



Franklin Short Duration U.S. Government ETF

Fixed Income
December 31, 2014

Fund Fact Sheet

Ticker: FTSD

Fund Description

The fund seeks to provide a high level of current income as is consistent with prudent investing, while seeking preservation of shareholders' capital by investing at least 80% of its net assets in securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities.¹ The Fund targets an estimated average portfolio duration of three (3) years or less.

Fund Data

Total Net Assets	\$27.37 million
Number of Holdings ²	96
Inception	11/4/13
Dividends	Monthly on the last business day
Average Duration ^{3,4}	1.06 years
Average Weighted Maturity ⁴	4.57 years
CUSIP	353506 108
Listing Exchange	NYSE ARCA, Inc.
Benchmark Index ⁵	Barclays U.S. Government Index: 1-3 Year Component

Total Annual Operating Expenses (%)⁶

Gross Expense:	0.51
Net Expense:	0.30

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. Please call Franklin Templeton Investments at (800) DIAL BEN/(800) 342-5236 or visit etf.franklintempleton.com for the most recent month-end performance.

Reasons To Invest

Access to Income Opportunities

- Return and income potential from allocations across a variety of short-term U.S. government securities

Designed for Changing Markets

- Flexibility to rotate among multiple U.S. government sectors, including Treasuries, Mortgage-Backed Securities (MBS), Agency Adjustable Rate Mortgages (ARMs) and Inflation-Protected Securities (TIPS) in various market cycles

Focus on Risk Mitigation

- No corporate credit risk
- A target estimated average portfolio duration of three years or less to help reduce interest rate risk

Managed by a Global Fixed Income Leader

- Broad expertise managing U.S. government bonds since 1947
- One of the world's largest investment management organizations, managing more than \$40 billion in U.S. government bond assets

Average Annual Total Returns (%)

As of December 31, 2014

	3 Months	YTD	1 Year	Since Inception
Net Asset Value (NAV) ⁷	-0.02	0.59	0.59	1.14
Share Price (Market Price) ⁷	0.03	0.77	0.77	0.95
Benchmark	0.19	0.64	0.64	0.52

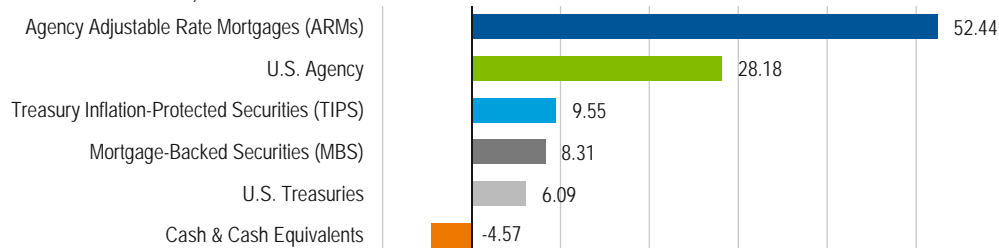
Yields (%)

As of December 31, 2014

	30-Day Standardized Yield ⁸	
	Without Waiver	With Waiver
Net Asset Value (NAV)	0.42	0.74

Portfolio Breakdown (%)^{2,9}

As of December 31, 2014



1. Securities owned by the fund, but not shares of the fund, are guaranteed by the U.S. government, its agencies or instrumentalities as to timely payment of principal and interest. The fund's yield, distribution rate and share prices are not guaranteed and will vary with market conditions.

2. As of 12/31/14. Holdings are subject to change. For updated information, please call Franklin Templeton Investments at (800) DIAL BEN/342-5236 or visit etf.franklintempleton.com.

3. Duration shown is the option-adjusted duration. Duration is an indication of a fund's sensitivity to changes in interest rates. The option-adjusted duration formula takes into account embedded call options and redemption features that impact a bond's expected cash flows, and thus its interest rate sensitivity.

4. The figures shown for Average Duration and Average Weighted Maturity reflect certain derivatives held in the portfolio (or their underlying reference assets).

5. Barclays. Barclays Global Family of Indices. © 2015 Barclays Capital Inc. Used with permission. Indexes are unmanaged and one can not invest directly in an index.

6. The Fund's gross expense ratio does not include an expense reduction contractually guaranteed through at least 9/30/2015. Please see prospectus for additional information. Fund investment results reflect all expense reductions, without which the results would have been lower.

7. Returns are average annualized total returns, except for those periods of less than one year, which are cumulative. Market returns are based upon the midpoint of the bid/ask spread at 1:00 p.m. Pacific time (when NAV is normally determined for most Funds), and do not represent the returns you would receive if you traded shares at other times.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Portfolio Managers¹⁰**Roger Bayston, CFA**

Since 2013; joined Franklin Templeton in 1991

Patrick Klein, Ph.D.

Since 2013; joined Franklin Templeton in 2005

Trading Information

iNAV (Indicative NAV)	FTSD.IV
NAV	FTSD.NV
Shares Outstanding	FTSD.SO
Estimated Cash	FTSD.EU
Total Cash	FTSD.TC
CUSIP	353506 108
Listing Exchange	NYSE ARCA, Inc.

What Are The Risks?

All investments involve risks, including possible loss of principal. Interest rate movements, unscheduled mortgage prepayments and other risk factors will affect the fund's share price and yield. Bond prices, and thus a fund's share price, generally move in the opposite direction of interest rates. Therefore, as the prices of bonds in the fund adjust to a rise in interest rates, the fund's share price may decline. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. These and other risks are discussed in the fund's prospectus.

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.

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

Manager's Perspective

"We adhere to a conservative strategy, primarily investing in short-term U.S. government securities. By generally maintaining a dollar-weighted average maturity of less than three years, the fund is positioned to be less affected by interest rate volatility than an investment with a longer average maturity. Therefore, the fund may be appropriate for risk-averse investors who seek monthly income potential and relative price stability across changing interest rate climates."

—Roger Bayston, Portfolio Manager

About The Benchmark

Barclays U.S. Government Index: 1-3 Year Component represents U.S. Government securities including Treasuries or government and agency securities with maturities from 1 up to (but not including) 3 years. Securities must be publicly issued, dollar denominated, non-convertible and rated investment grade (Baa3/BBB- or higher).

Franklin Templeton Investments*Gain from Our Perspective®*

For over six decades, individuals and institutions around the world have viewed Franklin Templeton Investments as a trusted partner in asset management. We leverage the expertise of multiple, independent investment teams to deliver truly specialized expertise across a wide range of styles and asset classes, from traditional to alternative strategies and multi-asset solutions. Our investment professionals are on the ground across the globe, spotting investment ideas and potential risks firsthand. Collectively, they allow us to offer clients a unique investment perspective, shaped by local expertise, global context and a long-term investment horizon.

Net Asset Value (NAV) represents an ETFs per-share value. The NAV per share is determined by dividing the total NAV of the Fund by the number of shares outstanding. The Fund calculates the NAV per share each business day normally as of the close of regular trading on the New York Stock Exchange (NYSE) (normally 1:00 p.m. Pacific time) or earlier when the NYSE closes early because trading has been halted for the day.

ETF shares may be bought or sold throughout the day at their market price on the exchange on which they are listed. However, there can be no guarantee that an active trading market for ETF shares will develop or be maintained, or that their listing will continue or remain unchanged. While the shares of ETFs are tradable on secondary markets, they may not readily trade in all market conditions and may trade at significant discounts in periods of market stress.

The trading prices of the Fund's shares in the secondary market generally differ from the Fund's daily NAV and are affected by market forces such as supply and demand, economic conditions and other factors. Information regarding the intraday value of shares of the Fund, also known as the "indicative optimized portfolio value" ("IOPV"), is disseminated every 15 seconds throughout the trading day by the national securities exchange on which the Fund's shares are listed or by market data vendors or other information providers. Therefore, the IOPV should not be viewed as a "real-time" update of the Fund's NAV, which is computed only once a day.

Prior to trading in the secondary market, shares of the Fund are "created" at NAV by market makers, large investors and institutions only in block-size Creation Units of 50,000 shares or multiples thereof. Each "creator" or "Authorized Participant" enters into an authorized participant agreement with Franklin Templeton Distributors, Inc., an affiliate of Franklin Advisers, Inc. Only an Authorized Participant may create or redeem Creation Units directly with the Fund.

8. The 30-Day Standardized Yield reflects an estimated yield to maturity. It should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, which reflects the fund's past dividends paid to shareholders.

9. Portfolio Breakdown weights reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of derivatives, unsettled trades or other factors.

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