

Franklin Liberty Canadian Investment Grade Corporate ETF

TSX **FLCI**

This actively managed ETF seeks to provide long-term capital growth and current income by investing primarily in investment grade corporate debt issued by Canadian corporations. It may invest in interest rate derivatives, asset-backed or mortgage-backed securities, and debt issued by foreign corporations in seeking to achieve its investment objective.

ACTIVE MANAGEMENT AT PASSIVE PRICING

MANAGEMENT FEE: 0.40%



Reason to Invest

- **A Core, Building Block** – Primarily invests in high quality Canadian corporate debt and Maple Bonds
- **A Complementary Part of a Portfolio** – Can complement other asset classes in a well-diversified portfolio. For example, corporate bonds tend to be less sensitive than government bonds during periods of rising interest rates
- **Higher Net Yield** – Current distribution yield is over 4% per annum. The fund's current yield to maturity of 4.52% is much higher than the benchmark's 2.99%
- **Lower Duration** – Duration of 6.26 years is lower than the benchmark
- **Attractive Pricing** – Investors get an actively managed ETF offered at a 0.40% management fee
- **Proven Expertise** – Managed by a senior team of Franklin Bissett portfolio managers. Based in Calgary, Franklin Bissett has been successfully investing in Canadian equity and fixed income markets for more than 30 years

Anticipated Sources of Alpha and Risk Management

- **Active management** by portfolio managers in seeking to outperform the benchmark (FTSE TMX Canada All Corporate Bond Index) while managing risk
- **Bond selections**, based on fundamental research, not indebtedness of companies
- **Industry/sector allocations**, driven by investment themes, the team's outlooks and risk assessments
- **Duration and yield curve management**, based on the team's short-, medium- and long-term views on interest rates and yield curve movement
- **Relative value of bonds and credit ratings**
- **Derivatives** may be used to mitigate the volatility caused by interest rate changes and credit risk in the portfolio

Portfolio Characteristics

December 31, 2017

| Characteristic | FLCI | FTSE TMX Canada All Corporate Bond Index |
|---------------------------|------------|--|
| Average Credit Quality | BBB+ | A- |
| Average Coupon | 4.91% | 3.84% |
| Yield to Maturity | 4.52% | 2.99% |
| Average Weighted Maturity | 8.61 Years | 9.46 Years |
| Average Duration | 6.26 Years | 6.47 Years |

Credit Quality Breakdown

December 31, 2017

| Quality | FLCI | FTSE TMX Canada All Corporate Bond Index |
|---------|--------|--|
| AAA | 1.24% | 3.13% |
| AA | 1.13% | 12.08% |
| A | 37.70% | 46.32% |
| BBB | 59.94% | 38.47% |
| B | – | – |

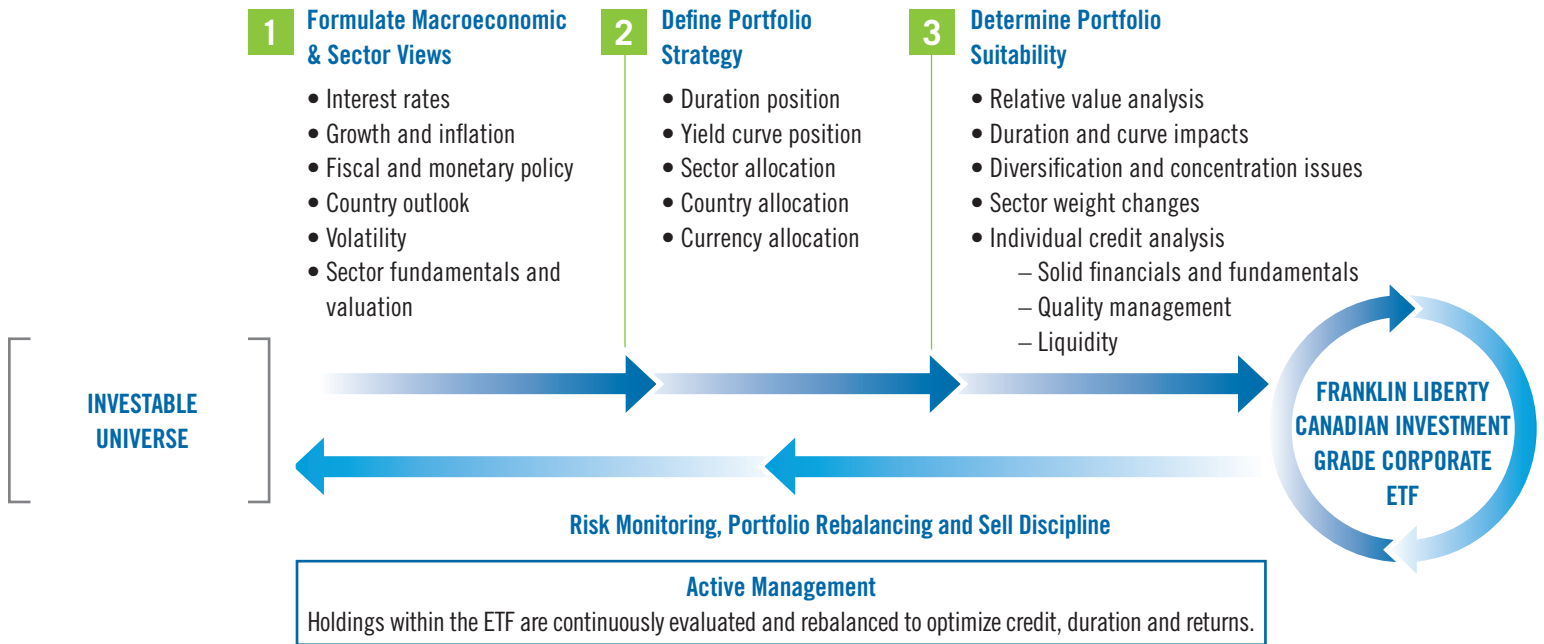
Franklin LibertyShares™

Franklin Bissett Fixed Income Overview

- A global research and risk management platform with multi-sector coverage
- More than \$20.59 billion in assets, including \$5.44 billion in fixed income mandates¹

¹ December 31, 2017

Portfolio Construction



The above chart is for illustrative and discussion purposes only. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions.

Investment Team

FLCI is co-managed by two senior fixed income leaders with Franklin Bissett Investment Management in Calgary:



Darcy Briggs, CFA, CPA, CGA, FRM

Vice President, Portfolio Manager
Franklin Bissett Investment Management
Industry Experience: 23 years



Adrienne Young, CFA

Vice President, Director of Credit Research
Franklin Bissett Investment Management
Industry Experience: 22 years

For more information about Franklin LibertyShares™ ETFs, please speak to your investment advisor or visit libertyshares.ca

Commissions, management fees and expenses may all be associated with investments in ETFs. Investors should carefully consider an ETF's investment objective and strategies, risks, sales charges and expenses before investing. All investments involve risks, including possible loss of principal. For fixed income funds, bond prices, and thus an ETF's unit price, generally move in the opposite direction of interest rates. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments; investments in emerging markets involve heightened risks related to the same factors. To the extent the ETF focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than an ETF that invests in a wider variety of countries, regions, industries, sectors or investments. Performance of the ETFs may vary significantly from the performance of an index, as a result of transactions costs, expenses and other factors. These and other risks are discussed in the ETF's prospectus. 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. For more information on any of our ETFs, contact your financial advisor or download a free prospectus. Investors should carefully consider an ETF's investment goals, risks, sales charges and expenses before investing. The prospectus contains this and other information. Please read the prospectus carefully before investing or sending money.

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