Franklin Templeton/PMC ActivePassive Portfolios

Blending two different, yet complementary, investment approaches

Combining actively managed Franklin Templeton mutual funds with portfolio construction and asset allocation by Envestnet | PMC, the ActivePassive Portfolios offer investors the advantages of two seemingly different investment approaches.

PMC: methodology steeped in sound fundamental theory and disciplined execution

Capital markets assumptions (CMAs)
CMAs are the expected returns, standard deviations, and correlations that represent the long-term risk/return forecasts for numerous asset classes. CMAs serve as the foundation for portfolio construction, risk measures, asset allocation models, and portfolio wealth forecasts.

Asset allocation
CMAs inform our asset allocation methodology, guiding the construction of a series of risk-based asset class portfolios at various domestic equity tiers and diversifying asset class combinations.

Due diligence
Through a multistage and multifactor due diligence process, PMC seeks to provide comprehensive, unbiased coverage of asset classes and strategies, identify managers that consistently outperform benchmarks on a risk-adjusted basis, maintain the integrity of asset allocations through appropriate manager recommendations, and deliver timely communications.

Portfolio solutions
PMC combines specialist asset managers and PMC capital markets intelligence to create advanced mutual fund wrap portfolios.

Franklin Templeton Investments: a trusted, long-term partner in investment management

Focus on investment excellence
A multiple manager structure brings together specialized investment teams with distinct styles to offer clients a full range of investment capabilities. Investment teams are supported by a global platform that includes rigorous compliance and active risk management.

Global perspective shaped by local expertise
Leverages the firsthand research and insights of more than 600 investment professionals[1] in 33 countries around the world to give investors access to global opportunities others might miss.

Strength and experience gained over 70 years
Offers clients the strength and experience gained from decades of active asset management. A track record of fiscal responsibility includes conservative balance sheet management practices, substantial liquid cash and investments, and access to additional liquidity.

Long-standing commitment to financial professionals
Franklin Templeton has a long-standing commitment to financial professionals founded in the value of advice. With this commitment, comes a team of seasoned professionals and resources dedicated to providing exceptional service to financial professionals.

[1] As of December 31, 2017. Investment professionals include portfolio managers, portfolio managers/analysts, research analysts and traders of Franklin, Templeton, Franklin Mutual Series, and subsidiary investment management groups.

Why Combine Active and Passive?

PMC believes an appropriate blend of active and passive solutions can help to deliver the best of both worlds. This is supported by our study[2] of almost 10,000 mutual funds across 75 Morningstar categories over a 33-year period; key findings included the following:

Active managers tended to outperform in certain **asset classes**, while passive managers tended to outperform in others.

Active	Passive
• Int'l Large Cap Growth	• Inflation Protected Bond
• Int'l Large Cap Core	• Intermediate Bond
• Int'l Small/Mid Core	• Intermediate Muni
• Int'l Small/Mid Growth	• Emerging Mkts Bond
• Int'l Small Mid Value	• Large Cap Core
• Int'l Emerging Mkts	• Large Cap Value
• Mid Cap Growth	• Long Muni
• REITs	• Mid Cap Value
• Small Cap Growth	• Short Bond
	• Short Muni
	• Short Gov't

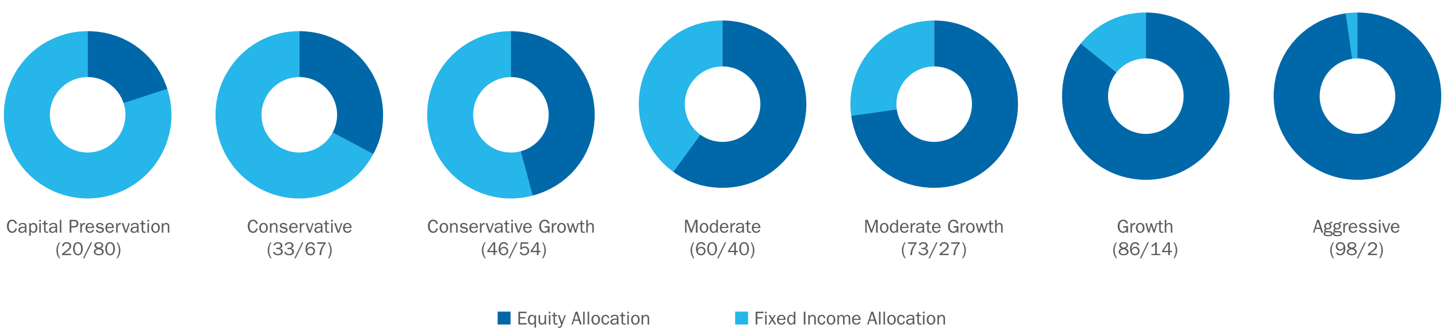
Similarly, active managers tended to fare better in certain **market conditions**, while passive managers tended to do better in others.

Market Environment	Active	Passive
Low Volatility		●
High Volatility	●	
High Correlations		●
Low Correlations	●	
Up Trending Markets		●
Down Trending Markets	●	
Efficient Asset Classes		●
Inefficient Asset Classes	●	

Portfolios to suit a range of objectives

The Franklin Templeton/PMC ActivePassive Portfolios offer seven, strategically managed target allocations. PMC's strategic approach is based on the belief that stable, fundamentally driven diversification across asset classes, sectors, and countries can deliver long-term investment results.

Seven Target Allocation Strategies



[2] See PMC Quantitative Research Group study, "Active vs. Passive Asset Management: Investigation of the Asset Class and Manager Selection Decisions" for complete methodology and findings.

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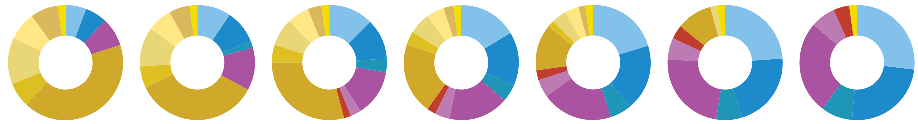
Franklin Templeton/PMC ActivePassive Portfolios[3]



			Capital Preservation	Conservative	Conservative Growth	Moderate	Moderate Growth	Growth	Aggressive
U.S. Equity			**12.0%**	**21.0%**	**30.5%**	**40.0%**	**49.0%**	**57.5%**	**66.0%**
Large-Cap Value	FLCHX	Fidelity® Large Cap Value Index Prm	6.0%	9.5%	13.0%	17.0%	21.0%	24.5%	28.0%
Large-Cap Growth	FCGAX	Franklin Growth Adv	6.0%	9.5%	12.0%	15.5%	19.0%	22.0%	25.5%
Small-Cap Core	FSSVX	Fidelity® Small Cap Index Premium		2.0%	3.5%	5.0%	6.0%	7.0%	8.0%
Commodities	FSLPX	Franklin Pelagos Commodities Strat Adv			2.0%	2.5%	3.0%	4.0%	4.5%
Global/International Equity			**8.0%**	**12.0%**	**15.5%**	**20.0%**	**24.0%**	**28.5%**	**32.0%**
Int'l Developed Mkts	FNGZX	Franklin Intl Growth Adv		5.0%	5.0%	8.0%	10.0%	11.5%	13.0%
Int'l Developed Mkts	TFFAX	Templeton Foreign Adv	8.0%	7.0%	8.0%	9.0%	10.0%	12.0%	13.0%
Int'l Emerging Mkts	TDADX	Templeton Developing Markets Adv			2.5%	3.0%	4.0%	5.0%	6.0%
Fixed Income			**80.0%**	**67.0%**	**54.0%**	**40.0%**	**27.0%**	**14.0%**	**2.0%**
Intermediate Bond	VBTLX	Vanguard Total Bond Market Index Adm	42.0%	36.0%	30.0%	21.0%	15.0%	10.0%	
High Yield	FVHIX	Franklin High Income Adv	6.0%	5.0%	4.0%	3.0%			
International Bond	TGBAX	Templeton Global Bond Adv	13.0%	11.0%	8.0%	6.0%	4.0%	2.0%	
Bank Loan	FDAAX	Franklin Floating Rate Daily Access Adv	8.0%	7.0%	6.0%	5.0%	4.0%		
Short Bond	VBIRX	Vanguard Short-Term Bond Index Adm	9.0%	6.0%	4.0%	3.0%	2.0%		
Cash		Core Money Market	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Weighted avg. gross expense ratio[4]			**0.31%**	**0.34%**	**0.38%**	**0.41%**	**0.44%**	**0.47%**	**0.51%**

Key features of the portfolios

Professional asset management

Investors have the advantage of professional portfolio construction and ongoing management.

Risk-based investing

Seven portfolios constructed by PMC that spread risk over multiple, diverse types and classes of mutual funds.

Active/Passive Approach

The portfolios combine actively managed Franklin Templeton mutual funds and other active and passive managers that pass strict and regular scrutiny by PMC.

Convenience for investors and advisors

Reporting tools, including informative and customized quarterly performance reports, allow advisors to enhance their productivity and discussions with clients.

[3] Fund holdings and allocations are as of April 20, 2018 and should not be considered a recommendation to buy or sell a particular security. There is no assurance that any specific securities listed will remain in a portfolio.

[4] The weighted average of the gross expense ratios of the funds and/or ETFs used in the portfolio are as of April 20, 2018.

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**For more information about the portfolios,
email PMCConsulting@envestnet.com or visit our website at investpmc.com.**

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This communication may not be provided to a client because only the client's financial professional is in a position to provide advice that is based on the investment needs of the client.

RISK DISCLOSURES

While an asset allocation plan can be a valuable tool to help reduce overall volatility, all investments involve risks, including possible loss of principal. Because these portfolios include funds, which may engage in a variety of investment strategies involving certain risks, the portfolios are subject to those same risks.

Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in developing markets, of which frontier markets are a subset, involve heightened risks related to the same factors.

Bond prices generally move in the opposite direction of interest rates. Thus, as the prices of bonds in a fund adjust to a rise in interest rates, a fund's share price may decline. Investing in higher-yielding, lower-rated, floating-rate loans and debt securities involves greater risk of default, which could result in loss of principal—a risk that may be heightened in a slowing economy. Sovereign debt securities are subject to various risks in addition to those relating to debt securities and foreign securities generally, including, but not limited to, the risk that a government entity may be unwilling or unable to pay interest and repay principal on its sovereign debt, or otherwise meet its obligations when due. Derivatives, including currency management strategies, involve costs and can create leverage in a fund's portfolio, which may result in significant volatility and cause the fund to participate in losses on an amount that exceeds the fund's initial investment. The fund may not achieve the anticipated benefits, and may realize losses when a counterparty fails to perform as promised. Alternative investments may not be suitable for all investors and involve special risks such as leveraging the investment, potential adverse market forces, regulatory changes and potentially illiquidity. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses. Investing in physical commodities, either directly or through derivative instruments such as commodity-linked total return swaps, commodity futures, commodity index futures and options on commodity futures and commodities index futures, presents unique risks, is speculative and can be extremely volatile. Please consult a fund's prospectus for a complete discussion of fund risks.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not ensure against market risk.

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