

References

- [Franklin Templeton Corporate Governance Documents](#)
- [Franklin OnChain U.S. Government Money Fund Prospectus](#)
- [Franklin OnChain U.S. Government Money Fund SAI](#)
- Appendix 1: Say Hello to Benji (see end of MIP for supporting content)
- Appendix 2: Organizational Chart and Firm's Senior Management Structure (see end of MIP for supporting content)
- Appendix 3: Franklin Templeton Supplemental Information (see end of MIP for supporting content)

Sentence Summary

- In MIP #, Franklin Templeton is proposing a \$100mm initial allocation of shares of the Franklin OnChain U.S. Government Money Fund (FOBXX) to be included as a portion of the Peg Stability Module (PSM).

Paragraph Summary

- Under MIP #, a portion of MakerDAO's PSM would be invested in the world's first registered money market mutual fund offered in token form, BENJI. One BENJI token is equivalent to one share of Franklin OnChain U.S. Government Money Fund. Similar to the objective of stablecoins, FOBXX tries to maintain a stable \$1.00 share price (NAV), which it's maintained since inception. FOBXX 7-day current yield of 4.47% as of March 31, 2023, with a 20 bps net expense ratio. We recommend a \$100mm initial allocation with potential investment up to \$500mm depending on the total AUM of FOBXX.

Component Summary

- MIP0c1: The Opportunity In this section, we highlight the opportunity for MakerDAO to invest in the Franklin OnChain U.S. Government Money Fund, FOBXX (hereafter referred to as the BENJI token).
- MIP0c2: Franklin OnChain U.S. Government Money Fund In this section, we highlight the proposed investment strategy for MakerDAO's PSM.
- MIP0c3: Why Franklin Templeton Digital Assets In this section, we elaborate on our team and how we're engaged in the digital assets ecosystem.
- MIP0c4: Firm Overview In this section, we present an introduction to Franklin Templeton.

Motivation

- The Franklin OnChain U.S. Government Money Fund, also known as the BENJI token, provides an opportunity for MakerDAO to practice sound treasury management while also generating attractive income. The BENJI token is a competitive solution for PSM diversification, while also acting as an additional source of income generation through competitive yield. The on-chain nature of the fund provides transparency to investors. Although the PSM may be able to

accommodate a larger investment than \$100mm (a potential of up to \$500mm), we would advise allowing the Fund's size to grow before increasing the allocation.

Specification / Proposal Details

MIP0c1: The Opportunity

We have created a digital asset security that represents a share of a regulated money market mutual fund. We have worked alongside regulators to develop this on-chain money market mutual fund, the BENJI token, that provides transparency by using blockchain technology to process transactions and record share ownership. The fund's transfer agent maintains the official record of share ownership via a proprietary blockchain-integrated system that utilizes a public blockchain for recording transactional activity. Ensuring the safety and stability of a DAO's Treasury is of the utmost importance and, as a result, many invest in stablecoins to try to preserve capital. Stablecoin providers invest the underlying assets across many different investment types to generate return but rarely pass that return onto holders of the stablecoin. In BENJI's case, we believe that the MakerDAO Treasury can not only receive the benefit of capital preservation, but can also earn the income generated off of the underlying collateral.

As mentioned later in the MIPc02 section, the Franklin OnChain U.S. Government Money Fund invests 99.5% of its total assets in Government securities, cash and repurchase agreements collateralized fully by Government securities or cash.

We would like to advocate for the MakerDAO Treasury to liquidate a portion of its reserves and invest in the BENJI token. Please see Appendix 1 - Say Hello to Benji for more information on the fund and the process for investing.

The BENJI token represents shares of a government money market mutual fund that's registered under the Investment Company Act of 1940 but performs the transfer agent transaction record-keeping function via a public blockchain. It's important to note that there is no personal identifiable information publicly available on the blockchain, just transaction-level data. Unlike many similar offerings, BENJI records transaction records and fund ownership via a public blockchain, which means that the DAO would have increased transparency and assurance that their assets are in good stead. The DAO Treasury can interact with their account at any time using our Benji Institutional interface and provide a look through to their holdings using the Stellar Explorer.

Please see below for a preview of our institutional interface supporting the BENJI token.

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Please see the previews below of the Stellar Explorer tool that provides increased transparency, where historical transaction data and fund ownership is always readily available.

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Franklin OnChain U.S. Government Money Fund has maintained a NAV of \$1.00 since inception, providing price stability, and is also required by law to provide quarterly public disclosure of all holdings. While minor, many of the largest stablecoins have faced price volatility in the peg of their stablecoin.

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Additionally, the Fund generated a 7-day current yield of 4.47% as of March 31, 2023. This yield is distributed directly to investors, providing a yield-generating investment with a stable NAV. To see current 7-day yield figures for the Fund, updated on a daily basis, please visit: [Franklin OnChain U.S. Government Money Fund - FOBXX \(franklintempleton.com\)](https://www.franklintempleton.com/fof/franklin-on-chain-u-s-government-money-fund-fof-fofxx)

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Investment Objective

The Franklin OnChain U.S. Government Money Fund, also known as the BENJI token, seeks to provide capital and liquidity preservation characteristics presents a unique opportunity for Maker DAO. The BENJI token can help diversify Maker DAO's PSM into a steady, income-generating asset that can provide both capital and liquidity preservation.

MIP0c2: Franklin OnChain U.S. Government Money Fund

Please refer to [Franklin OnChain U.S. Government Money Fund Prospectus

](https://www.franklintempleton.com/tools-and-resources/lit-preview/29386/SINGLCLASS/franklin-on-chain-u-s-government-money-fund-summary-prospectus#prospectus) and [Franklin OnChain U.S. Government Money Fund SAI

](https://www.franklintempleton.com/tools-and-resources/lit-preview/29386/SINGLCLASS/franklin-on-chain-u-s-government-

money-fund-summary-prospectus#statement-of-additional-information) for more detailed information.

1. Overview and the Use of Blockchain

Franklin OnChain U.S. Government Money Fund's investment goal is to provide investors with as high a level of current income as is consistent with the preservation of shareholders' capital and liquidity. The Fund tries to maintain a stable \$1.00 share price.

The Fund's transfer agent maintains the official record of share ownership via a proprietary blockchain-integrated system that utilizes features of traditional book-entry form and the Stellar network's blockchain. Further interoperability with other blockchains is on our current roadmap.

One BENJI token is equivalent to one share of the Franklin OnChain U.S. Government Money Fund.

1. Investment Philosophy and Investment Process

The Franklin OnChain U.S. Government Money Fund invests at least 99.5% of its assets in Government securities, cash and repurchase agreements collateralized fully by Government securities or cash.

The Fund invests in:

- U.S. government securities, which may include fixed, floating and variable rate securities.
- Repurchase agreements which are agreements by the Fund to buy Government securities and then to sell the securities back on an agreed upon date (generally, less than seven days) at a higher price, which reflects prevailing short-term interest rates.

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The Fund only buys securities that the investment manager determines present minimal credit risks. The Fund maintains a dollar-weighted average portfolio maturity of 60 calendar days or less, maintains a dollar-weighted average life for its portfolio of 120 calendar days or less, and only buys securities that mature or are deemed to mature in 397 calendar days or less.

The Fund uses the amortized cost method of valuation to seek to maintain a stable \$1.00 share price and does not currently intend to impose liquidity fees or redemption gates on Fund redemptions.

1. Portfolio Construction

The two portfolio managers on this Fund are Shawn Lyons and Johnson Ng, with 26 and 25 years of service, respectively. The portfolio managers seek to build a diversified portfolio of Government securities. Government securities include those issued by government agencies or instrumentalities, such as the Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Home Loan Banks and Federal Farm Credit Banks, whose securities are neither issued nor guaranteed by the U.S. Government.

The portfolio managers make the final security selection decisions, consistent with desired overall risk positioning, and based on relative pricing and trading liquidity. Throughout the portfolio construction process, dedicated risk analysts collaborate with the portfolio manager to identify the level and sources of risk and help determine optimal position sizing.

1. Fees and Expenses of the Fund

The Franklin OnChain U.S. Government Money Fund's total annual fund operating expenses after fee waiver and/or expense reimbursement is 0.20%. In comparison, Fidelity Government Money Market Fund's total annual fund operating expenses are 0.42% as of June 29, 2022; American Century U.S. Government Money Market Fund's total annual fund operating expenses sit between 0.45 – 1.20% as of August 1, 2022, depending on share class.

1. Purchase and Sale of Fund Shares

For retail investors to open an account with the Fund, they must first download Benji Investments by Franklin Templeton, a mobile application available through the Apple App Store and Google Play (App). The App is free to download and use. All fees associated with the use of the blockchain will be the responsibility of the investment manager or its affiliates. Prior to opening an account, the Fund will collect certain information from you in accordance with its anti-money laundering and know-your-customer policies and procedures. Investors may purchase or redeem shares of the Fund at any time through the App, although purchases and redemptions of Fund shares will only be processed during normal business hours on business days. Investors may only purchase and redeem Fund shares using the App. For more information, please see the

sections of this prospectus entitled “Your Account – Account Application” and “Your Account – Privileges via the App”. The minimum initial purchase for most accounts is \$20. There is no minimum investment for subsequent purchases.

For institutional investors who are so inclined, such as MakerDAO, we have built a customized user interface to interact with their Benji account.

MIP0c3: Why Franklin Templeton Digital Assets

Franklin Templeton Digital Assets has been engaged in intensive research and technical development within the digital asset ecosystem for the last several years, developing technology platforms, creating product expertise and strategy differentiation to help clients achieve their investment goals in this new asset class, all while supporting and investing in digital asset networks. We are committed to four distinct pillars across the digital asset economy:

- Digital Assets Technology:

In early 2021, Franklin Templeton Digital Assets launched the world's first U.S.-registered mutual fund to use blockchain to process transactions and record share ownership, Franklin OnChain U.S. Government Money Fund, which Franklin built from the ground up. Our software development team also built a full service blockchain-based technology stack to support this new blockchain-enabled money fund, which includes: * A digital transfer agent, where a blockchain acts as a digital ledger that records fund transactions and ownership,

- An internal digital asset management system to manage our digital asset investment strategies,
- And a digital wallet infrastructure that possesses both hot and cold wallet capabilities to custody digital assets.
- A digital transfer agent, where a blockchain acts as a digital ledger that records fund transactions and ownership,
- An internal digital asset management system to manage our digital asset investment strategies,
- And a digital wallet infrastructure that possesses both hot and cold wallet capabilities to custody digital assets.
- Digital Assets Investment Strategies:

By incubating a range of digital asset strategies, Franklin Templeton Digital Assets has been building the capability to provide clients investment exposure into this new alternative asset class. The team can offer the full spectrum of strategy types, from index-oriented to more strategic opportunity sets. Franklin Templeton Digital Assets has developed new ways of evaluating digital assets from both a quantitative and fundamental perspective which has driven our track records' success.

- Blockchain Venture Capital:

Franklin Templeton Digital Assets believes that, as with many investment types, much of the alpha generation in this space can occur in the early stages. The team has been able to develop new techniques to help expand its opportunity set using its proprietary quantamental research methods. Franklin Templeton Digital Assets is committed to uncovering and investing in the next wave of Web3 entrepreneurs and technology that can influence digital assets.

- Node Operations:

Franklin Templeton Digital Assets is dedicated to supporting and securing the networks in which it operates, which is why it has been immersed in node validation and staking on a variety of blockchain networks. The team knows how staking can have an impact on client portfolios and help drive returns. Franklin Templeton Digital Assets' node operations group has been developing strategies around this exciting capability.

MIP0c4: Firm Overview

Investment Capabilities and Assets Under Management:

Franklin Resources, Inc. is the holding company for various subsidiaries that form the global investment management organization known as Franklin Templeton. Today, Franklin Resources, Inc. is one of the largest publicly traded investment management companies in the world, with offices in over 30 countries. The company is listed on the New York Stock Exchange under the ticker BEN and is a constituent of the S&P 500 Index.

With more than 75 years of active management experience, Franklin Templeton offers investment solutions to help clients achieve better outcomes. Our independent specialist investment managers (SIMs) provide clients with deep expertise and boutique specialization across asset classes, investment styles, and geographies. Furthermore, our SIMs are backed by a global infrastructure with at-scale capabilities in research, data analytics, and servicing—this combination of independent, entrepreneurial SIMs and global strength makes Franklin Templeton uniquely agile and allows us to offer 200+ investment strategies across a full range of vehicles.

As of March 31, 2023, Franklin Templeton managed total assets of almost US\$1.4 trillion.

Organizational Culture

At Franklin Templeton we aim to offer the best of both worlds: global strength and boutique specialization. We believe our corporate culture sets us apart as we strive to make meaningful connections with our clients, our communities, and each other. In a business as complex as investing, these relationships are a source of critical perspective. That is why we build valuable connections between our clients, our portfolio managers, business leaders, and economic experts. As a firm, we are also committed to being good corporate citizens – fostering a more inclusive investment environment, empowering our employees to volunteer in their communities, and seeking to help create a brighter future through charitable giving. Our culture is also further enriched by the diversity of thought of our 9,400 employees around the globe.

Organizational Chart and Firm's Senior Management Structure

Please see Appendix 2 – Franklin Templeton Senior Management Structure

for more information.

For other supplemental information on Franklin Templeton's corporate governance, PRI, ESG, risk management, regulatory and related policies, please see Appendix 3 – Franklin Templeton Supplemental Information.

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Appendix Items

- Appendix 1: Say Hello to Benji

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- Appendix 2: Organizational Chart and Firm's Senior Management Structure

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Appendix 2_Organizational Chart and Firm Senior Management Structure

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