



Franklin ClearBridge Enhanced Income ETF

Commentary | as of September 30, 2025

Key Takeaways

- Markets: The third quarter continued the post-Liberation Day rebound for U.S. equity markets, with animal spirits
 driving the S&P 500 Index to record highs. Investor optimism was fueled by better-than-feared tariff outcomes, the
 passing of the One Big Beautiful Bill Act in July, anticipated interest rate cuts the Federal Reserve delivered with a 25
 bps cut in September and signaled further easing and robust corporate earnings.
- Contributors: Stock selection in the industrials, IT, health care and utilities sectors proved beneficial. The options
 overlay also made positive contributions.
- Detractors: An underweight to IT and an overweight to consumer staples detracted. Stock selection in the
 communication services and real estate sectors also detracted.
- Outlook: With investors continuing to be complacent in the face of historically high valuations, we continue to
 emphasize investments with more modest valuations. The gap between the valuation of our portfolio and the market
 remains as wide as it has ever been. We believe this positions us both for better potential appreciation and lower
 downside risk.

Performance Review

- Al enthusiasm continued to propel the S&P 500 Index higher, as evidenced by sizable gains in the information technology sector as well as tech proxies in the communication services and consumer discretionary sectors. The Fund profited from its exposure to AI, though we lagged the index as our dividend mandate and our disciplined adherence to risk management has us underweight the IT sector.
- During the quarter, we benefited from our positions in Broadcom and Oracle, both of which are major players in Al. Both stocks surged in September on robust earnings and outlooks.
- TE Connectivity was a strong contributor on the strength of its Al-enabled sensors and embedded systems.
- Defense holdings Northrop Grumman, RTX and recent addition L3Harris Technologies performed well in an environment of heightened geopolitical tensions.
- Sempra's recent moves to focus on its regulated U.S. utilities businesses and strengthen its overall financial position spurred its shares higher.
- The options overlay also made positive contributions.
- Consumer staples such as Nestle and Coca-Cola took a back seat in a risk-on market, as did Comcast, due to heightened competitive pressures in broadband.
- · From a sector perspective, our overweights to consumer staples, real estate and materials all detracted from performance.

Outlook

• As we head into the final quarter of the year, our outlook is mixed. The economy remains resilient and looks likely to muddle through, provided the government shutdown is not prolonged. Valuations, however, are on the fuller side, restraining the outlook for capital appreciation. With investors continuing to be complacent in the face of historically high valuations, we continue to emphasize investments with more modest valuations. The gap between the valuation of our portfolio and the market remains as wide as it has ever been. We believe this positions us both for better potential appreciation and lower downside risk. The combination of higher tariffs, a weaker dollar and a smaller labor pool increases the risk that inflation will remain higher for longer than investors expect. Should inflation prove sticky, dividend growth will be a boon to investors. We believe dividend growers are a solid the perfect all-weather investment. Dividends cushion the bumps of volatile markets, provide much-needed income in low-return environments, and preserve and grow purchasing power in inflationary environments. We believe our companies are well-positioned to deliver continued increases, and we feel good about our holdings.

Top Equity Issuers (% of Total)

Holding	Fund
Microsoft Corp	4.38
Broadcom Inc.	3.58
Exxon Mobil Corp	3.57
Enbridge Inc.	3.46
Sempra Energy	3.17
Nestle S.A. Sponsored ADR	2.84
Williams Cos Inc	2.84
Becton Dickinson & Co.	2.72
JPMorgan Chase & Co.	2.46
Comcast Corp Class A	2.39
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Average annual total returns and fund expenses (%) - as of September 30, 2025

Product	Ticker	Listed Exchange	3-Mo*	6-Mo*	YTD*	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross Expenses	Net Expenses	Inception Date
Market Price Return	YLDE	NASDAQ - XNMS	5.83	8.89	11.16	12.64	19.31	13.18	_	11.95	0.47	0.47	5/22/2017
NAV Returns	_	_	6.01	8.93	11.03	12.57	19.30	13.19	_	11.95	0.47	0.47	5/22/2017
Benchmark 1	_	_	8.12	19.96	14.83	17.60	24.94	16.47	_	14.98	_	_	_
Benchmark 2	_	_	3.53	5.50	2.23	8.15	13.61	9.54	_	6.32	_	_	_

^{*}Cumulative total returns

Benchmark(s)

Benchmark 1=S&P 500 Index

Benchmark 2=CBOE S&P 500 BuyWrite Index

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. 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, expense or sales charges. Returns for periods of less than one year are not annualized. For current month-end performance, please visit franklintempleton.com. 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 4 p.m. Eastern 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. Performance for the ETF and its benchmark index are as of the ETF's last trading day before the end of the period. Prior to July 1, 2020, market price returns generally were based upon the mid-point between the bid and ask on the Fund's principal trading market when the Fund's NAV was determined. Market price performance reported for periods prior to July 1, 2020 will continue to reflect market prices calculated based upon the mid-point between the bid and ask on the Fund's principal trading market close. These returns do not represent investors' returns had they traded shares at other times.

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.

What are the Risks?

All investments involve risks, including possible loss of principal. Equity securities are subject to price fluctuation and possible loss of principal. Options (call writing) may limit the opportunity to participate fully from an increase in the market value of stocks and premiums received from option writing may not protect against market declines. Dividends may fluctuate and are not guaranteed, and a company may reduce or eliminate its dividend at any time. Small-and mid-cap stocks involve greater risks and volatility than large-cap stocks. 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. The managers' environmental, social and governance (ESG) strategies may limit the types and number of investments available and, as a result, may forgo favorable market opportunities or underperform strategies that are not subject to such criteria. There is no guarantee that the strategy's ESG directives will be successful or will result in better performance. These and other risks are discussed in the fund's prospectus.

Important Information

Effective February 28, 2025, ClearBridge Dividend Strategy ESG ETF changed its name to Franklin ClearBridge Enhanced Income ETF and modified its investment objective, principal investment strategy and dividend policy. Refer to the prospectus for more information.

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

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The **Choe S&P 500 BuyWrite Index** sm measures the total return of a covered call strategy applied to the S&P 500 Index. This strategy consists of a long position indexed to the S&P 500 Index, which is deemed sold with a succession of one month, at-the-money call options on the S&P 500 Index. Source: Cboe Global Indices, LLC. The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization. Source: © S&P Dow Jones Indices LLC. All rights reserved.

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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. Please read it carefully.

