FRANKLIN TEMPLETON | ClearBridge

Franklin ClearBridge Enhanced Income ETF

YLDE **Commentary | as of September 30, 2026**

Key Takeaways

- **Markets:** During the third quarter, the S&P 500 Index rose 2.3% while shares of the ClearBridge Dividend Strategy increased modestly. The Strategy rose strongly in the first two months of the period, outperforming the index, but retraced those gains in September. AI developments continued to drive the markets, and the information technology (IT) sector was the largest contributor to the S&P 500's return for the quarter. Superficially, this resembled most recent quarters, with a one-dimensional market dominated by AI. Beneath the surface, however, turbulence increased.
- **Contributors:** On an individual stock basis, the largest contributors to relative returns were ExxonMobil, Becton Dickinson, Automatic Data Processing and not owning Tesla and Applied Materials. Stock selection in industrials, IT and financials, an overweight to energy and an underweight to consumer discretionary contributed to performance. The options overlay also contributed positively.
- **Detractors:** The largest detractors were Honeywell Aerospace, Williams and underweights to Apple, Nvidia and Microsoft. Stock selection in energy, health care and materials, an underweight to IT and overweights to industrials and real estate weighed on results.
- **Outlook:** Against a backdrop of rising rates, greater market volatility and intensifying competition around AI, we are maintaining measured exposure to AI leaders while emphasizing diversified, attractively priced companies with strong balance sheets, healthy dividends and predictable revenue streams.

Top Equity Issuers (% of Total)

Holding	Fund
EXXONMOBIL HOLDINGS CORP	4.46
Williams Cos Inc	4.21
Microsoft Corp	3.64
Alphabet Inc. Class A	3.45
NVIDIA Corp.	3.44
Apollo Global Management Inc	2.71
Air Products and Chemicals, Inc.	2.67
UNILEVER PLC-SPONSORED ADR	2.65
Nestle S.A. Sponsored ADR	2.59
MARSH & MCLENNAN COS	2.57

Performance Review

- The portfolio underperformed the S&P 500 Index during the third quarter. Its underweight to IT was the principal relative headwind, and measured positions in Apple, Nvidia and Microsoft detracted, although not owning several high-beta beneficiaries of the AI infrastructure buildout helped as those stocks sold off.
- The energy overweight contributed, but stock selection detracted as Williams declined while investors awaited additional data center projects. ExxonMobil benefited from higher oil prices. In health care, Becton Dickinson rose as the sector rebounded from depressed valuations, while CVS Health weakened despite strong results and increased 2026 guidance.
- In industrials, Honeywell Aerospace detracted after reporting lower adjusted earnings and separation-related costs and reducing its full-year sales and adjusted earnings outlook amid supply-chain constraints. Automatic Data Processing contributed on solid revenue and adjusted earnings growth, strong retention, pricing and new-business bookings.
- We bought Kinder Morgan, a high-quality energy infrastructure company with recurring contracted revenues and a solid growth outlook tied to natural gas demand. We exited RTX and Honeywell International after strong performance, and also exited Roche and PG&E.
- The options overlay also contributed positively.

Outlook

- In a world undergoing profound technological innovation, we emphasize companies with low risk of disintermediation. Our holdings have strong balance sheets, healthy dividends and predictable revenue streams, making them more defensive in periods of economic uncertainty. Our companies are positioned to compound earnings and dividends, which can insulate portfolios from inflation and protect purchasing power.
- Given the current combination of market concentration and profound technological change, we believe a traditional approach to diversification is more important than ever and the Strategy is well-positioned to navigate today's turbulent waters.

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of September 30, 2026

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	0.47	5.25	5.91	7.75	15.43	10.25	—	11.50	0.48	0.48	5/22/2017
NAV Returns	—	—	0.23	4.94	5.71	7.55	15.35	10.23	—	11.47	0.48	0.48	5/22/2017
Benchmark 1	—	—	2.30	17.85	12.75	15.74	22.89	13.79	—	15.06	—	—	—
Benchmark 2	—	—	4.29	11.98	10.96	18.20	14.78	9.01	—	7.53	—	—	—

*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.

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

The **Cboe S&P 500 BuyWrite Index** ℠ 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: © 2026 S&P Dow Jones Indices LLC. All rights reserved.

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

© Franklin Distributors, LLC. Member FINRA/SIPC.

ClearBridge Investments, LLC, and Franklin Distributors, LLC, are Franklin Templeton companies.

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.

FRANKLIN TEMPLETON