managed Accounts (SMAs) are investment services provided by Legg Mason Private Portfolio Group, LLC (LMPPG), a federally registered investment advisor. Client portfolios are managed based on investment instructions or advice provided by one or more of the following Franklin Resources, Inc affiliated subadvisors: Western Asset Management Company, LLC. Management is implemented by LMPPG, the designated subadvisor or, in the case of certain programs, the program sponsor or its designee.

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.

Any information, statement or opinion set forth herein is general in nature, is not directed to or based on the financial situation or needs of any particular investor, and does not constitute, and should not be construed as, investment advice, forecast of future events, a guarantee of future results, or a recommendation with respect to any particular security or investment strategy or type of retirement account. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional.

www.leggmason.com ©2021 Legg Mason Investor Services, LLC. Member FINRA, SIPC. Legg Mason Investor Services, LLC and Western Asset Management Company, LLC are wholly owned subsidiaries of Franklin Resources, Inc. 991069 AMXX336691 - SMA WMB15 FF