

# Franklin International Low Volatility High Dividend Index ETF (LVHI)



Smart Beta Factsheet as of September 30, 2023

## Investment Overview

The Franklin International Low Volatility High Dividend Index ETF (LVHI) seeks to track the investment results of an underlying index composed of equity securities of developed markets outside the United States with relatively high yield and low price and earnings volatility.

LVHI may benefit investors who want income but are concerned about the volatility that can come from traditional equity income investments.

Hedges currency exposure in an attempt to further reduce volatility.

**The Franklin International Low Volatility High Dividend Hedged Index** (the Index):

The Index starts with the securities across a range of market capitalizations that are included in the MSCI World ex-US IMI Index.

Based on historical and projected data using Franklin Templeton Investment Solutions' proprietary methodology:

The index screens for profitable companies that have the potential to pay relatively high sustainable dividend yields.

Yields of the remaining securities are then scored higher or lower based on the attractiveness of their price and earnings volatility.

The portfolio is constructed to have the highest scoring securities subject to concentration limits: no individual component of the Index will exceed 2.5% of the Index, no individual sector will exceed 25%, no country will exceed will exceed 15%, no individual geographic region will exceed 50%, and real estate investment trust (REITs) components as a whole will not exceed 15%.

The Underlying Index's components are reconstituted annually and rebalanced quarterly.

## Total Returns (%)

	Cumulative			Average Annual				Inception	
	3-Mth	6-Mth	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Date
Market Price Return	1.44	4.56	10.82	22.14	13.86	6.66	—	7.14	7/27/2016
NAV Returns	1.93	4.90	10.52	22.03	13.92	6.64	—	7.15	7/27/2016
Investment Universe	-1.26	2.46	9.40	18.44	10.11	5.42	—	7.17	—
Underlying Index	2.11	5.01	10.71	22.63	14.43	7.00	—	7.60	—

## Calendar Year Total Returns (%)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Market Price Return	3.83	18.08	-8.65	18.31	-5.34	10.02	—	—	—	—
NAV Returns	3.80	18.42	-8.79	18.81	-5.44	11.66	—	—	—	—
Investment Universe	-7.89	19.05	1.78	22.00	-11.52	15.58	—	—	—	—
Underlying Index	4.46	18.86	-8.58	19.01	-5.32	12.11	—	—	—	—

**Performance data represents past performance, which does not guarantee future results.** Current performance may differ from figures shown. The fund's investment return and principal value will change with market conditions, and you may have a gain or a loss when you sell your shares. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Please call Franklin Templeton at (800) DIAL BEN/(800) 342-5236 or visit [franklintempleton.com](http://franklintempleton.com) for the most recent month-end performance.

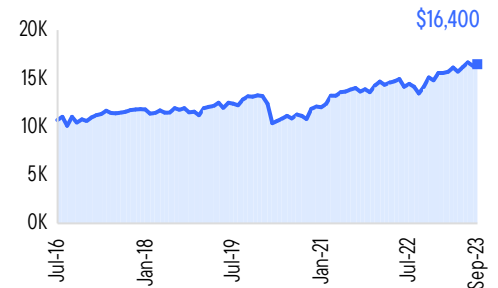
Net Asset Value (NAV) returns are based on the NAV of the ETF; Market Price returns are based upon the official closing price of the ETF's shares. Returns are average annualized total returns, except for those periods of less than one year, which are cumulative. Market Price returns are calculated using the closing price as of 1 p.m. Pacific time on each trading day (when NAV is normally determined for most funds), and do not represent the returns you would receive if you traded shares at other times. 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 July 1, 2020, the NAV of the Fund is used as a proxy for the Market Price to calculate market returns.

The total annual operating expenses are as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.

## Growth of \$10,000

Inception through September 30, 2023

Market Price Returns, assuming dividends reinvested



The Growth of \$10,000 chart reflects a hypothetical \$10,000 investment on Market Price and assumes reinvestment of dividends and capital gains. Fund expense, including management fees and other expenses were deducted.

## Fund Overview

Fund Inception Date	07/27/2016
Total Expense Ratio (%)	0.40
ETF Category	Quantitative
Frequency of Index	
Reconstitution	Quarterly
Asset Class	Equity
Listed Exchange	Cboe
Cboe Ticker	LVHI
CUSIP	52468L505
ISIN	US52468L5057
Shares Outstanding	21,240,000
Underlying Index	Franklin International Low Volatility High Dividend Hedged Index-NR
Investment Universe	MSCI World ex US IMI (Net) (Local)

## 30-Day SEC Yield (%)

30-Day SEC Yields (%)	5.39
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## Fund Characteristics

Fund Characteristics	Fund
Total Net Assets	\$577.60 Million
Number of Holdings	118
Average Market Cap (Millions USD)	\$38,527
Price to Book	1.37x
Price to Earnings (12-Month Trailing)	7.99x

## Top Equity Securities (% of Total)

	Fund
Japan Tobacco Inc.	2.86
DBS Group Holdings Ltd.	2.68
Softbank Corp.	2.64
Stellantis NV	2.61
Eni SpA	2.59
Vodafone Group	2.56
BHP Group Ltd.	2.50
Bayerische Motoren Werke	2.48
Pembina Pipeline Corp.	2.48
Iberdrola SA	2.48

## Geographic Allocation (% of Total)

	Fund
Japan	16.35
United Kingdom	14.84
Canada	12.06
Singapore	9.41
Italy	8.89
Germany	7.19
Switzerland	5.91
Spain	5.29
Australia	5.08
Other	14.97

## Sector Allocation (Equity % of Total)

	Fund
Financials	21.25
Consumer Discretionary	14.85
Communication Services	12.05
Materials	11.20
Utilities	9.99
Consumer Staples	8.34
Industrials	7.28
Energy	6.76
Real Estate	4.99
Other	2.06

## Market Cap Breakdown (% of Equity) (USD)

	Fund
0-3 Billion	6.56
3-10 Billion	12.05
10-25 Billion	19.23
25-50 Billion	27.00
>50 Billion	35.15

## Portfolio Management

	Years with Firm	Years of Experience
Vaneet Chadha, CFA	11	17
Chris Floyd, CFA	23	24
Jacqueline Hurley Kenney, CFA	15	15
Jose Maldonado, CFA	9	15

Franklin Templeton Investment Solutions translates a wide variety of investor goals into portfolios powered by Franklin Templeton's best thinking around the globe. The team includes more than 100 investment professionals, specializing in strategic asset allocation and tactical positioning, fundamental and quantitative research, active integration, and risk management.

## What should I know before investing?

**All investments involve risks, including possible loss of principal.** Equity securities are subject to price fluctuation and possible loss of principal. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. While the **fund's currency hedging** approach is designed to minimize the impact of currency fluctuations on fund returns, it does not necessarily eliminate the fund's exposure to the currencies. The return of the currency-related derivatives will not perfectly offset the actual fluctuations between the currencies and the U.S. dollar. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Real estate investment trusts (REITs)** are closely linked to the performance of the real estate markets. REITs are subject to illiquidity, credit and interest rate risks, and risks associated with small- and mid-cap investments. Performance of the fund may vary significantly from the performance of an **index**, as a result of transaction costs, expenses and other factors. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. These and other risks are discussed in the fund's prospectus.

## Glossary

The **30-day SEC yield** is calculated using the net income (interest and dividends) per share earned over a trailing 30-day period (annualized), divided by the fund's share price at the end of that period. It may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders. **Price to Book:** The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the value represents a weighted average of the stocks it holds. **Price to Earnings (12-Month Trailing)** is the share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the value represents a weighted average of the stocks it holds.

## Important Information

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

ETF shares may be bought or sold throughout the day at their market price, not their Net Asset Value (NAV), on the exchange on which they are listed. Shares of ETFs are tradable on secondary markets and may trade either at a premium or a discount to their NAV on the secondary market.

**Canada:** This content is intended only for Canadian institutional investors that qualify as "permitted clients" as defined in National Instrument 31-103 - Registration Requirements, Exemptions and Ongoing Registrant Obligations. U.S. securities laws generally limit a non-U.S. fund's purchase of a U.S. registered mutual fund or ETF (a "U.S. Fund") to no more than 3% of the U.S. Fund's voting stock. You should consult your legal counsel prior to investing in a U.S. Fund.

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**Fund Benchmark and Index Methodology:** The **Franklin International Low Volatility High Dividend Hedged Index** (the "Index") is based on a proprietary methodology created and sponsored by Franklin Templeton Investment Solutions, LLC. The methodology calculates a composite "stable yield" score, with the yield of stocks with relatively higher price and/or earnings volatility adjusted downward and the yield of stocks with relatively lower price and/or earnings volatility adjusted upward. In addition, the "stable yield" score of stocks from countries with relatively high interest rates compared to the US is adjusted downward and the score of stocks with relatively low interest rates is adjusted upward, so as to reflect the implicit cost of currency hedging. The Index weights are then calculated to maximize its stable yield score subject to concentration limits, liquidity requirements and turnover restraints. The Index includes stocks with a high "stable yield" score, with weightings taking into account liquidity requirements and concentration limits on sector exposures, country exposures, and individual stock holdings. Process takes into account foreign withholding taxes on dividend payments to minimize their impact on distribution yield. The components of the Underlying Index, and the degree to which these components represent certain sectors and industries, may change over time. **MSCI World ex US IMI (Local) Index** captures large, mid and small cap representation across 22 of 23 Developed Markets (DM) countries—excluding the United States. DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK. Source: MSCI makes no warranties and shall have no liability with respect to any MSCI data reproduced herein. No further redistribution or use is permitted. This report is not prepared or endorsed by MSCI. Net Returns (NR) include income net of tax withholding when dividends are paid. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com).

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**Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at [www.franklintempleton.com](http://www.franklintempleton.com). Please read it carefully.**