

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **Franklin Templeton Launches Franklin Municipal Green Bond Fund for US Investors.**

SAN MATEO, Calif.-(BUSINESS WIRE)-Franklin Templeton today announced the launch of [Franklin Municipal Green Bond Fund](#), one of the few strategies solely focusing on muni green bonds. The fund seeks to maximize income exempt from federal income taxes by investing in green bonds, including climate bonds, sustainability bonds and environmental impact bonds.

“The muni green bond universe is expanding, and for investors, green bonds provide an opportunity to dedicate capital to projects and programs that have a defined environmental purpose,” said Ben Barber, director of Municipal Bonds for Franklin Templeton Fixed Income, “As demand builds from impact-focused investors and financial professionals, the limited inventory of offerings gives our team first mover advantage. As one of the largest municipal bond fund managers in the nation, our resources allow us to more completely analyze the space and better identify truly green projects.”

Franklin Municipal Green Bond Fund is managed by San Mateo, California-based portfolio managers Daniel Workman and Nicholas Bucklin of Franklin Templeton’s Municipal Bond team, one of the longest-tenured municipal bond investment teams in the industry. The portfolio managers leverage the firm’s experienced team of research analysts dedicated to municipal bond analysis to identify authentic green bonds.

“We believe active management is critical for municipal green bond investors,” Workman said. “In addition to applying credit research and identifying relative value opportunities, we perform due diligence to select authentic green bonds instead of solely relying on third party screens or labels that may not properly scrutinize the use of proceeds of a given green bond. We also look for opportunities to invest in unlabeled green bonds that use proceeds for clear environmental objectives.”

Bucklin added, “The municipal green bond market is young and continues to evolve, and the growing market allows dedicated green bond investment portfolios to achieve diversification across sectors and issuers. For investors seeking to align long-term investment goals with their environmental values, we believe Franklin Municipal Green Bond Fund offers a compelling solution.”

Franklin Municipal Green Bond Fund will invest at least 80 percent of its net assets in municipal green bonds. The universe of US municipal green bond issuers includes states, cities, municipal water and sewer enterprises, transportation systems, universities, and hospitals, among others. Under normal market conditions, the fund will invest at least 80 percent of its net assets in municipal securities whose interest is free from regular federal income taxes.<sup>i</sup> The fund also may have up to 100 percent of its assets in securities that pay interest subject to the federal alternative minimum tax.

The fund’s managers will leverage the same fundamental, bottom-up research analysis employed throughout the team’s range of municipal bond strategies. The research team is organized by sector groups, and there is at least one research analyst covering every sector of the municipal market.

Due to the fragmented nature of the market, each sector has its own distinct criteria—both quantitative and qualitative—that analysts use to evaluate the creditworthiness of a given issuer.

As a signatory to the Principles for Responsible Investment (PRI), Franklin Templeton has made a firm-wide commitment to integrating an analysis of ESG factors into its core investment process across all of its investment teams and asset classes. The Municipal Bond team has responded by instituting a multi-pronged approach to ESG analysis for each credit reviewed.

Franklin Templeton's 31-member municipal bond team manages a wide variety of single state and national municipal bond strategies for investors in the US and beyond, via a comprehensive fund lineup and institutional and separately managed accounts (SMAs), which include a green bond SMA.

All investments involve risks, including possible loss of principal. Because municipal bonds are sensitive to interest rate movements, the fund's yield and share price will fluctuate with market conditions. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the fund adjust to a rise in interest rates, the fund's share price may decline. Changes in the credit rating of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. Some sectors might be more likely to issue green bonds, and events or factors impacting these sectors may have a greater effect on, and may more adversely affect, the fund than they would a fund that does not invest in issuers with a common purpose. Green bonds may not result in direct environmental benefits and the issuer may not use proceeds as intended or to appropriate new or additional projects. The fund may invest a significant part of its assets in municipal securities that finance similar types of projects, such as utilities, hospitals, higher education and transportation. A change that affects one project would likely affect all similar projects, thereby increasing market risk. These and other risk considerations are discussed in the fund's prospectus.

Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN / (800) 342-5236 or visit [franklintempleton.com](http://franklintempleton.com). Please carefully read a prospectus before you invest or send money.

August 04, 2020 09:30 AM Eastern Daylight Time