

ANNUAL REPORT

# FRANKLIN TEMPLETON ETF TRUST

March 31, 2020



FRANKLIN  
TEMPLETON

Franklin LibertyQ U.S. Equity ETF

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Franklin LibertyQ U.S. Mid Cap Equity ETF

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Franklin LibertyQ U.S. Small Cap Equity ETF

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**Internet Delivery of Fund Reports Unless You Request Paper Copies:** Effective January 1, 2021, as permitted by the SEC, paper copies of the Fund's shareholder reports will no longer be sent by mail, unless you specifically request them from the Fund or your financial intermediary. Instead, the reports will be made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. If you have not signed up for electronic delivery, we would encourage you to join fellow shareholders who have. You may elect to receive shareholder reports and other communications electronically from the Fund by calling (800) 632-2301 or by contacting your financial intermediary.

You may elect to continue to receive paper copies of all your future shareholder reports free of charge by contacting your financial intermediary or, if you invest directly with a Fund, calling (800) 632-2301 to let the Fund know of your request. Your election to receive reports in paper will apply to all funds held in your account.

# Franklin Templeton

Successful investing begins with ambition. And achievement only comes when you reach for it. That's why we continually strive to deliver better outcomes for investors. No matter what your goals are, our deep, global investment expertise allows us to offer solutions that can help.

During our more than 70 years of experience, we've managed through all kinds of markets—up, down and those in between. We're always preparing for what may come next. It's because of this, combined with our strength as one of the world's largest asset managers that we've earned the trust of millions of investors around the world.

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Not FDIC Insured | May Lose Value | No Bank Guarantee

# ANNUAL REPORT

## Economic and Market Overview

U.S. equities, as measured by the Standard & Poor's® 500 Index (S&P 500®), declined during the 12 months under review. Equities posted strong gains for most of the reporting period, aided by relatively steady economic growth, easing trade tensions and the U.S. Federal Reserve's (Fed's) supportive monetary policy. However, a sharp selloff began in late February 2020 amid investor fears of a global economic slowdown due to the novel coronavirus (COVID-19) pandemic. Concerns about global supply chain disruptions, business and personal restrictions, and subdued consumer spending drove many investors to sell equity holdings in favor of perceived safe investments such as government bonds and cash.

The Fed lowered the federal funds target rate three times in 2019 to a range of 1.50%–1.75%. The labor market remained strong through February 2020 and supported consumer spending, though some parts of the economy struggled as annual industrial production contracted and capital spending declined.

However, economic activity weakened considerably as the COVID-19 pandemic spread across the U.S. and many state and local governments issued stay-at-home orders, which included business closures and restrictions. Weekly unemployment claims surged near period-end, reflecting layoffs in many industries, particularly retail, restaurants and hospitality.

As a result, the unemployment rate jumped from a 50-year low of 3.5% in February 2020 to 4.4% at period-end, and the economy contracted in the first quarter, following an expansion that lasted more than a decade.<sup>1</sup>

Market volatility persisted at a heightened level throughout March 2020, as social distancing measures intended to mitigate the pandemic severely weakened the economy. In an effort to boost the U.S. economy and aid businesses and individuals directly impacted by the pandemic, the federal government passed an unprecedented \$2 trillion stimulus package. Furthermore, the Fed cut the federal funds target rate to a range of 0.00%–0.25% and announced sweeping quantitative easing measures aimed at stimulating lending and credit availability. Many investors were encouraged by policymakers' swift and decisive fiscal and monetary stimulus measures. U.S. stocks, as measured by the S&P 500, bounced from multi-year lows, but still finished the reporting period with negative returns.

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*The foregoing information reflects our analysis and opinions as of March 31, 2020. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.*

1. Source: Bureau of Labor Statistics.

# Franklin LibertyQ U.S. Equity ETF

This annual report for Franklin LibertyQ U.S. Equity ETF covers the fiscal year ended March 31, 2020.

## Your Fund's Goal and Main Investments

The Fund seeks to provide investment results that closely correspond, before fees and expenses, to the performance of the LibertyQ U.S. Large Cap Equity Index (the Underlying Index).<sup>1</sup> Under normal market conditions, the Fund invests at least 80% of its assets in the component securities of the Underlying Index. The Underlying Index seeks to achieve a lower level of risk and higher risk-adjusted performance than the Russell 1000<sup>®</sup> Index over the long term by applying a multi-factor selection process, which is designed to select equity securities from the Russell 1000<sup>®</sup> Index that have favorable exposure to four investment style factors: quality, value, momentum and low volatility.

## Performance Overview

For the 12 months under review, the Fund posted cumulative total returns of -10.27% based on market price and net asset value (NAV). In comparison, the LibertyQ U.S. Large Cap Equity Index posted a -10.12% total return for the same period, while the Russell 1000<sup>®</sup> Index posted a -8.03% total return.<sup>2</sup> You can find more of the Fund's performance data in the Performance Summary beginning on page 5.

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com) or call (800) 342-5236.*

1. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell<sup>®</sup> is a trademark of Frank Russell Company. The LibertyQ U.S. Large Cap Equity Index is a systematic, rules-based proprietary index maintained and calculated by FTSE Russell (Russell) based on the Russell 1000<sup>®</sup> Index using a methodology developed with Franklin Templeton to reflect Franklin Templeton's desired investment strategy. Russell 1000<sup>®</sup> Index is market capitalization weighted and measures performance of the largest companies in the Russell 3000<sup>®</sup> Index, which represents the majority of the U.S. market's total capitalization.

2. Source: FactSet.

The indexes are unmanaged and include reinvestment of any income or distributions (after the deduction of certain withholding taxes). They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index.

See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

**The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 22.**

## Top 10 Sectors/Industries

3/31/20

	% of Total Net Assets
Information Technology	19.6%
Consumer Staples	16.6%
Consumer Discretionary	15.2%
Industrials	13.2%
Health Care	11.8%
Utilities	7.9%
Communication Services	4.7%
Real Estate	3.9%
Financials	2.6%
Energy	2.2%

## Investment Strategy

The Fund, using a passive or indexing investment approach, seeks investment results that closely correspond, before fees and expenses, to the performance of the LibertyQ U.S. Large Cap Equity Index. The investment manager seeks to achieve, over time, a correlation between the Fund's performance, before fees and expenses, and that of the Underlying Index of 0.95 or better. A figure of 1.00 would indicate perfect correlation. The Fund's intention is to replicate the component securities of the Underlying Index as closely as possible. However, under various circumstances, it may not be possible or practicable to replicate the Underlying Index. In these circumstances, the Fund may use a "representative sampling" strategy whereby the Fund would invest in what it believes to be a representative sample of the component securities of the Underlying Index, but may not track the Underlying Index with the same degree of accuracy as would an investment vehicle replicating the entire Underlying Index. The Fund's portfolio is reconstituted semiannually following the semiannual reconstitution of the Underlying Index.

**Top 10 Holdings**

3/31/20

<b>Company Sector/Industry</b>	<b>% of Total Net Assets</b>
Gilead Sciences Inc. Health Care	1.4%
Biogen Inc. Health Care	1.3%
Microsoft Corp. Information Technology	1.3%
NextEra Energy Inc. Utilities	1.3%
Bristol-Myers Squibb Co. Health Care	1.2%
Apple Inc. Information Technology	1.2%
Johnson & Johnson Health Care	1.2%
Costco Wholesale Corp. Consumer Staples	1.2%
Walmart Inc. Consumer Staples	1.2%
Intel Corp. Information Technology	1.2%

**Manager's Discussion**

For the fiscal year ended March 31, 2020, individual holdings that lifted the Fund's absolute return included Amedisys, Cirrus Logic and LHC Group. Individual holdings that hindered the Fund's absolute return included Insperty, Essent Group and American Eagle Outfitters.

The Fund's research-based selection process focuses on four investment factors: quality, value, momentum and low volatility. Of the four target-style factors, low volatility and quality significantly benefited the Fund's relative performance for the reporting period. In contrast, the value factor significantly detracted from the Fund's relative return, while momentum was a marginal detractor.

Thank you for your participation in Franklin LibertyQ U.S. Equity ETF. We look forward to serving your future investment needs.



Dina Ting, CFA



Louis Hsu, CFA

Hailey Harris

Portfolio Management Team

*The foregoing information reflects our analysis, opinions and portfolio holdings as of March 31, 2020, the end of the reporting period. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Performance Summary as of March 31, 2020

Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Total returns do not include brokerage commissions that may be payable on secondary market transactions. The performance table and graph do not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares.

Net asset value or "NAV" is the value of one share of a fund as calculated in accordance with the standard formula for valuing mutual fund shares. The price used to calculate market return (Market Price) is determined by using the midpoint between the highest bid and the lowest offer on the primary stock exchange on which shares of a fund are listed for trading, as of the time that such fund's NAV is calculated. Since shares of the Fund did not trade in the secondary market until after the Fund's inception, for the period from inception to the first day of secondary trading (4/28/17), the NAV of the Fund is used as a proxy for the Market Price to calculate market returns. Market and NAV returns assume that dividends and capital gain distributions have been reinvested at Market Price and NAV.

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses. Capital gain distributions are net profits realized from the sale of portfolio securities.

### Performance as of 3/31/20<sup>1</sup>

	Cumulative Total Return <sup>2</sup>		Average Annual Total Return <sup>2</sup>	
	Based on NAV <sup>3</sup>	Based on market price <sup>4</sup>	Based on NAV <sup>3</sup>	Based on market price <sup>4</sup>
1-Year	-10.27%	-10.27%	-10.27%	-10.27%
Since Inception (4/26/17)	+14.37%	+14.37%	+4.69%	+4.69%

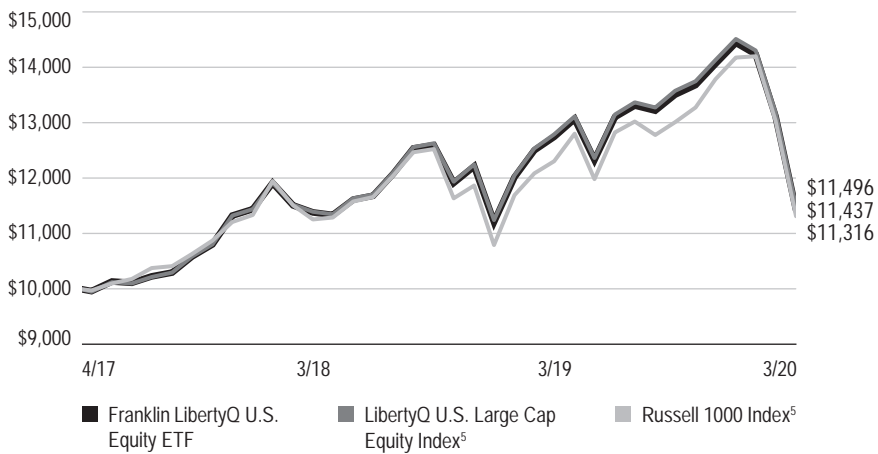
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com) or call (800) 342-5236.*

See page 7 for Performance Summary footnotes.

## Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

Total return is calculated at net asset value and represents the change in value of an investment over the periods shown. It includes any Fund fees and expenses, and reinvested distributions. The unmanaged indexes include reinvestment of any income or distributions. They differ from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.

4/26/17–3/31/20



See page 7 for Performance Summary footnotes.



**Distributions** (4/1/19–3/31/20)**Net Investment  
Income**

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\$0.674663**Total Annual Operating Expenses<sup>6</sup>**

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0.15%

All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. To the extent the Fund concentrates in a specific industry or group of industries, the Fund will carry much greater risks of adverse developments and price movements in such industries than a fund that invests in a wider variety of industries; there is also the risk that the Fund will perform poorly during a slump in demand for securities of companies in such industries. Unexpected events and their aftermaths, such as the spread of deadly diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause investor fear and panic, which can adversely affect the economies of many companies, sectors, nations, regions and the market in general, in ways that cannot necessarily be foreseen. There can be no assurance that the Fund's multi-factor stock selection process will enhance performance. Exposure to such investment factors may detract from performance in some market environments, perhaps for extended periods. Performance of the Fund may vary significantly from the performance of an index, as a result of transactions costs, expenses and other factors. The Fund's prospectus also includes a description of the main investment risks.

ETFs trade like stocks, fluctuate in market value and may trade at prices above or below their net asset value. Brokerage commissions and ETF expenses will reduce returns.

1. Effective December 1, 2017, the Fund adopted a unified fee structure whereby Management has agreed to reimburse the Fund's acquired fund fees and expenses (if any) and pay all of the ordinary operating expenses of the Fund, including custody, transfer agency, and Trustee fees and expenses, among others, but excluding: (i) payments under the Fund's Rule 12b-1 plan (if any); (ii) brokerage expenses (including any costs incidental to transactions in portfolio securities or instruments); (iii) taxes; (iv) interest (including borrowing costs and dividend expenses on securities sold short and overdraft charges); (v) litigation expenses (including litigation to which the Trust or a Fund may be a party and indemnification of the Trustees and officers with respect thereto); and (vi) other non-routine or extraordinary expenses.

2. Total return calculations represent the cumulative and average annual changes in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.

3. Assumes reinvestment of distributions based on net asset value.

4. Assumes reinvestment of distributions based on market price.

5. The LibertyQ U.S. Large Cap Equity Index is a systematic, rules-based proprietary index maintained and calculated by FTSE Russell (Russell) based on the Russell 1000 Index using a methodology developed with Franklin Templeton to reflect Franklin Templeton's desired investment strategy. Russell 1000 Index is market capitalization weighted and measures performance of the largest companies in the Russell 3000 Index, which represents the majority of the U.S. market's total capitalization.

6. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.

See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

## Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including brokerage commissions on purchases and sales of Fund shares; and (2) ongoing Fund costs, including management fees and other Fund expenses. All funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other funds. The table assumes a \$1,000 investment held for the six months indicated.

### Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value." You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then  $\$8,600 \div \$1,000 = 8.6$* ). Then multiply the result by the number in the row under the headings "Actual" and "Expenses Paid During Period" (*if Actual Expenses Paid During Period were \$7.50, then  $8.6 \times \$7.50 = \$64.50$* ). In this illustration, the actual expenses paid this period are \$64.50.

### Hypothetical Example for Comparison with Other Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Beginning Account Value 10/1/19	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
	Ending Account Value 3/31/20	Expenses Paid During Period 10/1/19–3/31/20 <sup>1,2</sup>	Ending Account Value 3/31/20	Expenses Paid During Period 10/1/19–3/31/20 <sup>1,2</sup>	
\$1,000.00	\$846.20	\$0.69	\$1024.25	\$0.76	0.15%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 183/366 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements.

# Franklin LibertyQ U.S. Mid Cap Equity ETF

This annual report for Franklin LibertyQ U.S. Mid Cap Equity ETF covers the fiscal year ended March 31, 2020.

## Top 10 Sectors/Industries 3/31/20

	% of Total Net Assets
Industrials	19.5%
Consumer Discretionary	19.1%
Information Technology	15.6%
Financials	11.7%
Consumer Staples	9.9%
Health Care	9.0%
Real Estate	7.0%
Utilities	4.3%
Materials	2.1%
Communication Services	1.4%

## Your Fund's Goal and Main Investments

The Fund seeks to provide investment results that closely correspond, before fees and expenses, to the performance of the LibertyQ U.S. Mid Cap Equity Index (the Underlying Index).<sup>1</sup> Under normal market conditions, the Fund invests at least 80% of its assets in the component securities of the Underlying Index. The Underlying Index seeks to achieve a lower level of risk and higher risk-adjusted performance than the Russell Midcap® Index over the long term by applying a multi-factor selection process, which is designed to select equity securities from the Russell Midcap® Index that have favorable exposure to four investment style factors: quality, value, momentum and low volatility.

## Performance Overview

For the 12 months under review, the Fund posted cumulative total returns of -16.72% based on market price and -16.50% based on net asset value (NAV). In comparison, the LibertyQ U.S. Mid Cap Equity Index posted a -16.31% total return for the same period, while the Russell Midcap® Index posted a -18.31% total return for the same period.<sup>2</sup> You can find more of the Fund's performance data in the Performance Summary beginning on page 11.

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## Investment Strategy

The Fund, using a passive or indexing investment approach, seeks investment results that closely correspond, before fees and expenses, to the performance of the LibertyQ U.S. Mid Cap Equity Index. The investment manager seeks to achieve, over time, a correlation between the Fund's performance, before fees and expenses, and that of the Underlying Index of 0.95 or better. A figure of 1.00 would indicate perfect correlation. The Fund's intention is to replicate the component securities of the Underlying Index as closely as possible. However, under various circumstances, it may not be possible or practicable to replicate the Underlying Index. In these circumstances, the Fund may use a "representative sampling" strategy whereby the Fund would invest in what it believes to be a representative sample of the component securities of the Underlying Index, but may not track the Underlying Index with the same degree of accuracy as would an investment vehicle replicating the entire Underlying Index. The Fund's portfolio is reconstituted semiannually following the semiannual reconstitution of the Underlying Index.

1. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. The LibertyQ U.S. Mid Cap Equity Index is a systematic, rules-based proprietary index that is maintained and calculated by FTSE Russell (Russell). It is based on the Russell Midcap® Index using a methodology developed with Franklin Templeton to reflect Franklin Templeton's desired investment strategy. Russell Midcap® Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represents a modest amount of the Russell 1000® Index's total market capitalization.

2. Source: FactSet.

The indexes are unmanaged and include reinvestment of any income or distributions (after the deduction of certain withholding taxes). They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index.

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**The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 29.**

**Top 10 Holdings**

3/31/20

<b>Company Sector/Industry</b>	<b>% of Total Net Assets</b>
Clorox Co. Consumer Staples	1.5%
The Kroger Co. Consumer Staples	1.5%
IDEXX Laboratories Inc. Health Care	1.3%
Mettler-Toledo International Inc. Health Care	1.3%
Dollar General Corp. Consumer Discretionary	1.3%
Cadence Design Systems Inc. Information Technology	1.2%
Synopsys Inc. Information Technology	1.2%
MSCI Inc. Financials	1.2%
Lam Research Corp. Information Technology	1.2%
The Hershey Co. Consumer Staples	1.2%

**Manager's Discussion**

For the fiscal year ended March 31, 2020, individual holdings that lifted the Fund's absolute return included Lam Research, KLA and Citrix Systems. Individual holdings that hindered the Fund's absolute return included Ventas, Kohl's and Synchro Financial.

The Fund's research-based selection process focuses on four investment factors: quality, value, momentum and low volatility. Of the four target-style factors, quality and low volatility significantly benefited the Fund's relative performance for the reporting period, and momentum was a modest contributor. In contrast, the value factor detracted significantly from the Fund's relative return.

Thank you for your participation in Franklin LibertyQ U.S. Mid Cap Equity ETF. We look forward to serving your future investment needs.



Dina Ting, CFA



Louis Hsu, CFA

Hailey Harris

Portfolio Management Team

*The foregoing information reflects our analysis, opinions and portfolio holdings as of March 31, 2020, the end of the reporting period. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Performance Summary as of March 31, 2020

Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Total returns do not include brokerage commissions that may be payable on secondary market transactions. The performance table and graph do not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares.

Net asset value or "NAV" is the value of one share of a fund as calculated in accordance with the standard formula for valuing mutual fund shares. The price used to calculate market return (Market Price) is determined by using the midpoint between the highest bid and the lowest offer on the primary stock exchange on which shares of a fund are listed for trading, as of the time that such fund's NAV is calculated. Since shares of the Fund did not trade in the secondary market until after the Fund's inception, for the period from inception to the first day of secondary trading (4/28/17), the NAV of the Fund is used as a proxy for the Market Price to calculate market returns. Market and NAV returns assume that dividends and capital gain distributions have been reinvested at Market Price and NAV.

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses. Capital gain distributions are net profits realized from the sale of portfolio securities.

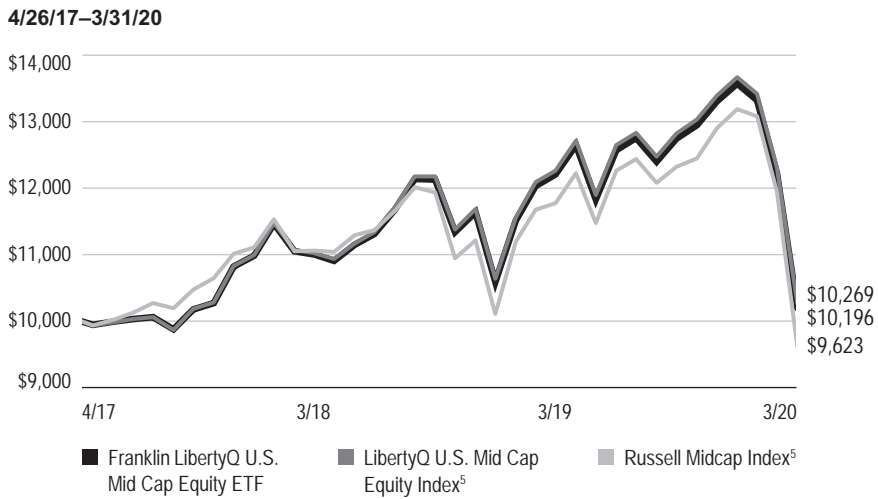
### Performance as of 3/31/20<sup>1</sup>

	Cumulative Total Return <sup>2</sup>		Average Annual Total Return <sup>2</sup>	
	Based on NAV <sup>3</sup>	Based on market price <sup>4</sup>	Based on NAV <sup>3</sup>	Based on market price <sup>4</sup>
1-Year	-16.50%	-16.72%	-16.50%	-16.72%
Since Inception (4/26/17)	+1.96%	+1.78%	+0.67%	+0.60%

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com) or call (800) 342-5236.*

## Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

Total return is calculated at net asset value and represents the change in value of an investment over the periods shown. It includes any Fund fees and expenses, and reinvested distributions. The unmanaged indexes include reinvestment of any income or distributions. They differ from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.



See page 13 for Performance Summary footnotes.

**Distributions** (4/1/19–3/31/20)**Net Investment  
Income**

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\$0.470967**Total Annual Operating Expenses<sup>6</sup>**

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0.30%

All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Historically, mid-size company securities have been more volatile in price than larger company securities, especially over the short term. Mid-size companies may be more susceptible to particular economic events or competitive factors than are larger, more broadly diversified companies. Unexpected events and their aftermaths, such as the spread of deadly diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause investor fear and panic, which can adversely affect the economies of many companies, sectors, nations, regions and the market in general, in ways that cannot necessarily be foreseen. There can be no assurance that the Fund's multi-factor stock selection process will enhance performance. Exposure to such investment factors may detract from performance in some market environments, perhaps for extended periods. Performance of the Fund may vary significantly from the performance of an index, as a result of transactions costs, expenses and other factors. The Fund's prospectus also includes a description of the main investment risks.

**ETFs trade like stocks, fluctuate in market value and may trade at prices above or below their net asset value. Brokerage commissions and ETF expenses will reduce returns.**

1. Effective December 1, 2017, the Fund adopted a unified fee structure whereby Management has agreed to reimburse the Fund's acquired fund fees and expenses (if any) and pay all of the ordinary operating expenses of the Fund, including custody, transfer agency, and Trustee fees and expenses, among others, but excluding: (i) payments under the Fund's Rule 12b-1 plan (if any); (ii) brokerage expenses (including any costs incidental to transactions in portfolio securities or instruments); (iii) taxes; (iv) interest (including borrowing costs and dividend expenses on securities sold short and overdraft charges); (v) litigation expenses (including litigation to which the Trust or a Fund may be a party and indemnification of the Trustees and officers with respect thereto); and (vi) other non-routine or extraordinary expenses.
2. Total return calculations represent the cumulative and average annual changes in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
3. Assumes reinvestment of distributions based on net asset value.
4. Assumes reinvestment of distributions based on market price.
5. The LibertyQ U.S. Mid Cap Equity Index is a systematic, rules-based proprietary index maintained and calculated by FTSE Russell (Russell) based on the Russell Midcap Index using a methodology developed with Franklin Templeton to reflect Franklin Templeton's desired investment strategy. Russell Midcap Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000 Index, which represents a modest amount of the Russell 1000 Index's total market capitalization.
6. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown. See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

## Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including brokerage commissions on purchases and sales of Fund shares; and (2) ongoing Fund costs, including management fees and other Fund expenses. All funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other funds. The table assumes a \$1,000 investment held for the six months indicated.

### Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value." You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then  $\$8,600 \div \$1,000 = 8.6$* ). Then multiply the result by the number in the row under the headings "Actual" and "Expenses Paid During Period" (*if Actual Expenses Paid During Period were \$7.50, then  $8.6 \times \$7.50 = \$64.50$* ). In this illustration, the actual expenses paid this period are \$64.50.

### Hypothetical Example for Comparison with Other Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Beginning Account Value 10/1/19	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
	Ending Account Value 3/31/20	Expenses Paid During Period 10/1/19–3/31/20 <sup>1,2</sup>	Ending Account Value 3/31/20	Expenses Paid During Period 10/1/19–3/31/20 <sup>1,2</sup>	
\$1,000.00	\$799.60	\$1.35	\$1023.50	\$1.52	0.30%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 183/366 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements.



# Franklin LibertyQ U.S. Small Cap Equity ETF

This annual report for Franklin LibertyQ U.S. Small Cap Equity ETF covers the fiscal year ended March 31, 2020.

## Your Fund's Goal and Main Investments

The Fund seeks to provide investment results that closely correspond, before fees and expenses, to the performance of the LibertyQ U.S. Small Cap Equity Index (the Underlying Index).<sup>1</sup> Under normal market conditions, the Fund invests at least 80% of its assets in the component securities of the Underlying Index. The Underlying Index seeks to achieve a lower level of risk and higher risk-adjusted performance than the Russell 2000® Index over the long term by applying a multi-factor selection process, which is designed to select equity securities from the Russell 2000® Index that have favorable exposure to four investment style factors: quality, value, momentum and low volatility.

## Performance Overview

For the 12-month period, the Fund posted cumulative total returns of -25.33% based on market price and -24.83% based on net asset value (NAV). In comparison, the LibertyQ U.S. Small Cap Equity Index posted a -24.65% total return for the same period, while the Russell 2000® Index posted a -23.99% total return.<sup>2</sup> You can find more of the Fund's performance data in the Performance Summary beginning on page 17.

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com) or call (800) 342-5236.*

1. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. The LibertyQ U.S. Small Cap Equity Index is a systematic, rules-based proprietary index that is maintained and calculated by FTSE Russell (Russell). It is based on the Russell 2000® Index using a methodology developed with Franklin Templeton to reflect Franklin Templeton's desired investment strategy. Russell 2000® Index is market capitalization weighted and measures performance of the approximately 2,000 smallest companies in the Russell 3000® Index, which represent a small amount of the total market capitalization of the Russell 3000® Index.

2. Source: FactSet.

The indexes are unmanaged and include reinvestment of any income or distributions (after the deduction of certain withholding taxes). They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index.

See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

**The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 35.**

## Top 10 Sectors/Industries

3/31/20

	% of Total Net Assets
Industrials	22.6%
Consumer Discretionary	18.5%
Health Care	12.4%
Information Technology	12.3%
Financials	8.0%
Consumer Staples	7.6%
Utilities	7.4%
Real Estate	6.2%
Communication Services	2.7%
Materials	1.6%

## Investment Strategy

The Fund, using a passive or indexing investment approach, seeks investment results that closely correspond, before fees and expenses, to the performance of the LibertyQ U.S. Small Cap Equity Index. The investment manager seeks to achieve, over time, a correlation between the Fund's performance, before fees and expenses, and that of the Underlying Index of 0.95 or better. A figure of 1.00 would indicate perfect correlation. The Fund's intention is to replicate the component securities of the Underlying Index as closely as possible. However, under various circumstances, it may not be possible or practicable to replicate the Underlying Index. In these circumstances, the Fund may use a "representative sampling" strategy whereby the Fund would invest in what it believes to be a representative sample of the component securities of the Underlying Index, but may not track the Underlying Index with the same degree of accuracy as would an investment vehicle replicating the entire Underlying Index. The Fund's portfolio is reconstituted semiannually following the semiannual reconstitution of the Underlying Index.

**Top 10 Holdings**

3/31/20

<b>Company Sector/Industry</b>	<b>% of Total Net Assets</b>
Amedisys Inc. Health Care	1.6%
Haemonetics Corp. Health Care	1.1%
Exponent Inc. Industrials	1.1%
Trex Co. Inc. Industrials	1.1%
Generac Holdings Inc. Industrials	1.1%
Deckers Outdoor Corp. Consumer Discretionary	1.0%
MSA Safety Inc. Industrials	1.0%
J2 Global Inc. Information Technology	1.0%
Boston Beer Co. Inc., A Consumer Staples	1.0%
First Industrial Realty Trust Inc. Real Estate	0.9%

**Manager's Discussion**

For the fiscal year ended March 31, 2020, individual holdings that lifted the Fund's absolute return included Amedisys, Cirrus Logic and LHC Group. Individual holdings that hindered the Fund's absolute return included Insperty, Essent Group and American Eagle Outfitters.

The Fund's research-based selection process focuses on four investment factors: quality, value, momentum and low volatility. Of the four target-style factors, low volatility significantly benefited the Fund's relative performance for the reporting period, while quality and value were marginal contributors. In contrast, the momentum factor significantly detracted from the Fund's relative return.

Thank you for your participation in Franklin LibertyQ U.S. Small Cap Equity ETF. We look forward to serving your future investment needs.



Dina Ting, CFA



Louis Hsu, CFA

Hailey Harris

Portfolio Management Team

*The foregoing information reflects our analysis, opinions and portfolio holdings as of March 31, 2020, the end of the reporting period. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Performance Summary as of March 31, 2020

Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Total returns do not include brokerage commissions that may be payable on secondary market transactions. The performance table and graph do not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares.

Net asset value or "NAV" is the value of one share of a fund as calculated in accordance with the standard formula for valuing mutual fund shares. The price used to calculate market return (Market Price) is determined by using the midpoint between the highest bid and the lowest offer on the primary stock exchange on which shares of a fund are listed for trading, as of the time that such fund's NAV is calculated. Since shares of the Fund did not trade in the secondary market until after the Fund's inception, for the period from inception to the first day of secondary trading (4/28/17), the NAV of the Fund is used as a proxy for the Market Price to calculate market returns. Market and NAV returns assume that dividends and capital gain distributions have been reinvested at Market Price and NAV.

Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses. Capital gain distributions are net profits realized from the sale of portfolio securities.

### Performance as of 3/31/20<sup>1</sup>

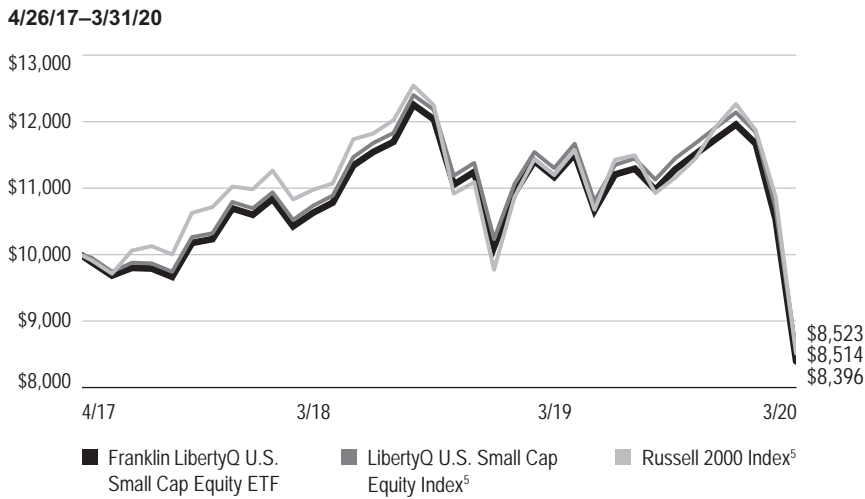
	Cumulative Total Return <sup>2</sup>		Average Annual Total Return <sup>2</sup>	
	Based on NAV <sup>3</sup>	Based on market price <sup>4</sup>	Based on NAV <sup>3</sup>	Based on market price <sup>4</sup>
1-Year	-24.83%	-25.33%	-24.83%	-25.33%
Since Inception (4/26/17)	-16.04%	-16.53%	-5.79%	-5.98%

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com) or call (800) 342-5236.*

See page 19 for Performance Summary footnotes.

## Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

Total return is calculated at net asset value and represents the change in value of an investment over the periods shown. It includes any Fund fees and expenses, and reinvested distributions. The unmanaged indexes include reinvestment of any income or distributions. They differ from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.



See page 19 for Performance Summary footnotes.

**Distributions** (4/1/19–3/31/20)**Net Investment  
Income**

---

\$0.416619**Total Annual Operating Expenses<sup>6</sup>**

---

0.35%

All investments involve risks, including possible loss of principal. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Smaller, mid-sized and relatively new or unseasoned companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Historically, these securities have experienced more price volatility than larger company stocks, especially over the short term. Smaller companies may be more susceptible to particular events or economic conditions, less certain growth prospects, lack of depth of management and funds for growth and development and limited or less developed product lines and markets. Unexpected events and their aftermaths, such as the spread of deadly diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause investor fear and panic, which can adversely affect the economies of many companies, sectors, nations, regions and the market in general, in ways that cannot necessarily be foreseen. There can be no assurance that the Fund's multi-factor stock selection process will enhance performance. Exposure to such investment factors may detract from performance in some market environments, perhaps for extended periods. Performance of the Fund may vary significantly from the performance of an index, as a result of transactions costs, expenses and other factors. The Fund's prospectus also includes a description of the main investment risks.

ETFs trade like stocks, fluctuate in market value and may trade at prices above or below their net asset value. Brokerage commissions and ETF expenses will reduce returns.

1. Effective December 1, 2017, the Fund adopted a unified fee structure whereby Management has agreed to reimburse the Fund's acquired fund fees and expenses (if any) and pay all of the ordinary operating expenses of the Fund, including custody, transfer agency, and Trustee fees and expenses, among others, but excluding: (i) payments under the Fund's Rule 12b-1 plan (if any); (ii) brokerage expenses (including any costs incidental to transactions in portfolio securities or instruments); (iii) taxes; (iv) interest (including borrowing costs and dividend expenses on securities sold short and overdraft charges); (v) litigation expenses (including litigation to which the Trust or a Fund may be a party and indemnification of the Trustees and officers with respect thereto); and (vi) other non-routine or extraordinary expenses.

2. Total return calculations represent the cumulative and average annual changes in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.

3. Assumes reinvestment of distributions based on net asset value.

4. Assumes reinvestment of distributions based on market price.

5. The LibertyQ U.S. Small Cap Equity Index is a systematic, rules-based proprietary index that is maintained and calculated by FTSE Russell (Russell) based on the Russell 2000 Index using a methodology developed with Franklin Templeton to reflect Franklin Templeton's desired investment strategy. Russell 2000 Index is market capitalization weighted and measures performance of the approximately 2,000 smallest companies in the Russell 3000 Index, which represent a small amount of the total market capitalization of the Russell 3000 Index.

6. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.

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## Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including brokerage commissions on purchases and sales of Fund shares; and (2) ongoing Fund costs, including management fees and other Fund expenses. All funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other funds. The table assumes a \$1,000 investment held for the six months indicated.

### Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value." You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then  $\$8,600 \div \$1,000 = 8.6$* ). Then multiply the result by the number in the row under the headings "Actual" and "Expenses Paid During Period" (*if Actual Expenses Paid During Period were \$7.50, then  $8.6 \times \$7.50 = \$64.50$* ). In this illustration, the actual expenses paid this period are \$64.50.

### Hypothetical Example for Comparison with Other Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Beginning Account Value 10/1/19	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
	Ending Account Value 3/31/20	Expenses Paid During Period 10/1/19–3/31/20 <sup>1,2</sup>	Ending Account Value 3/31/20	Expenses Paid During Period 10/1/19–3/31/20 <sup>1,2</sup>	
\$1,000.00	\$743.70	\$1.48	\$1023.30	\$1.72	0.34%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 183/366 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements.

## Financial Highlights

### Franklin LibertyQ U.S. Equity ETF

	Year Ended March 31,		
	2020	2019	2018 <sup>a</sup>
<b>Per share operating performance</b> (for a share outstanding throughout the year)			
Net asset value, beginning of year	\$31.41	\$28.51	\$25.44
Income from investment operations <sup>b</sup> :			
Net investment income <sup>c</sup>	0.76	0.66	0.53
Net realized and unrealized gains (losses)	(3.89)	2.71	2.98
Total from investment operations	(3.13)	3.37	3.51
Less distributions from net investment income	(0.67)	(0.47)	(0.44)
Net asset value, end of year	\$27.61	\$31.41	\$28.51
Total return <sup>d</sup>	(10.27)%	11.97%	13.84%
<b>Ratios to average net assets<sup>e</sup></b>			
Expenses before waiver and payments by affiliates	0.18%	0.25%	0.32% <sup>f</sup>
Expenses net of waiver and payments by affiliates	0.18%	0.25%	0.25% <sup>f</sup>
Net investment income	2.32%	2.20%	2.10%
<b>Supplemental data</b>			
Net assets, end of year (000's)	\$1,311,583	\$1,008,255	\$108,326
Portfolio turnover rate <sup>g</sup>	19.44% <sup>h</sup>	18.04%	20.80%

<sup>a</sup>For the period April 26, 2017 (commencement of operations) to March 31, 2018.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of Creation Unit Fund shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Total return is not annualized for periods less than one year. Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption at net asset value on the last day of the period.

<sup>e</sup>Ratios are annualized for periods less than one year.

<sup>f</sup>Effective December 1, 2017, the Fund replaced the prior fee structure with a unified management fee. See Note 3(a).

<sup>g</sup>Portfolio turnover rate includes portfolio transaction that are executed as result of the Fund offering and redeeming Creation Units solely for cash ("Cash creations").

<sup>h</sup>Portfolio turnover rate excluding cash creation for the year end March 31, 2020 was as follows: 19.44%.

## Statement of Investments, March 31, 2020

## Franklin LibertyQ U.S. Equity ETF

	Shares	Value
<b>Common Stocks 99.5%</b>		
<b>Communication Services 4.6%</b>		
<sup>a</sup> AMC Networks Inc., A	12,350	\$ 300,229
AT&T Inc.	433,200	12,627,780
Cable One Inc.	675	1,109,707
Cinemark Holdings Inc.	20,809	212,044
Comcast Corp., A	367,650	12,639,807
<sup>a</sup> Facebook Inc., A	80,750	13,469,100
<sup>a,b</sup> Match Group Inc.	14,250	941,070
Omnicom Group Inc.	70,300	3,859,470
The Interpublic Group of Cos. Inc.	88,350	1,430,386
Verizon Communications Inc.	268,850	14,445,310
		<u>61,034,903</u>
<b>Consumer Discretionary 15.2%</b>		
<sup>a</sup> AutoZone Inc.	6,164	5,214,744
Best Buy Co. Inc.	83,600	4,765,200
<sup>a</sup> Booking Holdings Inc.	3,418	4,598,304
<sup>a</sup> Burlington Stores Inc.	5,700	903,222
<sup>a</sup> Capri Holdings Ltd.	50,350	543,277
Carnival Corp.	117,800	1,551,426
Carter's Inc.	15,200	999,096
Choice Hotels International Inc.	11,400	698,250
D.R. Horton Inc.	28,500	969,000
Darden Restaurants Inc.	45,600	2,483,376
Dick's Sporting Goods Inc.	26,600	565,516
Dollar General Corp.	73,150	11,046,381
Domino's Pizza Inc.	14,250	4,617,998
Foot Locker Inc.	46,550	1,026,428
Garmin Ltd.	46,550	3,489,388
General Motors Co.	201,309	4,183,201
Gentex Corp.	91,200	2,020,992
Genuine Parts Co.	47,500	3,198,175
H&R Block Inc.	78,850	1,110,208
Hanesbrands Inc.	55,100	433,637
Hasbro Inc.	37,909	2,712,389
Kohl's Corp.	61,750	900,933
L Brands Inc.	83,600	966,416
Las Vegas Sands Corp.	94,050	3,994,304
Lear Corp.	20,809	1,690,731
Leggett & Platt Inc.	41,800	1,115,224
<sup>a</sup> Lululemon Athletica Inc.	38,000	7,202,900
<sup>b</sup> Macy's Inc.	105,450	517,760
McDonald's Corp.	83,600	13,823,260
NIKE Inc., B	172,900	14,305,746
Nordstrom Inc.	39,900	612,066
<sup>a</sup> NVR Inc.	995	2,556,264
<sup>a</sup> O'Reilly Automotive Inc.	26,600	8,007,930
Penske Automotive Group Inc.	8,550	239,400
Pool Corp.	12,350	2,430,110
PulteGroup Inc.	42,750	954,180
Ross Stores Inc.	139,650	12,145,360
Six Flags Entertainment Corp.	18,050	226,347
Starbucks Corp.	109,250	7,182,095
Tapestry Inc.	100,700	1,304,065
Target Corp.	129,200	12,011,724
The Gap Inc.	89,300	628,672
The Home Depot Inc.	73,150	13,657,836
The TJX Cos. Inc.	265,050	12,672,040
Tractor Supply Co.	41,800	3,534,190



## Franklin LibertyQ U.S. Equity ETF (continued)

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Consumer Discretionary (continued)</b>		
<sup>a</sup> Ulta Beauty Inc. ....	19,950	\$ 3,505,215
<sup>a</sup> Urban Outfitters Inc. ....	25,650	365,256
VF Corp. ....	103,550	5,599,984
Whirlpool Corp. ....	5,700	489,060
Williams-Sonoma Inc. ....	30,400	1,292,608
Wyndham Destinations Inc. ....	19,950	432,915
Yum! Brands Inc. ....	120,650	8,268,144
		199,762,943
<b>Consumer Staples 16.6%</b>		
Altria Group Inc. ....	325,850	12,600,619
Brown-Forman Corp., A ....	17,100	878,598
Brown-Forman Corp., B ....	15,200	843,752
Casey's General Stores Inc. ....	10,450	1,384,521
Church & Dwight Co. Inc. ....	79,800	5,121,564
Clorox Co. ....	49,400	8,558,550
Colgate-Palmolive Co. ....	222,300	14,751,828
Costco Wholesale Corp. ....	54,150	15,439,789
Estee Lauder Companies Inc., A ....	76,000	12,109,840
Flowers Foods Inc. ....	58,900	1,208,628
General Mills Inc. ....	199,500	10,527,615
Hormel Foods Corp. ....	96,809	4,515,172
Ingredion Inc. ....	19,950	1,506,225
Kellogg Co. ....	47,500	2,849,525
Kimberly-Clark Corp. ....	77,900	9,961,073
<sup>a</sup> Monster Beverage Corp. ....	101,650	5,718,829
Nu Skin Enterprises Inc., A ....	16,150	352,878
PepsiCo Inc. ....	119,609	14,365,041
Philip Morris International Inc. ....	195,700	14,278,272
<sup>a</sup> Sprouts Farmers Market Inc. ....	27,550	512,155
Sysco Corp. ....	161,500	7,369,245
The Coca-Cola Co. ....	303,050	13,409,962
The Hershey Co. ....	57,950	7,678,375
The J. M. Smucker Co. ....	25,650	2,847,150
The Kroger Co. ....	164,350	4,950,222
The Procter & Gamble Co. ....	133,000	14,630,000
Tyson Foods Inc. ....	93,100	5,387,697
Walgreens Boots Alliance Inc. ....	192,850	8,822,887
Walmart Inc. ....	135,850	15,435,277
		218,015,289
<b>Energy 2.2%</b>		
Cabot Oil & Gas Corp., A ....	66,500	1,143,135
Cimarex Energy Co. ....	19,000	319,770
ConocoPhillips ....	167,200	5,149,760
Exxon Mobil Corp. ....	237,500	9,017,875
HollyFrontier Corp. ....	22,800	558,828
ONEOK Inc. ....	34,200	745,902
Phillips 66 ....	110,200	5,912,230
Valero Energy Corp. ....	127,300	5,774,328
		28,621,828
<b>Financials 2.6%</b>		
American National Insurance Co. ....	2,850	234,783
Assured Guaranty Ltd. ....	19,950	514,511
FactSet Research Systems Inc. ....	12,350	3,219,398
Fidelity National Financial Inc. ....	21,850	543,628
Invesco Ltd. ....	75,050	681,454

**Franklin LibertyQ U.S. Equity ETF (continued)**

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Financials (continued)</b>		
Lazard Ltd., A	38,000	\$ 895,280
MarketAxess Holdings Inc.	12,350	4,107,239
MFA Financial Inc.	37,050	57,428
Moody's Corp.	26,509	5,606,653
Morningstar Inc.	5,700	662,625
MSCI Inc.	26,600	7,686,336
RenaissanceRe Holdings Ltd.	6,650	992,978
S&P Global Inc.	22,800	5,587,140
Santander Consumer USA Holdings Inc.	34,200	475,722
SEI Investments Co.	32,300	1,496,782
T. Rowe Price Group Inc.	19,000	1,855,350
		34,617,307
<b>Health Care 11.8%</b>		
AbbVie Inc.	184,300	14,041,817
Amgen Inc.	69,350	14,059,325
<sup>a</sup> Biogen Inc.	54,150	17,131,977
Bristol-Myers Squibb Co.	284,050	15,832,947
Cerner Corp.	83,600	5,265,964
Chemed Corp.	3,800	1,646,160
<sup>a</sup> Exelixis Inc.	80,750	1,390,515
Gilead Sciences Inc.	241,300	18,039,588
HCA Healthcare Inc.	58,900	5,292,165
<sup>a</sup> IDEXX Laboratories Inc.	7,600	1,841,024
Johnson & Johnson	117,800	15,447,114
Merck & Co. Inc.	186,200	14,326,228
<sup>a</sup> Mettler-Toledo International Inc.	7,960	5,496,460
Pfizer Inc.	420,850	13,736,544
<sup>a</sup> Premier Inc., A	6,650	217,588
<sup>a</sup> Regeneron Pharmaceuticals Inc.	6,650	3,247,129
ResMed Inc.	43,700	6,436,573
Universal Health Services Inc., B	15,200	1,506,016
		154,955,134
<b>Industrials 13.2%</b>		
3M Co.	95,859	13,085,712
Alaska Air Group Inc.	40,850	1,163,000
Allegion PLC	7,600	699,352
Allison Transmission Holdings Inc.	23,750	774,488
C.H. Robinson Worldwide Inc.	48,450	3,207,390
Cintas Corp.	26,509	4,591,889
<sup>a</sup> Copart Inc.	65,550	4,491,486
Cummins Inc.	49,400	6,684,808
Delta Air Lines Inc.	185,250	5,285,182
Emerson Electric Co.	194,750	9,279,837
Expeditors International of Washington Inc.	55,100	3,676,272
Fastenal Co.	201,400	6,293,750
Graco Inc.	52,250	2,546,143
GrafTech International Ltd.	8,550	69,426
Honeywell International Inc.	90,250	12,074,547
Huntington Ingalls Industries Inc.	13,300	2,423,393
<sup>a</sup> IAA Inc.	12,350	370,006
Illinois Tool Works Inc.	52,159	7,412,837
J.B. Hunt Transport Services Inc.	29,450	2,716,173
KAR Auction Services Inc.	10,450	125,400
Landstar System Inc.	12,350	1,183,871
Lennox International Inc.	5,700	1,036,203
Lockheed Martin Corp.	41,800	14,168,110

## Franklin LibertyQ U.S. Equity ETF (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Industrials</b> (continued)		
Masco Corp. ....	24,609	\$ 850,733
MSC Industrial Direct Co. Inc., A ....	13,300	731,101
Northrop Grumman Corp. ....	13,300	4,023,915
Old Dominion Freight Line Inc. ....	8,550	1,122,273
PACCAR Inc. ....	54,150	3,310,189
Raytheon Co. ....	74,959	9,830,873
Robert Half International Inc. ....	45,600	1,721,400
Rockwell Automation Inc. ....	39,900	6,021,309
Rollins Inc. ....	50,350	1,819,649
Snap-on Inc. ....	11,400	1,240,548
Southwest Airlines Co. ....	161,500	5,751,015
Toro Co. ....	38,950	2,535,256
Union Pacific Corp. ....	92,150	12,996,836
United Parcel Service Inc., B ....	117,709	10,996,375
W.W. Grainger Inc. ....	16,150	4,013,275
<sup>a</sup> WABCO Holdings Inc. ....	9,500	1,282,975
Watsco Inc. ....	9,500	1,501,285
		173,108,282
<b>Information Technology 19.6%</b>		
Accenture PLC, A ....	80,750	13,183,245
Amdocs Ltd. ....	46,550	2,558,854
Apple Inc. ....	60,800	15,460,832
Applied Materials Inc. ....	280,250	12,841,055
<sup>a</sup> Aspen Technology Inc. ....	14,250	1,354,748
Automatic Data Processing Inc. ....	95,000	12,984,600
Booz Allen Hamilton Holding Corp. ....	20,900	1,434,576
Broadridge Financial Solutions Inc. ....	39,900	3,783,717
<sup>a</sup> Cadence Design Systems Inc. ....	44,559	2,942,676
Cisco Systems Inc. ....	357,200	14,041,532
Citrix Systems Inc. ....	20,900	2,958,395
Cognizant Technology Solutions Corp., A ....	128,250	5,959,777
<sup>a</sup> F5 Networks Inc. ....	21,850	2,329,866
HP Inc. ....	545,300	9,466,408
Intel Corp. ....	279,300	15,115,716
International Business Machines Corp. ....	120,650	13,383,704
Intuit Inc. ....	62,700	14,421,000
Jack Henry & Associates Inc. ....	25,650	3,981,906
KLA Corp. ....	49,400	7,100,756
Lam Research Corp. ....	44,650	10,716,000
Mastercard Inc., A ....	55,959	13,517,456
Maxim Integrated Products Inc. ....	87,400	4,248,514
Microsoft Corp. ....	107,350	16,930,168
Motorola Solutions Inc. ....	49,400	6,566,248
NetApp Inc. ....	73,150	3,049,624
Paychex Inc. ....	117,800	7,411,976
QUALCOMM Inc. ....	110,200	7,455,030
Skyworks Solutions Inc. ....	65,550	5,858,859
Texas Instruments Inc. ....	134,900	13,480,557
Ubiquiti Inc. ....	3,800	538,004
<sup>a</sup> VeriSign Inc. ....	33,250	5,987,992
Xilinx Inc. ....	82,650	6,441,741
		257,505,532
<b>Materials 1.9%</b>		
Air Products and Chemicals Inc. ....	35,150	7,016,291
Celanese Corp. ....	19,000	1,394,410
Eastman Chemical Co. ....	30,400	1,416,032

**Franklin LibertyQ U.S. Equity ETF (continued)**

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Materials (continued)</b>		
LyondellBasell Industries NV, A .....	117,800	\$ 5,846,414
NewMarket Corp. ....	2,850	1,091,180
Nucor Corp. ....	46,550	1,676,731
Packaging Corp. of America .....	24,700	2,144,701
Reliance Steel & Aluminum Co. ....	5,700	499,263
Royal Gold Inc. ....	5,700	499,947
Sonoco Products Co. ....	32,300	1,497,105
Steel Dynamics Inc. ....	43,700	984,998
Valvoline Inc. ....	28,500	373,065
		<u>24,440,137</u>
<b>Real Estate 3.9%</b>		
American Tower Corp. ....	67,450	14,687,237
EPR Properties .....	23,750	575,225
Gaming and Leisure Properties Inc. ....	57,000	1,579,470
Kimco Realty Corp. ....	113,050	1,093,194
National Retail Properties Inc. ....	57,950	1,865,410
OMEGA Healthcare Investors Inc. ....	71,250	1,890,975
Public Storage .....	57,000	11,320,770
Realty Income Corp. ....	104,500	5,210,370
Simon Property Group Inc. ....	80,750	4,429,945
Spirit Realty Capital Inc. ....	33,250	869,488
STORE Capital Corp. ....	61,750	1,118,910
Ventas Inc. ....	68,400	1,833,120
VEREIT Inc. ....	327,750	1,602,697
WP Carey Inc. ....	42,659	2,477,635
		<u>50,554,446</u>
<b>Utilities 7.9%</b>		
Alliant Energy Corp. ....	69,350	3,348,912
Ameren Corp. ....	48,450	3,528,613
American Electric Power Co. Inc. ....	40,850	3,267,183
Atmos Energy Corp. ....	34,200	3,393,666
Consolidated Edison Inc. ....	95,950	7,484,100
Dominion Energy Inc. ....	122,550	8,846,884
DTE Energy Co. ....	58,900	5,593,733
Evergy Inc. ....	46,550	2,562,578
Eversource Energy .....	85,500	6,686,955
Exelon Corp. ....	284,050	10,455,880
Hawaiian Electric Industries Inc. ....	33,250	1,431,413
NextEra Energy Inc. ....	69,350	16,686,997
OGE Energy Corp. ....	59,850	1,839,191
PPL Corp. ....	150,100	3,704,468
Public Service Enterprise Group Inc. ....	171,000	7,679,610
Sempra Energy .....	22,800	2,576,172
The Southern Co. ....	215,650	11,675,291
Xcel Energy Inc. ....	43,700	2,635,110
		<u>103,396,756</u>
<b>Total Investments before Short Term Investments</b>		
<b>(Cost \$1,523,639,463)</b> .....		<u>1,306,012,557</u>

Franklin LibertyQ U.S. Equity ETF (continued)

	Shares	Value
<b>Short Term Investments (Cost \$911,900) 0.1%</b>		
<b>Investments from Cash Collateral Received for Loaned Securities 0.1%</b>		
<b>Money Market Funds 0.1%</b>		
<sup>c,d</sup> Institutional Fiduciary Trust Portfolio, 0.32% .....	911,900	\$ 911,900
<b>Total Investments (Cost \$1,524,551,363) 99.6%</b> .....		1,306,924,457
<b>Other Assets, less Liabilities 0.4%</b> .....		4,658,868
<b>Net Assets 100.0%</b> .....		<u>\$1,311,583,325</u>

<sup>a</sup>Non-income producing.

<sup>b</sup>A portion or all of the security is on loan at March 31, 2020. See Note 1(c).

<sup>c</sup>The rate shown is the annualized seven-day effective yield at period end.

<sup>d</sup>See Note 3(c) regarding investments in affiliated management investment companies.

At March 31, 2020, the Fund had the following futures contracts outstanding. See Note 1(b).

**Futures Contracts**

Description	Type	Number of Contracts	Notional Amount*	Expiration Date	Value/Unrealized Appreciation (Depreciation)
<b>Index Contracts</b>					
S&P 500 E-Mini .....	Long	31	\$3,983,035	6/19/20	\$(111,042)

\*As of period end.

See note 7 regarding other derivative information.

## Financial Highlights

### Franklin LibertyQ U.S. Mid Cap Equity ETF

	Year Ended March 31,		
	2020	2019	2018 <sup>a</sup>
<b>Per share operating performance</b> (for a share outstanding throughout the year)			
Net asset value, beginning of year	\$30.32	\$27.70	\$25.51
Income from investment operations <sup>b</sup> :			
Net investment income <sup>c</sup>	0.50	0.47	0.38
Net realized and unrealized gains (losses)	(5.41)	2.53	2.18
Total from investment operations	(4.91)	3.00	2.56
Less distributions from net investment income	(0.47)	(0.38)	(0.37)
Net asset value, end of year	\$24.94	\$30.32	\$27.70
Total return <sup>d</sup>	(16.50)%	10.92%	10.09%
 <b>Ratios to average net assets<sup>e</sup></b>			
Expenses before waiver and payments by affiliates	0.30%	0.30%	0.99% <sup>f</sup>
Expenses net of waiver and payments by affiliates	0.30%	0.30%	0.30% <sup>f</sup>
Net investment income	1.60%	1.65%	1.58%
 <b>Supplemental data</b>			
Net assets, end of year (000's)	\$13,718	\$10,612	\$2,770
Portfolio turnover rate <sup>g</sup>	24.20% <sup>h</sup>	23.49%	36.21%

<sup>a</sup>For the period April 26, 2017 (commencement of operations) to March 31, 2018.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of Creation Unit Fund shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Total return is not annualized for periods less than one year. Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption at net asset value on the last day of the period.

<sup>e</sup>Ratios are annualized for periods less than one year.

<sup>f</sup>Effective December 1, 2017, the Fund replaced the prior fee structure with a unified management fee. See Note 3(a).

<sup>g</sup>Portfolio turnover rate includes portfolio transaction that are executed as result of the Fund offering and redeeming Creation Units solely for cash ("Cash creations").

<sup>h</sup>Portfolio turnover rate excluding cash creation for the year end March 31, 2020 was as follows: 24.20%.

## Statement of Investments, March 31, 2020

## Franklin LibertyQ U.S. Mid Cap Equity ETF

	Shares	Value
<b>Common Stocks 99.7%</b>		
<b>Communication Services 1.4%</b>		
<sup>a</sup> AMC Networks Inc., A .....	484	\$ 11,766
Cinemark Holdings Inc. ....	1,078	10,985
John Wiley & Sons Inc., A .....	451	16,908
<sup>a,b</sup> Match Group Inc. ....	616	40,681
Omnicom Group Inc. ....	2,090	114,741
		<u>195,081</u>
<b>Consumer Discretionary 19.1%</b>		
<sup>a</sup> AutoNation Inc. ....	407	11,420
<sup>a</sup> AutoZone Inc. ....	154	130,284
Best Buy Co. Inc. ....	2,255	128,535
BorgWarner Inc. ....	2,090	50,933
<sup>a</sup> Burlington Stores Inc. ....	803	127,243
<sup>a</sup> Capri Holdings Ltd. ....	1,518	16,379
Carter's Inc. ....	506	33,259
Columbia Sportswear Co. ....	121	8,442
Dick's Sporting Goods Inc. ....	803	17,072
Dollar General Corp. ....	1,155	174,417
Expedia Group Inc. ....	1,001	56,326
<sup>a</sup> Five Below Inc. ....	363	25,548
Foot Locker Inc. ....	1,353	29,834
Garmin Ltd. ....	1,331	99,772
Gentex Corp. ....	1,771	39,245
Genuine Parts Co. ....	1,485	99,985
H&R Block Inc. ....	2,156	30,356
Hanesbrands Inc. ....	3,751	29,520
Hasbro Inc. ....	1,221	87,363
Kohl's Corp. ....	1,958	28,567
L Brands Inc. ....	2,673	30,900
<sup>a</sup> Lululemon Athletica Inc. ....	803	152,209
<sup>b</sup> Macy's Inc. ....	3,993	19,606
Nordstrom Inc. ....	1,474	22,611
<sup>a</sup> NVR Inc. ....	33	84,781
<sup>a</sup> O'Reilly Automotive Inc. ....	407	122,527
<sup>a</sup> Ollie's Bargain Outlet Holdings Inc. ....	341	15,802
Penske Automotive Group Inc. ....	363	10,164
Pool Corp. ....	528	103,895
Ralph Lauren Corp. ....	506	33,816
Sirius XM Holdings Inc. ....	5,874	29,018
Six Flags Entertainment Corp. ....	770	9,656
<sup>a</sup> Skechers USA Inc., A .....	1,309	31,076
Tapestry Inc. ....	3,190	41,311
<sup>a</sup> Tempur Sealy International Inc. ....	407	17,790
The Gap Inc. ....	2,915	20,522
Tiffany & Co. ....	1,177	152,421
Tractor Supply Co. ....	1,606	135,787
<sup>a</sup> Ulta Beauty Inc. ....	572	100,500
<sup>a</sup> Urban Outfitters Inc. ....	814	11,591
Whirlpool Corp. ....	297	25,483
Williams-Sonoma Inc. ....	979	41,627
Wyndham Destinations Inc., ....	1,056	22,915
Yum China Holdings Inc. ....	3,795	161,781
		<u>2,622,289</u>
<b>Consumer Staples 9.9%</b>		
Brown-Forman Corp., A .....	506	25,998
Brown-Forman Corp., B .....	2,035	112,963
Campbell Soup Co. ....	1,639	75,656

**Franklin LibertyQ U.S. Mid Cap Equity ETF (continued)**

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Consumer Staples (continued)</b>		
Church & Dwight Co. Inc. ....	2,255	\$ 144,726
Clorox Co. ....	1,221	211,538
Flowers Foods Inc. ....	2,519	51,690
<sup>a</sup> Grocery Outlet Holding Corp. ....	154	5,288
<sup>a</sup> Herbalife Ltd. ....	1,078	31,435
Kellogg Co. ....	2,453	147,156
McCormick & Co. Inc. ....	1,045	147,564
Nu Skin Enterprises Inc., A ....	649	14,181
<sup>a</sup> Sprouts Farmers Market Inc. ....	1,364	25,357
The Hershey Co. ....	1,232	163,240
The Kroger Co. ....	6,644	200,117
		<u>1,356,909</u>
<b>Financials 11.7%</b>		
Ally Financial Inc. ....	3,410	49,206
American National Insurance Co. ....	88	7,249
<sup>a</sup> Arch Capital Group Ltd. ....	3,817	108,632
<sup>a</sup> Brighthouse Financial Inc. ....	968	23,397
Brown & Brown Inc. ....	2,024	73,309
Cincinnati Financial Corp. ....	1,617	122,003
CNA Financial Corp. ....	308	9,560
<sup>a</sup> Credit Acceptance Corp. ....	121	30,939
Discover Financial Services ....	2,145	76,512
Evercore Inc. ....	330	15,200
FactSet Research Systems Inc. ....	363	94,627
First American Financial Corp. ....	1,056	44,785
First Republic Bank ....	1,166	95,938
Globe Life Inc. ....	957	68,875
Janus Henderson Group PLC ....	1,122	17,189
Lazard Ltd., A ....	1,045	24,620
Legg Mason Inc. ....	924	45,137
MarketAxess Holdings Inc. ....	385	128,039
Mercury General Corp. ....	264	10,750
MSCI Inc. ....	572	165,285
Nasdaq Inc. ....	1,276	121,156
Navient Corp. ....	1,881	14,258
PacWest Bancorp ....	517	9,265
Prosperity Bancshares Inc. ....	737	35,560
Santander Consumer USA Holdings Inc. ....	1,243	17,290
SEI Investments Co. ....	1,628	75,442
Synchrony Financial ....	4,719	75,929
Umpqua Holdings Corp. ....	1,694	18,465
Unum Group ....	2,156	32,362
		<u>1,610,979</u>
<b>Health Care 9.0%</b>		
<sup>a</sup> Acadia Healthcare Co. Inc. ....	825	15,139
<sup>a</sup> Align Technology Inc. ....	649	112,894
Cerner Corp. ....	2,541	160,058
<sup>a</sup> Change Healthcare Inc. ....	253	2,527
Chemed Corp. ....	66	28,591
Encompass Health Corp. ....	1,111	71,137
<sup>a</sup> Exelixis Inc. ....	1,903	32,770
<sup>a</sup> Henry Schein Inc. ....	1,452	73,355
<sup>a</sup> IDEXX Laboratories Inc. ....	726	175,866
<sup>a</sup> Masimo Corp. ....	429	75,985
<sup>a</sup> Mednax Inc. ....	913	10,627
<sup>a</sup> Mettler-Toledo International Inc. ....	253	174,699



## Franklin LibertyQ U.S. Mid Cap Equity ETF (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Health Care</b> (continued)		
<sup>a</sup> Molina Healthcare Inc. ....	506	\$ 70,693
<sup>a</sup> Premier Inc., A ....	286	9,358
Universal Health Services Inc., B ....	902	89,370
<sup>a</sup> Waters Corp. ....	737	134,171
		<u>1,237,240</u>
<b>Industrials 19.5%</b>		
Allegion PLC ....	968	89,075
Allison Transmission Holdings Inc. ....	1,100	35,871
<sup>b</sup> American Airlines Group Inc. ....	3,652	44,518
BWX Technologies Inc. ....	858	41,793
C.H. Robinson Worldwide Inc. ....	1,419	93,938
Cintas Corp. ....	704	121,947
Copa Holdings SA ....	286	12,953
<sup>a</sup> Copart Inc. ....	858	58,790
Cummins Inc. ....	990	133,967
Donaldson Co. Inc. ....	1,265	48,867
Expeditors International of Washington Inc. ....	1,716	114,491
Fastenal Co. ....	5,104	159,500
Graco Inc. ....	1,892	92,197
GrafTech International Ltd. ....	517	4,198
Hubbell Inc., B ....	506	58,058
<sup>a</sup> IAA Inc. ....	1,210	36,252
IDEX Corp. ....	539	74,441
KAR Auction Services Inc. ....	1,210	14,520
Landstar System Inc. ....	352	33,743
Lennox International Inc. ....	330	59,991
Lincoln Electric Holdings Inc. ....	418	28,842
ManpowerGroup Inc. ....	627	33,225
MSC Industrial Direct Co. Inc., A ....	473	26,001
Nordson Corp. ....	440	59,431
Old Dominion Freight Line Inc. ....	1,073	140,776
Robert Half International Inc. ....	1,551	58,550
Rockwell Automation Inc. ....	924	139,441
Rollins Inc. ....	1,749	63,209
Schneider National Inc., B ....	528	10,211
Snap-on Inc. ....	385	41,896
<sup>a</sup> Teledyne Technologies Inc. ....	242	71,939
Toro Co. ....	1,166	75,895
Trane Technologies PLC ....	1,386	114,470
<sup>a</sup> United Airlines Holdings Inc. ....	1,958	61,775
<sup>a</sup> United Rentals Inc. ....	572	58,859
W.W. Grainger Inc. ....	495	123,007
<sup>a</sup> WABCO Holdings Inc. ....	429	57,936
Watsco Inc. ....	385	60,842
Xylem Inc. ....	1,738	113,196
		<u>2,668,611</u>
<b>Information Technology 15.6%</b>		
Amdocs Ltd. ....	583	32,048
<sup>a</sup> Aspen Technology Inc. ....	660	62,746
Booz Allen Hamilton Holding Corp. ....	1,749	120,051
<sup>a</sup> CACI International Inc., A ....	110	23,227
<sup>a</sup> Cadence Design Systems Inc. ....	2,585	170,713
CDW Corp. ....	1,342	125,168
Citrix Systems Inc. ....	968	137,020
<sup>a</sup> F5 Networks Inc. ....	737	78,586
<sup>a</sup> Fair Isaac Corp. ....	275	84,615

**Franklin LibertyQ U.S. Mid Cap Equity ETF (continued)**

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Information Technology (continued)</b>		
Genpact Ltd. ....	1,452	\$ 42,398
Juniper Networks Inc. ....	2,948	56,425
KLA Corp. ....	1,111	159,695
Lam Research Corp. ....	682	163,680
<sup>a</sup> Manhattan Associates Inc. ....	759	37,813
National Instruments Corp. ....	1,408	46,577
NetApp Inc. ....	2,684	111,896
Paychex Inc. ....	2,101	132,195
Pegasystems Inc. ....	297	21,155
<sup>a</sup> Synopsys Inc. ....	1,287	165,753
Ubiquiti Inc. ....	110	15,574
<sup>a</sup> VeriSign Inc. ....	660	118,859
Western Union Co. ....	4,334	78,576
Xilinx Inc. ....	1,958	152,607
		<u>2,137,377</u>
<b>Materials 2.1%</b>		
Ardagh Group SA ....	154	1,826
Avery Dennison Corp. ....	836	85,163
NewMarket Corp. ....	33	12,635
Reliance Steel & Aluminum Co. ....	286	25,051
RPM International Inc. ....	1,254	74,613
Sonoco Products Co. ....	649	30,081
Steel Dynamics Inc. ....	1,298	29,257
The Chemours Co. LLC ....	1,441	12,782
The Scotts Miracle-Gro Co., A ....	187	19,149
		<u>290,557</u>
<b>Real Estate 7.0%</b>		
Alexandria Real Estate Equities Inc. ....	1,078	147,751
Apple Hospitality REIT Inc. ....	2,288	20,981
Camden Property Trust ....	693	54,913
Coresite Realty Corp. ....	330	38,247
EPR Properties ....	770	18,649
Equity Lifestyle Properties Inc. ....	1,562	89,784
Federal Realty Investment Trust ....	726	54,167
Highwoods Properties Inc. ....	957	33,897
Host Hotels & Resorts Inc. ....	6,820	75,293
Lamar Advertising Co., A ....	946	48,511
National Retail Properties Inc. ....	1,925	61,966
Realty Income Corp. ....	2,376	118,467
Retail Properties of America Inc., A ....	1,881	9,725
Service Properties Trust ....	1,903	10,276
Ventas Inc. ....	2,992	80,185
Welltower Inc. ....	2,145	98,198
		<u>961,010</u>
<b>Utilities 4.4%</b>		
Ameren Corp. ....	2,123	154,618
Consolidated Edison Inc. ....	2,090	163,020
Entergy Corp. ....	1,562	146,781
PPL Corp. ....	5,335	131,668
		<u>596,087</u>
<b>Total Investments before Short Term Investments</b>		
<b>(Cost \$16,506,650)</b> .....		<u>13,676,140</u>

Franklin LibertyQ U.S. Mid Cap Equity ETF (continued)

	Shares	Value
<b>Short Term Investments (Cost \$75,900) 0.5%</b>		
<b>Investments from Cash Collateral Received for Loaned Securities 0.5%</b>		
<b>Money Market Funds 0.5%</b>		
<sup>c,d</sup> Institutional Fiduciary Trust Portfolio, 0.32% .....	75,900	\$ 75,900
<b>Total Investments (Cost \$16,582,550) 100.2%</b> .....		13,752,040
<b>Other Assets, less Liabilities (0.2)%</b> .....		(33,844)
<b>Net Assets 100.0%</b> .....		<u>\$13,718,196</u>

<sup>a</sup>Non-income producing.

<sup>b</sup>A portion or all of the security is on loan at March 31, 2020. See Note 1(c).

<sup>c</sup>See Note 3(c) regarding investments in affiliated management investment companies.

<sup>d</sup>The rate shown is the annualized seven-day effective yield at period end.

## Financial Highlights

### Franklin LibertyQ U.S. Small Cap Equity ETF

	Year Ended March 31,		
	2020	2019	2018 <sup>a</sup>
<b>Per share operating performance</b> (for a share outstanding throughout the year)			
Net asset value, beginning of year	\$27.66	\$26.66	\$25.36
Income from investment operations <sup>b</sup> :			
Net investment income <sup>c</sup>	0.39	0.47	0.33
Net realized and unrealized gains (losses)	(7.15)	0.87	1.27
Total from investment operations	(6.76)	1.34	1.60
Less distributions from net investment income	(0.42)	(0.34)	(0.30)
Net asset value, end of year	\$20.48	\$27.66	\$26.66
Total return <sup>d</sup>	(24.83)%	5.05%	6.34%
<b>Ratios to average net assets<sup>e</sup></b>			
Expenses before waiver and payments by affiliates	0.35%	0.35%	1.15% <sup>f</sup>
Expenses net of waiver and payments by affiliates	0.35%	0.35%	0.35% <sup>f</sup>
Net investment income	1.41%	1.69%	1.40%
<b>Supplemental data</b>			
Net assets, end of year (000's)	\$13,310	\$17,979	\$2,666
Portfolio turnover rate <sup>g</sup>	23.83% <sup>h</sup>	22.17%	23.99%

<sup>a</sup>For the period April 26, 2017 (commencement of operations) to March 31, 2018.

<sup>b</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of Creation Unit Fund shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>c</sup>Based on average daily shares outstanding.

<sup>d</sup>Total return is not annualized for periods less than one year. Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period, reinvestment of all dividends and distributions at net asset value during the period, and redemption at net asset value on the last day of the period.

<sup>e</sup>Ratios are annualized for periods less than one year.

<sup>f</sup>Effective December 1, 2017, the Fund replaced the prior fee structure with a unified management fee. See Note 3(a).

<sup>g</sup>Portfolio turnover rate includes portfolio transaction that are executed as result of the Fund offering and redeeming Creation Units solely for cash ("Cash creations").

<sup>h</sup>Portfolio turnover rate excluding cash creation for the year end March 31, 2020 was as follows: 23.83%.

## Statement of Investments, March 31, 2020

## Franklin LibertyQ U.S. Small Cap Equity ETF

	Shares	Value
<b>Common Stocks 99.7%</b>		
<b>Communication Services 2.7%</b>		
<sup>a</sup> AMC Entertainment Holdings Inc., A	1,638	\$ 5,176
Cogent Communications Holdings Inc.	1,365	111,889
<sup>b</sup> Cumulus Media Inc., A	325	1,762
Gannett Co. Inc.	4,004	5,926
<sup>b</sup> Lee Enterprises Inc.	1,547	1,521
<sup>b</sup> Liberty Latin America Ltd.	3,237	33,212
<sup>b</sup> Liberty Latin America Ltd., A	1,287	13,539
Marcus Corp.	650	8,008
Meredith Corp.	1,261	15,409
National CineMedia Inc.	2,171	7,077
Scholastic Corp.	1,014	25,847
Spok Holdings Inc.	533	5,698
<sup>b</sup> TechTarget Inc.	351	7,234
TEGNA Inc.	4,485	48,707
<sup>b</sup> The Meet Group Inc.	1,625	9,539
<sup>b</sup> Travelzoo	156	613
Tribune Publishing Co.	260	2,109
<sup>b</sup> TrueCar Inc.	2,964	7,173
<sup>b</sup> WideOpenWest Inc.	819	3,898
<sup>b</sup> Yelp Inc.	2,444	44,065
		358,402
<b>Consumer Discretionary 18.5%</b>		
<sup>b</sup> 1-800-FLOWERS.Com Inc.	897	11,867
Aaron's Inc.	1,924	43,829
Abercrombie & Fitch Co., A	2,704	24,579
Acushnet Holdings Corp.	1,196	30,761
<sup>b</sup> America's Car-Mart Inc.	221	12,453
American Eagle Outfitters Inc.	6,045	48,058
<sup>b</sup> American Public Education Inc.	455	10,888
<sup>b</sup> Asbury Automotive Group Inc.	793	43,797
<sup>b</sup> At Home Group Inc.	1,287	2,600
<sup>b</sup> Barnes & Noble Education Inc.	1,183	1,609
Bassett Furniture Industries Inc.	377	2,055
<sup>a</sup> Bed Bath & Beyond Inc.	4,225	17,787
Big Lots Inc.	1,729	24,586
BJ's Restaurants Inc.	650	9,029
Bloomin' Brands Inc.	3,822	27,289
Brinker International Inc.	1,092	13,115
<sup>a</sup> Buckle Inc.	1,170	16,041
Caleres Inc.	1,482	7,706
Callaway Golf Co.	2,626	26,838
<sup>b</sup> Carrols Restaurant Group Inc.	936	1,704
Chico's FAS Inc.	4,420	5,702
<sup>b</sup> Chuy's Holdings Inc.	689	6,938
Citi Trends Inc.	455	4,050
Collectors Universe Inc.	260	4,074
Core-Mark Holding Co. Inc.	1,053	30,084
Cracker Barrel Old Country Store Inc.	949	78,976
<sup>b</sup> Crocs Inc.	2,379	40,419
Dana Inc.	4,459	34,825
<sup>a</sup> Dave & Buster's Entertainment Inc.	1,326	17,344
<sup>b</sup> Deckers Outdoor Corp.	1,027	137,618
<sup>b</sup> Del Taco Restaurants Inc.	754	2,586
<sup>b</sup> Denny's Corp.	2,132	16,374
Designer Brands Inc., A	2,340	11,653
Dillard's Inc., A	351	12,969
<sup>b</sup> Dorman Products Inc.	910	50,296

**Franklin LibertyQ U.S. Small Cap Equity ETF** (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Consumer Discretionary</b> (continued)		
<sup>b</sup> Duluth Holdings Inc. ....	377	\$ 1,512
Escalade Inc. ....	351	2,088
Ethan Allen Interiors Inc. ....	1,014	10,363
<sup>b</sup> Fiesta Restaurant Group Inc. ....	910	3,667
<sup>b</sup> Fossil Group Inc. ....	1,105	3,635
<sup>b</sup> Genesco Inc. ....	663	8,844
Group 1 Automotive Inc. ....	689	30,495
Guess? Inc. ....	1,924	13,026
Hamilton Beach Brands Holding Co., A ....	234	2,225
Haverty Furniture Cos. Inc. ....	793	9,429
<sup>b</sup> Helen of Troy Ltd. ....	793	114,216
<sup>b</sup> Hibbett Sports Inc. ....	611	6,681
Hooker Furniture Corp. ....	338	5,276
<sup>b</sup> Installed Building Products Inc. ....	338	13,476
<sup>a,b</sup> iRobot Corp. ....	819	33,497
<sup>a,b</sup> J. Jill Inc. ....	663	366
Jack in the Box Inc. ....	884	30,984
Johnson Outdoors Inc., A ....	169	10,596
<sup>b</sup> K12 Inc. ....	1,066	20,105
<sup>b</sup> Kontoor Brands Inc. ....	1,118	21,432
La-Z-Boy Inc. ....	1,560	32,058
LCI Industries ....	767	51,259
<sup>b</sup> LGI Homes Inc. ....	598	27,000
Lifetime Brands Inc. ....	455	2,571
<sup>b</sup> Lindblad Expeditions Holdings Inc. ....	468	1,952
Lithia Motors Inc. ....	806	65,923
M.D.C. Holdings Inc. ....	1,157	26,842
<sup>b</sup> M/I Homes Inc. ....	403	6,662
Marine Products Corp. ....	273	2,206
<sup>b</sup> Modine Manufacturing Co. ....	1,131	3,676
<sup>b</sup> Monarch Casino & Resort Inc. ....	299	8,393
Monro Inc. ....	1,066	46,702
Movado Group Inc. ....	611	7,222
<sup>b</sup> Murphy USA Inc. ....	429	36,190
Office Depot Inc. ....	18,603	30,509
Oxford Industries Inc. ....	689	24,983
Papa John's International Inc. ....	689	36,772
<sup>b</sup> Perdoceo Education Corp. ....	2,405	25,950
PetMed Express Inc. ....	754	21,700
Rent-A-Center Inc. ....	1,885	26,654
Rocky Brands Inc. ....	208	4,025
<sup>b</sup> RTW RetailWinds Inc. ....	767	161
Ruth's Hospitality Group Inc. ....	962	6,426
<sup>b</sup> Sally Beauty Holdings Inc. ....	4,134	33,403
Shoe Carnival Inc. ....	390	8,100
Shutterstock Inc. ....	598	19,232
Signet Jewelers Ltd. ....	1,664	10,733
<sup>b</sup> Sleep Number Corp. ....	1,027	19,677
Sonic Automotive Inc. ....	923	12,257
<sup>b</sup> Sonos Inc. ....	1,651	14,001
<sup>b</sup> Sportsman's Warehouse Holdings Inc. ....	1,612	9,930
<sup>b</sup> Stamps.com Inc. ....	559	72,715
Standard Motor Products Inc. ....	702	29,182
Steven Madden Ltd. ....	3,055	70,968
<sup>a,b</sup> Stitch Fix Inc., A ....	1,157	14,694
Strategic Education Inc. ....	663	92,661
Sturm Ruger & Co. Inc. ....	520	26,473
Superior Group of Cos. Inc. ....	351	2,970

Franklin LibertyQ U.S. Small Cap Equity ETF (continued)

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Consumer Discretionary (continued)</b>		
<sup>a</sup> Tailored Brands Inc. ....	1,937	\$ 3,370
Tenneco Inc., A ....	1,482	5,335
Texas Roadhouse Inc., A ....	2,717	112,212
The Cato Corp., A ....	845	9,016
The Cheesecake Factory Inc. ....	1,742	29,753
<sup>a</sup> The Children's Place Inc. ....	585	11,443
<sup>b</sup> The Container Store Group Inc. ....	637	1,503
<sup>b</sup> The Lovesac Co. ....	182	1,061
<sup>b</sup> The Michaels Cos. Inc. ....	2,262	3,664
<sup>b</sup> The RealReal Inc. ....	312	2,187
Tilly's Inc., A ....	871	3,597
Tupperware Brands Corp. ....	1,885	3,054
Twin River Worldwide Holdings Inc. ....	507	6,596
<sup>b</sup> Vera Bradley Inc. ....	715	2,946
Weyco Group Inc. ....	208	4,195
Wingstop Inc. ....	832	66,310
Winmark Corp. ....	78	9,939
Wolverine World Wide Inc. ....	3,003	45,646
<sup>b</sup> WW International Inc. ....	728	12,311
<sup>b</sup> YETI Holdings Inc. ....	585	11,419
<sup>b</sup> Zumiez Inc. ....	676	11,708
		<u>2,462,509</u>
<b>Consumer Staples 7.6%</b>		
B&G Foods Inc., A ....	1,872	33,864
<sup>b</sup> BellRing Brands Inc., A ....	572	9,753
<sup>b</sup> Boston Beer Inc., A ....	351	129,014
<sup>b</sup> Bridgford Foods Corp. ....	52	1,200
<sup>b</sup> Central Garden & Pet Co. ....	325	8,937
<sup>b</sup> Central Garden & Pet Co., A ....	1,209	30,914
Coca-Cola Consolidated Inc. ....	143	29,820
<sup>b</sup> Freshpet Inc. ....	780	49,819
Ingles Markets Inc., A ....	520	18,803
Inter Parfums Inc. ....	585	27,115
J & J Snack Foods Corp. ....	546	66,066
John B. Sanfilippo & Son Inc. ....	299	26,731
Lancaster Colony Corp. ....	611	88,375
<sup>b</sup> Lifevantage Corp. ....	351	3,615
Medifast Inc. ....	416	26,000
<sup>a,b</sup> National Beverage Corp. ....	403	17,188
Natural Grocers by Vitamin Cottage Inc. ....	299	2,544
<sup>b</sup> Natures Sunshine Products Inc. ....	299	2,431
<sup>b</sup> Performance Food Group Co. ....	3,458	85,482
PriceSmart Inc. ....	845	44,405
Sanderson Farms Inc. ....	559	68,936
SpartanNash Co. ....	923	13,217
<sup>b</sup> The Chefs' Warehouse Inc. ....	806	8,116
Tootsie Roll Industries Inc. ....	455	16,373
Turning Point Brands Inc. ....	247	5,214
Universal Corp. ....	819	36,208
Vector Group Ltd. ....	3,536	33,309
Village Super Market Inc., A ....	351	8,628
WD-40 Co. ....	533	107,053
Weis Markets Inc. ....	377	15,706
		<u>1,014,836</u>
<b>Energy 0.3%</b>		
Arch Coal Inc. ....	364	10,519

**Franklin LibertyQ U.S. Small Cap Equity ETF** (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Energy</b> (continued)		
Berry Corp. ....	910	\$ 2,193
<sup>b</sup> CONSOL Energy Inc. ....	845	3,118
CVR Energy Inc. ....	663	10,959
Evolution Petroleum Corp. ....	390	1,018
Falcon Minerals Corp., A ....	624	1,342
Liberty Oilfield Services Inc., A ....	1,300	3,497
<sup>b</sup> Penn Virginia Corp. ....	286	884
<sup>b</sup> SilverBow Resources Inc. ....	208	514
Solaris Oilfield Infrastructure Inc. ....	455	2,389
		36,433
<b>Financials 8.0%</b>		
1st Source Corp. ....	442	14,334
Alerus Financial Corp. ....	39	644
<sup>b</sup> Amerant Bancorp Inc. ....	286	4,402
Amerisafe Inc. ....	468	30,172
Ames National Corp. ....	312	6,380
Apollo Commercial Finance Inc. ....	3,978	29,517
Arrow Financial Corp. ....	325	9,058
Banco Latinoamericano de Comercio Exterior SA	858	8,846
Bank7 Corp. ....	91	723
Bankwell Financial Group Inc. ....	143	2,182
Bar Harbor Bankshares ....	338	5,841
Cadence Bancorp ....	3,081	20,181
Capstead Mortgage Corp. ....	2,665	11,193
Central Pacific Financial Corp. ....	611	9,715
Citizens & Northern Corp. ....	377	7,540
<sup>a,b</sup> Citizens Inc., A ....	1,430	9,324
Codorus Valley Bancorp Inc. ....	221	3,558
Cohen & Steers Inc. ....	754	34,269
Colony Bancorp Inc. ....	182	2,275
Donegal Group Inc. ....	351	5,335
Dynex Capital Inc. ....	689	7,193
ESSA Bancorp Inc. ....	234	3,194
Essent Group Ltd. ....	3,445	90,741
<sup>b</sup> EZCORP Inc., A ....	1,560	6,505
Federated Hermes Inc., B ....	3,107	59,188
Financial Institutions Inc. ....	507	9,197
First Bancorp Inc. ....	312	6,864
First Bancorp Puerto Rico ....	4,602	24,483
First Citizens Bancorp ....	416	6,223
Franklin Financial Services Corp. ....	91	2,498
<sup>b</sup> Genworth Financial Inc., A ....	14,170	47,044
Greene County Bancorp Inc. ....	91	2,126
Hawthorn Bancshares Inc. ....	130	2,386
Heritage Financial Corp. ....	1,040	20,800
Horace Mann Educators Corp. ....	1,417	51,848
International Bancshares Corp. ....	1,365	36,691
Invesco Mortgage Capital ....	3,809	12,989
James River Group Holdings Ltd. ....	871	31,565
LCNB Corp. ....	377	4,750
Midwestone Financial Group Inc. ....	403	8,439
<sup>b</sup> Mr Cooper Group Inc. ....	1,820	13,341
National Western Life Group Inc., A ....	91	15,652
Nelnet Inc., A ....	585	26,565
Northfield Bancorp Inc. ....	1,404	15,711
Northwest Bancshares Inc. ....	3,016	34,895
Norwood Financial Corp. ....	156	4,165



## Franklin LibertyQ U.S. Small Cap Equity ETF (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Financials</b> (continued)		
<sup>b</sup> On Deck Capital Inc. ....	1,690	\$ 2,603
<sup>b</sup> Palomar Holdings Inc. ....	247	14,366
Penns Woods Bancorp Inc. ....	234	5,686
Peoples Financial Services Corp. ....	169	6,716
Piper Sandler Cos. ....	312	15,778
Premier Financial Bancorp Inc. ....	429	5,320
Protective Insurance Corp., B ....	286	3,932
Provident Financial Services Inc. ....	1,963	25,244
Pzena Investment Management Inc., A ....	559	2,493
Red River Bancshares Inc. ....	78	2,903
<sup>b</sup> Regional Management Corp. ....	364	4,972
Silvercrest Asset Management Group Inc., A ....	325	3,075
Southern Missouri Bancorp Inc. ....	208	5,048
Stewart Information Services Corp. ....	650	17,335
Territorial Bancorp Inc. ....	286	7,021
The Bank of Princeton ....	78	1,814
Tiptree Inc., A ....	533	2,782
Tompkins Financial Corp. ....	468	33,602
TrustCo Bank Corp. NY ....	3,042	16,457
United Bankshares Inc. ....	2,197	50,707
United Fire Group Inc. ....	663	21,620
United Security Bancshares ....	299	1,914
Universal Insurance Holdings Inc. ....	884	15,841
Value Line Inc. ....	39	1,262
Waddell & Reed Financial Inc., A ....	1,794	20,416
<sup>b</sup> Watford Holdings Ltd. ....	442	6,475
West Bancorp ....	481	7,864
Westwood Holdings Group Inc. ....	286	5,237
		<u>1,069,025</u>
<b>Health Care 12.4%</b>		
<sup>b</sup> Addus Homecare Corp. ....	364	24,606
<sup>b</sup> Amedisys Inc. ....	1,157	212,356
<sup>b</sup> AMN Healthcare Services Inc. ....	1,443	83,420
<sup>b</sup> Anika Therapeutics Inc. ....	195	5,637
<sup>b</sup> AtriCure Inc. ....	1,157	38,864
Atrion Corp. ....	52	33,800
<sup>b</sup> Biospecifics Technologies Corp. ....	182	10,296
<sup>b</sup> Cardiovascular Systems Inc. ....	1,209	42,569
<sup>b</sup> Community Health Systems Inc. ....	2,639	8,814
CONMED Corp. ....	871	49,882
<sup>b</sup> Corcept Therapeutics Inc. ....	3,289	39,106
<sup>b</sup> CorVel Corp. ....	273	14,881
<sup>b</sup> Cross Country Healthcare Inc. ....	988	6,659
<sup>b</sup> Eagle Pharmaceuticals Inc. ....	260	11,960
<sup>b</sup> Enanta Pharmaceuticals Inc. ....	559	28,749
<sup>b</sup> FibroGen Inc. ....	1,118	38,851
<sup>b</sup> Glaukos Corp. ....	897	27,681
<sup>b</sup> Globus Medical Inc., A ....	2,782	118,319
<sup>b</sup> Haemonetics Corp. ....	1,469	146,401
<sup>b</sup> Hanger Inc. ....	897	13,975
<sup>b</sup> Inogen Inc. ....	520	26,863
Invacare Corp. ....	481	3,574
<sup>b</sup> iRadimed Corp. ....	117	2,498
<sup>b</sup> Lantheus Holdings Inc. ....	806	10,285
LeMaitre Vascular Inc. ....	559	13,930
<sup>b</sup> LHC Group Inc. ....	871	122,114
<sup>b</sup> Meridian Bioscience Inc. ....	1,495	12,558

**Franklin LibertyQ U.S. Small Cap Equity ETF (continued)**

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Health Care (continued)</b>		
<sup>b</sup> Merit Medical Systems Inc. ....	1,742	\$ 54,438
Mesa Laboratories Inc. ....	78	17,635
<sup>b</sup> Misonix Inc. ....	195	1,837
<sup>b</sup> Myriad Genetics Inc. ....	2,119	30,323
National Healthcare Corp. ....	455	32,637
National Research Corp., A ....	442	20,102
<sup>b</sup> NextGen Healthcare Inc. ....	1,898	19,815
<sup>b</sup> NuVasive Inc. ....	1,521	77,054
<sup>b</sup> Orthofix International Nv ....	637	17,842
<sup>b</sup> OrthoPediatrics Corp. ....	208	8,245
<sup>a,b</sup> Palatin Technologies Inc. ....	3,419	1,448
Patterson Cos. Inc. ....	2,483	37,965
Phibro Animal Health Corp. ....	715	17,282
<sup>b</sup> Phreesia Inc. ....	182	3,827
<sup>b</sup> Prestige Consumer Healthcare Inc. ....	1,508	55,313
Simulations Plus Inc. ....	390	13,619
<sup>b</sup> Supernus Pharmaceuticals Inc. ....	1,716	30,871
<sup>b</sup> Tactile Systems Technology Inc. ....	624	25,060
<sup>b</sup> The Joint Corp. ....	325	3,526
<sup>b</sup> The Pennant Group Inc. ....	455	6,443
Utah Medical Products Inc. ....	117	11,004
<sup>b</sup> Vocera Communications Inc. ....	923	19,605
		1,654,539
<b>Industrials 22.6%</b>		
ABM Industries Inc. ....	2,275	55,419
Acco Brands Corp. ....	2,314	11,686
<sup>b</sup> Advanced Disposal Services Inc. ....	2,236	73,341
<sup>b</sup> Aegion Corp. ....	442	7,925
Alamo Group Inc. ....	299	26,545
Allegiant Travel Co. ....	416	34,029
Allied Motion Technologies Inc. ....	221	5,238
Altra Industrial Motion Corp. ....	1,651	28,876
Applied Industrial Technologies Inc. ....	1,456	66,568
<sup>b</sup> Atkore International Group Inc. ....	715	15,065
<sup>b</sup> Axon Enterprise Inc. ....	1,534	108,561
BG Staffing Inc. ....	338	2,528
<sup>b</sup> BMC Stock Holdings Inc. ....	1,677	29,733
Brady Corp., A ....	1,755	79,203
<sup>b</sup> Builders FirstSource Inc. ....	2,821	34,501
<sup>b</sup> Casella Waste Systems Inc., A ....	949	37,068
<sup>b</sup> Cimpress PLC ....	702	37,346
CompX International Inc. ....	52	790
Costamare Inc. ....	754	3,408
<sup>b</sup> Covenant Transportation Group Inc., A ....	416	3,607
CRA International Inc. ....	104	3,475
CSW Industrials Inc. ....	338	21,919
Deluxe Corp. ....	1,638	42,473
Douglas Dynamics Inc. ....	663	23,543
Ennis Inc. ....	858	16,113
EnPro Industries Inc. ....	585	23,154
Exponent Inc. ....	2,028	145,834
<sup>b</sup> Forrester Research Inc. ....	377	11,020
Forward Air Corp. ....	1,053	53,334
<sup>b</sup> Foundation Building Materials Inc. ....	572	5,886
<sup>b</sup> Franklin Covey Co. ....	325	5,051
Franklin Electric Co. Inc. ....	663	31,247
<sup>b</sup> FTI Consulting Inc. ....	910	108,991

## Franklin LibertyQ U.S. Small Cap Equity ETF (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Industrials</b> (continued)		
<sup>b</sup> Generac Holdings Inc. ....	1,495	\$ 139,289
<sup>b</sup> GMS Inc. ....	585	9,202
H&E Equipment Services Inc. ....	702	10,305
Hawaiian Holdings Inc. ....	1,430	14,929
Healthcare Services Group Inc. ....	2,197	52,530
Heartland Express Inc. ....	1,352	25,107
Heidrick & Struggles International Inc. ....	689	15,503
<sup>b</sup> Heritage-Crystal Clean Inc. ....	598	9,712
Herman Miller Inc. ....	2,106	46,753
Hillenbrand Inc. ....	2,067	39,500
HNI Corp. ....	1,560	39,296
Hurco Cos. Inc. ....	143	4,161
Hyster-Yale Materials Handling Inc. ....	299	11,987
ICF International Inc. ....	650	44,655
Insperty Inc. ....	1,261	47,035
Interface Inc. ....	1,677	12,678
John Bean Technologies Corp. ....	715	53,103
Kadant Inc. ....	377	28,143
Kaman Corp., A ....	871	33,507
Kelly Services Inc., A ....	1,066	13,528
Kforce Inc. ....	884	22,604
Kimball International Inc., B ....	1,287	15,328
Knoll Inc. ....	1,690	17,441
Korn Ferry ....	2,002	48,689
<sup>b</sup> Lawson Products Inc. ....	182	4,863
McGrath RentCorp ....	767	40,175
Miller Industries Inc. ....	338	9,559
Mobile Mini Inc. ....	1,638	42,965
Moog Inc., A ....	1,027	51,894
MSA Safety Inc. ....	1,300	131,560
National Presto Industries Inc. ....	143	10,126
Omega Flex Inc. ....	117	9,875
<sup>b</sup> P.A.M. Transportation Services Inc. ....	65	1,999
Pitney Bowes Inc. ....	2,431	4,959
Preformed Line Products Co. ....	91	4,535
<sup>b</sup> Radiant Logistics Inc. ....	936	3,622
Resources Connection Inc. ....	1,183	12,978
Rush Enterprises Inc., B ....	130	3,966
<sup>b</sup> SAIA Inc. ....	962	70,746
Simpson Manufacturing Co. Inc. ....	1,495	92,660
<sup>b</sup> SiteOne Landscape Supply Inc. ....	585	43,068
Standex International Corp. ....	377	18,481
Steelcase Inc., A ....	3,146	31,051
Systemax Inc. ....	351	6,223
Tennant Co. ....	559	32,394
Tetra Tech Inc. ....	780	55,084
<sup>b</sup> Transcat Inc. ....	182	4,823
<sup>b</sup> Trex Co. Inc. ....	1,794	143,771
UniFirst Corp. ....	481	72,674
Universal Forest Products Inc. ....	897	33,359
Universal Logistics Holdings Inc. ....	247	3,236
<sup>b</sup> US Xpress Enterprises Inc., A ....	624	2,084
<sup>b</sup> Vicor Corp. ....	481	21,424
Watts Water Technologies Inc., A ....	819	69,328
Werner Enterprises Inc. ....	1,664	60,337
<sup>b</sup> Willis Lease Fin Corp. ....	65	1,729
		3,004,010

**Franklin LibertyQ U.S. Small Cap Equity ETF** (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Information Technology 12.3%</b>		
<sup>b</sup> A10 Networks Inc. ....	1,521	\$ 9,445
<sup>b</sup> ACI Worldwide Inc. ....	2,483	59,964
<sup>b</sup> Alarm.com Holdings Inc. ....	1,040	40,466
<sup>b</sup> Altair Engineering Inc. ....	1,079	28,593
American Software Inc., A ....	910	12,931
<sup>b</sup> Appfolio Inc. ....	221	24,520
Astro-Med Inc. ....	169	1,311
<sup>b</sup> Avid Technology Inc. ....	949	6,387
Badger Meter Inc. ....	884	47,382
<sup>b</sup> Cambium Networks Corp. ....	91	510
<sup>b</sup> Casa Systems Inc. ....	767	2,685
<sup>b</sup> CEVA Inc. ....	650	16,204
<sup>b</sup> ChannelAdvisor Corp. ....	754	5,474
<sup>b</sup> Cirrus Logic Inc. ....	1,846	121,153
<sup>b</sup> Coda Octopus Group Inc. ....	78	438
<sup>b</sup> CommVault Systems Inc. ....	1,365	55,255
CSG Systems International Inc. ....	1,209	50,597
Daktronics Inc. ....	1,092	5,384
<sup>b</sup> Digi International Inc. ....	390	3,721
<sup>b</sup> eGain Corp. ....	585	4,288
<sup>b</sup> ePlus Inc. ....	390	24,422
EVERTEC Inc. ....	1,807	41,073
Hackett Group Inc. ....	845	10,748
<sup>b</sup> Immersion Corp. ....	975	5,226
<sup>b</sup> Information Services Group Inc. ....	936	2,406
<sup>b</sup> Insight Enterprises Inc. ....	1,209	50,935
<sup>b</sup> Intelligent Systems Corp. ....	104	3,535
<sup>b</sup> Iteris Inc. ....	1,053	3,370
J2 Global Inc. ....	1,729	129,416
<sup>b</sup> Majesco ....	182	994
ManTech International Corp., A ....	845	61,406
MAXIMUS Inc. ....	1,443	83,983
<sup>b</sup> MicroStrategy Inc. ....	260	30,706
<sup>b</sup> MobileIron Inc. ....	2,145	8,151
<sup>b</sup> Napco Security Technologies Inc. ....	377	5,719
NIC Inc. ....	2,405	55,315
<sup>b</sup> Novanta Inc. ....	936	74,768
NVE Corp. ....	156	8,117
<sup>b</sup> OSI Systems Inc. ....	364	25,087
<sup>b</sup> Paysign Inc. ....	429	2,214
PC Connection Inc. ....	364	15,000
<sup>b</sup> Perficient Inc. ....	455	12,326
<sup>b</sup> Priority Technology Holdings Inc. ....	260	504
Progress Software Corp. ....	988	31,616
QAD Inc., A ....	325	12,977
<sup>b</sup> Qualys Inc. ....	1,105	96,124
<sup>b</sup> Rosetta Stone Inc. ....	624	8,748
<sup>b</sup> ScanSource Inc. ....	741	15,850
<sup>b</sup> Semtech Corp. ....	1,508	56,550
<sup>b</sup> Silicon Laboratories Inc. ....	1,352	115,474
<sup>b</sup> Sonim Technologies Inc. ....	260	182
<sup>b</sup> SPS Commerce Inc. ....	1,105	51,394
<sup>b</sup> Sykes Enterprises Inc. ....	585	15,865
Tessco Technologies Inc. ....	169	826
Vishay Intertechnology Inc. ....	3,692	53,202
Xperi Corp. ....	1,053	14,647
<sup>b</sup> Zix Corp. ....	1,846	7,956
		1,633,540

Franklin LibertyQ U.S. Small Cap Equity ETF (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Materials 1.7%</b>		
Advanced Emissions Solutions Inc. ....	520	\$ 3,416
Greif Inc., A .....	806	25,059
Greif Inc., B .....	182	7,291
Myers Industries Inc. ....	1,079	11,599
Orion Engineered Carbons SA .....	871	6,498
PolyOne Corp. ....	1,118	21,208
Quaker Chemical Corp. ....	325	41,041
Schweitzer-Mauduit International Inc. ....	1,014	28,210
Sensient Technologies Corp. ....	1,365	59,391
Valhi Inc. ....	806	830
Warrior Met Coal Inc. ....	1,365	14,496
		219,039
<b>Real Estate 6.2%</b>		
Agree Realty Corp. ....	1,144	70,814
American Assets Trust Inc. ....	1,131	28,275
<sup>a</sup> CBL & Associates Properties Inc. ....	2,392	479
Cedar Realty Trust Inc. ....	2,665	2,487
CoreCivic Inc. ....	3,328	37,174
DiamondRock Hospitality Co. ....	4,901	24,897
First Industrial Realty Trust Inc. ....	3,718	123,549
Franklin Street Properties Corp. ....	3,146	18,026
Lexington Realty Trust .....	7,917	78,616
LTC Properties Inc. ....	1,170	36,153
Monmouth Real Estate Investment Corp., A .....	2,509	30,233
National Health Investors Inc. ....	1,391	68,882
One Liberty Properties Inc. ....	442	6,157
Preferred Apartment Communities Inc., A .....	1,560	11,201
PS Business Parks Inc. ....	728	98,658
QTS Realty Trust Inc., A .....	1,326	76,921
RE/MAX Holdings Inc., A .....	663	14,533
Realogy Holdings Corp. ....	2,899	8,726
RPT Realty .....	2,652	15,991
Summit Hotel Properties Inc. ....	2,444	10,314
<sup>a</sup> Tanger Factory Outlet Centers Inc. ....	2,262	11,310
Universal Health Realty Income Trust .....	364	36,695
Urstadt Biddle Properties, A .....	936	13,198
Whitestone REIT .....	1,079	6,690
		829,979
<b>Utilities 7.4%</b>		
American States Water Co. ....	1,287	105,199
Artesian Resources Corp., CL A .....	221	8,261
Avista Corp. ....	2,015	85,617
Black Hills Corp. ....	1,755	112,373
California Water Service Group .....	1,638	82,424
Clearway Energy Inc., A .....	1,118	19,196
Clearway Energy Inc., C .....	2,210	41,548
Consolidated Water Co. Ltd. ....	208	3,411
El Paso Electric Co. ....	1,287	87,465
Genie Energy Ltd., B .....	338	2,427
Global Water Resources Inc. ....	338	3,444
MGE Energy Inc. ....	1,079	70,642
NorthWestern Corp. ....	1,352	80,890
PNM Resources Inc. ....	2,314	87,932
SJW Group .....	728	42,057
Southwest Gas Holdings Inc. ....	1,651	114,844
Spark Energy Inc., A .....	403	2,527

**Franklin LibertyQ U.S. Small Cap Equity ETF** (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Utilities</b> (continued)		
Unitil Corp. ....	455	\$ 23,806
York Water Co. ....	351	15,254
		<u>989,317</u>
<b>Total Investments before Short Term Investments</b> <b>(Cost \$18,130,165)</b> .....		<u>13,271,629</u>
<b>Short Term Investments (Cost \$131,291) 1.0%</b>		
<b>Investments from Cash Collateral Received for Loaned Securities 1.0%</b>		
<b>Money Market Funds 1.0%</b>		
<sup>c,d</sup> Institutional Fiduciary Trust Portfolio, 0.32% .....	131,291	131,291
<b>Total Investments (Cost \$18,261,456) 100.7%</b> .....		13,402,920
<b>Other Assets, less Liabilities (0.7)%</b> .....		<u>(93,244)</u>
<b>Net Assets 100.0%</b> .....		<u>\$13,309,676</u>

See Abbreviations on page 57.

<sup>a</sup>A portion or all of the security is on loan at March 31, 2020. See Note 1(c).

<sup>b</sup>Non-income producing.

<sup>c</sup>The rate shown is the annualized seven-day effective yield at period end.

<sup>d</sup>See Note 3(c) regarding investments in affiliated management investment companies.

## Statements of Assets and Liabilities

March 31, 2020

	Franklin LibertyQ U.S. Equity ETF	Franklin LibertyQ U.S. Mid Cap Equity ETF	Franklin LibertyQ U.S. Small Cap Equity ETF
<b>Assets:</b>			
Investments in securities:			
Cost – Unaffiliated issuers	\$1,523,639,463	\$16,506,650	\$18,130,165
Cost – Non-controlled affiliates (Note 3c)	911,900	75,900	131,291
Value – Unaffiliated issuers+	\$1,306,012,557	\$13,676,140	\$13,271,629
Value – Non-controlled affiliates (Note 3c)	911,900	75,900	131,291
Cash	3,265,305	22,086	22,965
Receivables:			
Capital shares sold	2,788,812	—	—
Dividends	2,146,711	23,496	19,616
Deposits with brokers for:			
Futures contracts	372,000	—	—
<b>Total assets</b>	<b>1,315,497,285</b>	<b>13,797,622</b>	<b>13,445,501</b>
<b>Liabilities:</b>			
Payables:			
Investment securities purchased	2,768,690	—	—
Management fees	169,037	3,526	4,534
Variation margin on futures contracts	64,333	—	—
Payable upon return of securities loaned	911,900	75,900	131,291
<b>Total liabilities</b>	<b>3,913,960</b>	<b>79,426</b>	<b>135,825</b>
<b>Net assets, at value</b>	<b>\$1,311,583,325</b>	<b>\$13,718,196</b>	<b>\$13,309,676</b>
Net assets consist of:			
Paid-in capital	\$1,544,754,784	\$16,694,032	\$19,180,821
Total distributable earnings (loss)	(233,171,459)	(2,975,836)	(5,871,145)
<b>Net assets, at value</b>	<b>\$1,311,583,325</b>	<b>\$13,718,196</b>	<b>\$13,309,676</b>
Shares outstanding	47,500,000	550,000	650,000
<b>Net asset value per share</b>	<b>\$ 27.61</b>	<b>\$ 24.94</b>	<b>\$ 20.48</b>

+Includes securities loaned . . . . . 890,893 74,242 124,409

Statements of Operations  
for the year ended March 31, 2020

	Franklin LibertyQ U.S. Equity ETF	Franklin LibertyQ U.S. Mid Cap Equity ETF	Franklin LibertyQ U.S. Small Cap Equity ETF
Investment income:			
Dividends:			
Unaffiliated issuers	\$ 31,642,478	\$ 251,655	\$ 357,380
Interest:			
Unaffiliated issuers	—	47	66
Interest from securities loaned:			
Unaffiliated issuers (net of fees and rebates)	(722)	334	1,199
Non-Controlled affiliates (Note 3c)	97,763	413	4,505
Total investment income	31,739,519	252,449	363,150
Expenses:			
Management fees (Note 3a)	2,294,682	39,896	72,370
Other	—	—	59
Total expenses	2,294,682	39,896	72,429
Expenses waived/paid by affiliates (Note 3c)	(3,247)	(89)	(1,012)
Net expenses	2,291,435	39,807	71,417
Net investment income	29,448,084	212,642	291,733
Realized and unrealized gains (losses):			
Net realized gain (loss) from:			
Investments:			
Unaffiliated issuers	(14,494,521)	(69,352)	(714,560)
In-kind redemptions	71,265,331	604,172	791,412
Futures contracts	(77,484)	—	—
Net realized gain (loss)	56,693,326	534,820	76,852
Net change in unrealized appreciation (depreciation) on:			
Investments:			
Unaffiliated issuers	(257,955,467)	(3,745,164)	(5,286,481)
Futures contracts	(216,502)	—	—
Net change in unrealized appreciation (depreciation)	(258,171,969)	(3,745,164)	(5,286,481)
Net realized and unrealized gain (loss)	(201,478,643)	(3,210,344)	(5,209,629)
Net increase (decrease) in net assets resulting from operations	\$(172,030,559)	\$(2,997,702)	\$(4,917,896)



## Statements of Changes in Net Assets

	Franklin LibertyQ U.S. Equity ETF		Franklin LibertyQ U.S. Mid Cap Equity ETF	
	Year Ended March 31, 2020	Year Ended March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2019
Increase (decrease) in net assets:				
Operations:				
Net investment income . . . . .	\$ 29,448,084	\$ 7,322,781	\$ 212,642	\$ 121,894
Net realized gain (loss) . . . . .	56,693,326	9,804,269	534,820	106,914
Net change in unrealized appreciation (depreciation) . . . . .	(258,171,969)	31,328,794	(3,745,164)	734,943
Net increase (decrease) in net assets resulting from operations . . . . .	(172,030,559)	48,455,844	(2,997,702)	963,751
Distributions to shareholders (Note 1e) . . . . .	(26,642,033)	(6,162,655)	(202,973)	(106,377)
Capital share transactions: (Note 2) . . . . .	502,001,368	857,635,782	6,306,864	6,984,672
Net increase (decrease) in net assets . . . . .	303,328,776	899,928,971	3,106,189	7,842,046
Net assets:				
Beginning of year . . . . .	1,008,254,549	108,325,578	10,612,007	2,769,961
End of year (Note 1e) . . . . .	\$1,311,583,325	\$1,008,254,549	\$13,718,196	\$10,612,007

## Statements of Changes in Net Assets

	<b>Franklin LibertyQ U.S. Small Cap Equity ETF</b>	
	<b>Year Ended March 31, 2020</b>	<b>Year Ended March 31, 2019</b>
Increase (decrease) in net assets:		
Operations:		
Net investment income .....	\$ 291,733	\$ 158,146
Net realized gain (loss) .....	76,852	(169,234)
Net change in unrealized appreciation (depreciation) .....	(5,286,481)	302,305
Net increase (decrease) in net assets resulting from operations .....	(4,917,896)	291,217
Distributions to shareholders (Note 1e) .....	(314,153)	(121,259)
Capital share transactions: (Note 2) .....	562,588	15,142,986
Net increase (decrease) in net assets .....	(4,669,461)	15,312,944
Net assets:		
Beginning of year .....	17,979,137	2,666,193
End of year (Note 1e) .....	\$13,309,676	\$17,979,137

# Notes to Financial Statements

## 1. Organization and Significant Accounting Policies

Franklin Templeton ETF Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of forty-two separate funds, three of which are included in this report (Funds) and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Each of the Funds are an exchange traded fund (ETF) and seek to provide the investment results that closely correspond, before fees and expenses, to the performance of each Fund's corresponding underlying index.

The following summarizes the Funds' significant accounting policies.

### a. Financial Instrument Valuation

The Funds' investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Funds calculate the net asset value (NAV) per share as of 4 p.m. Eastern time each day the New York Stock Exchange (NYSE) is open for trading. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Funds' administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The Funds may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Investments in open-end mutual funds are valued at the closing NAV.

Certain derivative financial instruments are centrally cleared or trade in the OTC market. The Funds' pricing services use various techniques including industry standard option pricing models and proprietary discounted cash flow models to

determine the fair value of those instruments. The Funds' net benefit or obligation under the derivative contract, as measured by the fair value of the contract, is included in net assets.

The Funds have procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Funds primarily employ a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Funds' business day. Occasionally, events occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Funds' portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. The VC monitors price movements for significant events following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Funds. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Funds' NAV is not calculated, which could result in differences between the value of the Funds' portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to

## 1. Organization and Significant Accounting Policies (continued)

### a. Financial Instrument Valuation (continued)

an open foreign market are adjusted and reflected by the Funds for financial reporting purposes

### b. Derivative Financial Instruments

Certain or all Funds invested in derivative financial instruments in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and/or the potential for market movements which expose the Fund to gains or losses in excess of the amounts shown in the Statements of Assets and Liabilities. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statements of Operations.

Derivative counterparty credit risk is managed through a formal evaluation of the creditworthiness of all potential counterparties. Certain or all Funds attempt to reduce their exposure to counterparty credit risk on OTC derivatives, whenever possible, by entering into International Swaps and Derivatives Association (ISDA) master agreements with certain counterparties. These agreements contain various provisions, including but not limited to collateral requirements, events of default, or early termination. Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Funds include failure of the Funds to maintain certain net asset levels and/or limit the decline in net assets over various periods of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded, whether or not arising under the ISDA agreement, to one net amount payable by one counterparty to the other. However, absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statements of Assets and Liabilities. Early termination by the counterparty may result in an immediate payment by the Funds of any net liability owed to that counterparty under the ISDA agreement.

Collateral requirements differ by type of derivative. Collateral terms are contract specific for OTC derivatives. For OTC derivatives traded under an ISDA master agreement, posting of collateral is required by either the Fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty exceeds the minimum transfer amount, which typically ranges from \$100,000 to \$250,000, and can vary depending on the counterparty and the type of the agreement. Generally, collateral is determined at the close of Fund business each day and any additional collateral required due to changes in derivative values may be delivered by the Fund or the counterparty the next business day, or within a few business days. Collateral pledged and/or received by the Fund, if any, is held in segregated accounts with the Fund's custodian/counterparty broker and can be in the form of cash and/or securities. Unrestricted cash may be invested according to the Funds' investment objectives. To the extent that the amounts due to the Fund from its counterparties are not subject to collateralization or are not fully collateralized, the Fund bears the risk of loss from counterparty non-performance.

Certain or all Funds entered into exchange traded futures contracts primarily to manage and/or gain exposure to equity price risk. A futures contract is an agreement between the Fund and a counterparty to buy or sell an asset at a specified price on a future date. Required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statements of Assets and Liabilities.

See Note 7 regarding other derivative information.

### c. Securities Lending

Certain or all Funds participate in an agency based securities lending program to earn additional income. The Fund receives cash collateral against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. The collateral is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Funds. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to

the securities lending agent and/or third-party vendor, is reported separately in the Statements of Operations. The Fund bears the market risk with respect to the collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

#### d. Income Taxes

It is each Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. Each Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and excise taxes. As a result, no provision for U.S. federal income taxes is required.

Each Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of March 31, 2020, each Fund has

determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

#### e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

For the year ended March 31, 2019, distributions to shareholders were as follows:

	Franklin LibertyQ U.S. Equity ETF	Franklin LibertyQ U.S. Mid Cap Equity ETF	Franklin LibertyQ U.S. Small Cap Equity ETF
Distributions from net investment income .....	\$(6,162,655)	\$(106,377)	\$(121,259)

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust. Certain Fund specific expenses are allocated directly to the Fund that incurred the expense. These expenses are paid by the Funds or by the investment manager, as applicable, according to the terms of the unified management fee agreement.

#### f. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

#### g. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Funds, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

## 2. Shares of Beneficial Interest

Shares of the Funds are issued and redeemed at their respective NAV only in aggregations of a specified number of shares or multiples thereof (Creation Units). Only certain large institutional investors (Authorized Participants) may engage in creation or redemption transactions directly with the Funds. Once created, shares of the Funds generally trade in the secondary market in amounts less than one Creation Unit. The market price of the Funds' shares will be based on the price in the secondary market which may be at, above or below the most recent NAV. Creation Units may be issued and redeemed in exchange for a designated portfolio of securities and/or cash (which may include cash in lieu of certain securities).

Authorized participants pay a standard transaction fee to the shareholder servicing agent when purchasing or redeeming Creation Units of the Funds regardless of the number of Creation Units that are being created or redeemed on the same day by the Authorized Participant. The standard transaction fee is imposed to offset transfer and other transaction costs associated with the issuance and redemption of Creation Units and is not charged to or paid by the Funds.

In addition, for cash Creation Unit transactions, a variable fee for creation transactions and redemption transactions may be charged to the Authorized Participant to cover certain brokerage, tax, foreign exchange, execution, market impact and other costs and expenses related to the execution of trades. Variable fees, if any, are included in capital share transactions in the Statements of Changes in Net Assets.

At March 31, 2020, there were an unlimited number of shares authorized (without par value). Transactions in the Funds' shares were as follows:

	Franklin LibertyQ U.S. Equity ETF			
	Year Ended March 31, 2020		Year Ended March 31, 2019	
	Shares	Amount	Shares	Amount
Shares sold .....	25,800,000	\$ 846,426,405	31,000,000	\$938,802,146
Shares redeemed .....	(10,400,000)	(344,425,037)	(2,700,000)	(81,166,364)
Net increase (decrease) .....	15,400,000	\$ 502,001,368	28,300,000	\$857,635,782

	Franklin LibertyQ U.S. Mid Cap Equity ETF			
	Year Ended March 31, 2020		Year Ended March 31, 2019	
	Shares	Amount	Shares	Amount
Shares sold .....	300,000	\$ 9,365,575	300,000	\$ 8,425,958
Shares redeemed .....	(100,000)	(3,058,711)	(50,000)	(1,441,286)
Net increase (decrease) .....	200,000	\$ 6,306,864	250,000	\$ 6,984,672

	Franklin LibertyQ U.S. Small Cap Equity ETF			
	Year Ended March 31, 2020		Year Ended March 31, 2019	
	Shares	Amount	Shares	Amount
Shares sold .....	250,000	\$ 6,943,400	600,000	\$16,620,824
Shares redeemed .....	(250,000)	(6,380,812)	(50,000)	(1,477,838)
Net increase (decrease) .....	—	\$ 562,588	550,000	\$15,142,986

### 3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. Certain officers and trustees of the Funds are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Advisory Services, LLC (FASL)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter

#### a. Management Fees

The Funds pay a unified management fee to Advisers whereby Advisers has agreed to reimburse the Funds' acquired fund fees and expenses (if any) and pay all of the ordinary operating expenses of the Funds, including custody, transfer agency, and Trustee fees and expenses, among others, but excluding payments under the Funds' Rule 12b-1 plan (if any), brokerage expenses (including any costs incidental to transactions in portfolio securities or instruments), taxes, interest (including borrowing costs and dividend expenses on securities sold short and overdraft charges), litigation expenses (including litigation to which the Trust or a Fund may be a party and indemnification of the Trustees and officers with respect thereto), and other non routine or extraordinary expenses. The fees are based on the average daily net assets of each of the Funds as follows:

	Annualized Fee Rate
Franklin LibertyQ U.S. Equity ETF	0.15%
Franklin LibertyQ U.S. Mid Cap Equity ETF	0.30%
Franklin LibertyQ U.S. Small Cap Equity ETF	0.35%

Prior to August 1, 2019, the Franklin LibertyQ U. S. Equity ETF paid fees to Franklin Advisers, Inc. of 0.25% per year based on the average daily net assets of the Fund.

#### b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Funds. The fee is paid by Advisers based on the Funds' average daily net assets, and is not an additional expense of the Funds.

#### c. Investments in Affiliated Management Investment Companies

Certain or all Funds invest in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Funds are waived on assets invested in the affiliated management investment companies, as noted in the Statements of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended March 31, 2020, investments in affiliated management investment companies were as follows:

	Value at Beginning of Year	Purchases	Realized Gain (Loss)	Net Change In (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income	
<b>Franklin LibertyQ U.S. Equity ETF Non-Controlled Affiliates</b>							<b>Income from Securities loaned</b>	
Institutional Fiduciary Trust Money Market Portfolio 0.32% . . . . .	\$ —	\$20,580,058	\$(19,668,158)	\$ —	\$ —	\$911,900	911,900	\$97,763

### 3. Transactions with Affiliates (continued)

#### c. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change In (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
<b>Franklin LibertyQ U.S. Mid Cap Equity ETF Non-Controlled Affiliates</b>								<b>Income from Securities loaned</b>
Institutional Fiduciary Trust Money Market Portfolio 0.32% . . . . .	\$ 27,777	\$ 860,856	\$ (812,733)	\$ —	\$ —	\$ 75,900	75,900	\$ 413
<b>Franklin LibertyQ U.S. Small Cap Equity ETF Non-Controlled Affiliates</b>								<b>Income from Securities loaned</b>
Institutional Fiduciary Trust Money Market Portfolio 0.32% . . . . .	\$102,580	\$6,178,207	\$(6,149,496)	\$ —	\$ —	\$131,291	131,291	\$4,505

#### d. Other Affiliated Transactions

At March 31, 2020, the shares of Franklin LibertyQ U.S. Equity ETF were owned by the following entities:

Funds	Shares	Percentage of Outstanding Shares <sup>a</sup>
<b>Franklin LibertyQ U.S. Equity ETF</b>		
Franklin Conservative Allocation Fund . . . . .	3,261,745	6.9%
Franklin Moderate Allocation Fund . . . . .	7,305,230	15.4%
Franklin Growth Allocation Fund . . . . .	6,170,889	13.0%
Franklin LifeSmart™ 2020 – 2055 Retirement Target Funds . . . . .	2,656,770	5.6%
Franklin 529 Portfolios . . . . .	11,940,420	25.1%
	31,335,054	66.0%

<sup>a</sup>Investment activities of significant shareholders could have a material impact on the Funds.

### 4. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains, if any. At March 31, 2020, the capital loss carryforwards were as follows:

	Franklin LibertyQ U.S. Equity ETF	Franklin LibertyQ U.S. Mid Cap Equity ETF	Franklin LibertyQ U.S. Small Cap Equity ETF
Capital loss carryforwards not subject to expiration:			
Short term . . . . .	\$11,114,119	\$ 35,294	\$518,055
Long term . . . . .	7,023,123	120,561	476,044
Total capital loss carryforwards . . . . .	\$18,137,242	\$155,855	\$994,099



**4. Income Taxes** (continued)

The tax character of distributions paid during the years ended March 31, 2020 and 2019, were as follows:

	Franklin LibertyQ U.S. Equity ETF		Franklin LibertyQ U.S. Mid Cap Equity ETF		Franklin LibertyQ U.S. Small Cap Equity ETF	
	2020	2019	2020	2019	2020	2019
Distributions paid from ordinary income . . . .	\$26,642,033	\$6,162,655	\$202,973	\$106,377	\$314,153	\$121,259

At March 31, 2020, the cost of investments and net unrealized appreciation (depreciation) and undistributed ordinary income for income tax purposes were as follows:

	Franklin LibertyQ U.S. Equity ETF	Franklin LibertyQ U.S. Mid Cap Equity ETF	Franklin LibertyQ U.S. Small Cap Equity ETF
Cost of investments . . . . .	\$1,526,055,297	\$16,600,725	\$18,312,863
Unrealized appreciation . . . . .	\$ 27,768,931	\$ 441,489	\$ 513,553
Unrealized depreciation . . . . .	(246,899,771)	(3,290,174)	(5,423,496)
Net unrealized appreciation (depreciation) . . . . .	\$ (219,130,840)	\$ (2,848,685)	\$ (4,909,943)
Distributable earnings – undistributed ordinary income . . . . .	\$ 4,096,623	\$ 28,704	\$ 32,897

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of corporate actions, passive foreign investment company shares and wash sales.

**5. Investment Transactions**

Purchases and sales of investments (excluding short term securities and in-kind transactions, if any) for the year ended March 31, 2020, were as follows:

	Franklin LibertyQ U.S. Equity ETF	Franklin LibertyQ U.S. Mid Cap Equity ETF	Franklin LibertyQ U.S. Small Cap Equity ETF
Purchases . . . . .	\$248,832,596	\$3,196,952	\$5,126,159
Sales . . . . .	\$243,569,636	\$3,153,321	\$4,855,475

In-kind transactions associated with creation and redemptions for the year ended March 31, 2020, were as follows:

	Franklin LibertyQ U.S. Equity ETF	Franklin LibertyQ U.S. Mid Cap Equity ETF	Franklin LibertyQ U.S. Small Cap Equity ETF
Cost of Securities Received . . . . .	\$831,555,142	\$ —	\$ —
Value of Securities Delivered . . . . .	\$333,241,177	\$67,166	\$ —

## 5. Investment Transactions (continued)

At March 31, 2020, in connection with securities lending transactions, certain or all Funds loaned investments and received cash collateral as follows:

	Franklin LibertyQ U.S. Equity ETF	Franklin LibertyQ U.S. Mid Cap Equity ETF	Franklin LibertyQ U.S. Small Cap Equity ETF
<b>Securities lending transactions<sup>a</sup>:</b>			
Equity investments <sup>b</sup> .....	\$911,900	\$75,900	\$131,291

<sup>a</sup>The agreements can be terminated at any time.

<sup>b</sup>The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statements of Assets and Liabilities.

## 6. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Funds, their ability to buy and sell fund investments at appropriate valuations and their ability to achieve their investment objectives

## 7. Other Derivative Information

At March 31, 2020, the Funds' investments in derivative contracts are reflected in the Statements of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
	Statements of Assets and Liabilities Location	Fair Value	Statements of Assets and Liabilities Location	Fair Value
<b>Franklin LibertyQ U.S. Equity ETF</b>				
Equity contracts .....	Variation margin on futures contracts	\$ —	Variation margin on futures contracts	\$111,042
Totals .....		<u>\$ —</u>		<u>\$111,042</u>

For the year ended March 31, 2020, the effect of derivative contracts in the Funds' Statements of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statements of Operations Locations	Net Realized Gain (Loss) for the Period	Statements of Operations Locations	Net Change in Unrealized Appreciation (Depreciation) for the Period
<b>Franklin LibertyQ U.S. Equity ETF</b>				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Equity Contracts .....	Future Contracts	\$(77,484)	Future Contracts	\$(216,502)

For the year ended March 31, 2020, the average month end notional amount of futures contracts was \$2,070,290

See Note 1(b) regarding derivative financial instruments.

## 8. Fair Value Measurements

The Funds follow a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Funds' own market assumptions (unobservable inputs). These inputs are used in determining the value of the Funds' financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Funds' own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

At March 31, 2020, all of the Funds' investments in financial instruments carried at fair value were valued using Level 1 inputs.

## 9. Subsequent Events

The Funds have evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

## Abbreviations

### Selected Portfolio

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REIT Real Estate Investment Trust

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Templeton ETF Trust and Shareholders of Franklin LibertyQ U.S. Equity ETF, Franklin LibertyQ U.S. Mid Cap Equity ETF, and Franklin LibertyQ U.S. Small Cap Equity ETF

### ***Opinions on the Financial Statements***

We have audited the accompanying statements of assets and liabilities, including the statements of investments, of Franklin LibertyQ U.S. Equity ETF, Franklin LibertyQ U.S. Mid Cap Equity ETF, and Franklin LibertyQ U.S. Small Cap Equity ETF (the “Funds”) as of March 31, 2020, the related statements of operations for the year ended March 31, 2020, the statements of changes in net assets for each of the two years in the period ended March 31, 2020, including the related notes, and the financial highlights for each of the periods indicated therein (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of March 31, 2020, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period ended March 31, 2020 and each of the financial highlights for each of the periods indicated therein in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

These financial statements are the responsibility of the Funds’ management. Our responsibility is to express an opinion on the Funds’ financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of March 31, 2020 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinions.

PricewaterhouseCoopers LLP

San Francisco, California

May 19, 2020

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

## Tax Information (unaudited)

Under Section 854(b)(1)(A) of the Internal Revenue Code, the Funds hereby report the following percentage amounts of the ordinary income dividends as income qualifying for the dividends received deduction for the fiscal year ended March 31, 2020.

Franklin LibertyQ U.S. Equity ETF	Franklin LibertyQ U.S. Mid Cap Equity ETF	Franklin LibertyQ U.S. Small Cap Equity ETF
94.42%	94.83%	87.94%

Under Section 854(b)(1)(B) of the Internal Revenue Code, the Funds hereby report the maximum amount allowable but no less than the following amounts as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Internal Revenue Code for the fiscal year ended March 31, 2020.

Franklin LibertyQ U.S. Equity ETF	Franklin LibertyQ U.S. Mid Cap Equity ETF	Franklin LibertyQ U.S. Small Cap Equity ETF
\$29,006,938	\$207,191	\$282,742

Distributions, including qualified dividend income, paid during calendar year 2020 will be reported to shareholders on Form 1099-DIV by mid-February 2021. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

## Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

### Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Rohit Bhagat (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee and Trustee	Since 2016	44	Axis Bank (2013-present), AssetMark Financial Holdings, Inc. (investment solutions) (2018-present) and FlipKart Limited (2019-present) (eCommerce company); <b>formerly</b> , CapFloat Financial Services Pvt., Ltd. (non-banking finance company) (2018) and Zentific Investment Management (hedge fund) (2015-2018).

**Principal Occupation During at Least the Past 5 Years:**

Managing Member, Mukt Capital, LLC (private investment firm) (2014-present); Advisor, Optimal Asset Management (investment technology and advisory services company) (2015-present); and **formerly**, Chairman, Asia Pacific, BlackRock (2009-2012); Global Chief Operating Officer, Barclays Global Investors (investment management) (2005-2009); and Senior Partner, The Boston Consulting Group (management consulting) (1992-2005).

<b>Deborah D. McWhinney (1955)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since January 2020	44	Fluor Corporation (construction and engineering) (2014-present), IHS Markit (information services) (2015-present), Borg Warner (automotive) (2018-present) and Focus Financial Partner, LLC (financial services) (2018-present).
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**Principal Occupation During at Least the Past 5 Years:**

Director of various companies; and **formerly**, Board Member, Lloyds Banking Group (2015-2018) (financial institution) and Fresenius Medical Group (2016-2018) (healthcare); Chief Executive Officer (2013-2014) and Chief Operating Officer (2011-2013), CitiGroup Global Enterprise Payments (financial services); and President, Citi's Personal Banking and Wealth Management (2009-2011).

<b>Anantha K. Pradeep (1963)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2016	44	None
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**Principal Occupation During at Least the Past 5 Years:**

Chief Executive Officer, Smilable, Inc. (technology company) (2014-present); Chief Executive Officer, MachineVantage (technology company) (2018-present); Founder and Managing Partner, Consult Meridian, LLC (consulting company) (2009-present); and **formerly**, Founder, BoardVantage (board portal solutions provider delivering paperless process for boards and leadership) (2000-2002).

## Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>**Jennifer M. Johnson (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee and Chairperson of the Board	Since 2016	49	None
<b>Principal Occupation During at Least the Past 5 Years:</b> Chief Executive Officer, President and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of four of the investment companies in Franklin Templeton; and <b>formerly</b> , Chief Operating Officer and Executive Vice President, Franklin Resources, Inc. (1994-2015); Executive Vice President of Operations and Technology, Franklin Resources, Inc. (2005-2010); and Senior Vice President, Franklin Resources, Inc. (2003-2005).				
<b>Alison E. Baur (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2016	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.				
<b>Breda M. Beckerle (1958)</b> 280 Park Avenue New York, NY 10017	Interim Chief Compliance Officer	Since January 2020	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Advisory Services, LLC, Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
<b>Steven J. Gray (1955)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2016	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Associate General Counsel, Franklin Templeton; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
<b>Matthew T. Hinkle (1971)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Vice President, Franklin Templeton Services, LLC; officer of 41 of the investment companies in Franklin Templeton; and <b>formerly</b> , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
<b>Robert Lim (1948)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 41 of the investment companies in Franklin Templeton.				

## Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Patrick O'Connor (1967)</b> One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2016	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> President and Chief Investment Officer, Franklin Advisory Services, LLC; Senior Vice President, Franklin Advisers, Inc.; officer of two of the investment companies in Franklin Templeton; and <b>formerly</b> , Managing Director, Head of iShares Product Canada, BlackRock (1998-2014).				
<b>Vivek Pai (1970)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Treasurer, Chief Financial Officer and Chief Accounting Officer	Since May 2019	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Treasurer, U.S. Fund Administration & Reporting and officer of two of the investment companies in Franklin Templeton.				
<b>Navid J. Tofigh (1972)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Secretary	Since 2015	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Associate General Counsel and officer of 41 of the investment companies in Franklin Templeton.				
<b>Craig S. Tyle (1960)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2016	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.				
<b>Lori A. Weber (1964)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since 2016	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 41 of the investment companies in Franklin Templeton.				

\*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton fund complex. These portfolios have a common investment manager or affiliated investment managers.

\*\*Jennifer M. Johnson is considered to be an interested person of the Fund under the federal securities laws due to her position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated Rohit Bhagat as its audit committee financial expert. The Board believes that Mr. Bhagat qualifies as such an expert in view of his extensive business background and experience, including extensive experience in the asset management and financial services industries. Mr. Bhagat has been a Member and Chairman of the Fund's Audit Committee since 2016. As a result of such background and experience, the Board believes that Mr. Bhagat has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Mr. Bhagat is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request.

Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.



## Shareholder Information

### Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at [franklintempleton.com](http://franklintempleton.com). Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at [franklintempleton.com](http://franklintempleton.com) and posted on the U.S. Securities and Exchange Commission's website at [sec.gov](http://sec.gov) and reflect the most recent 12-month period ended June 30.

### Quarterly Statement of Investments

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT by visiting the Commission's website at [sec.gov](http://sec.gov). The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

### Premium/Discount Information

Information about the differences between the daily market price on the secondary market for the shares of the Funds and the Funds' net asset value may be found on the Funds' website at [franklintempleton.com](http://franklintempleton.com).

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Authorized for distribution only when accompanied or preceded by a summary prospectus and/or prospectus. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. A prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.



**Annual Report**  
**Franklin Templeton ETF Trust**

**Investment Manager**

Franklin Advisory  
Services, LLC

**Distributor**

Franklin Templeton Distributors, Inc.  
(800) DIAL BEN®/342-5236  
[franklintempleton.com](http://franklintempleton.com)

**Investor Services**

Transfer Agent  
State Street Bank and  
Trust Company  
1 Heritage Drive  
Mail Stop OHD0100  
North Quincy, MA 02171