

## 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: 0.35%\*



### 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
- **Higher Net Yield** – Current distribution yield is over 4% per annum. The fund's current yield to maturity of 4.85% is much higher than the benchmark's 3.09%
- **Active Duration Management** – Strategic yield curve positioning to take advantage of market dislocations
- **Attractive Pricing** – Investors get an actively managed ETF offered at a 0.35% 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

March 31, 2018

Characteristic	FLCI	FTSE TMX Canada All Corporate Bond Index
Average Credit Quality	BBB+	A-
Average Coupon	5.09	3.77
Yield to Maturity	4.85	3.09
Average Weighted Maturity	9.09 Years	9.09 Years
Average Duration	6.39 Years	6.29 Years

### Credit Quality Breakdown

March 31, 2018

Quality	FLCI	FTSE TMX Canada All Corporate Bond Index
AAA	1.30%	2.98%
AA	2.70%	11.90%
A	37.22%	46.04%
BBB	58.77%	39.08%

\*The management fee for FLCI was reduced from 0.40% to 0.35% as of May 1, 2018.

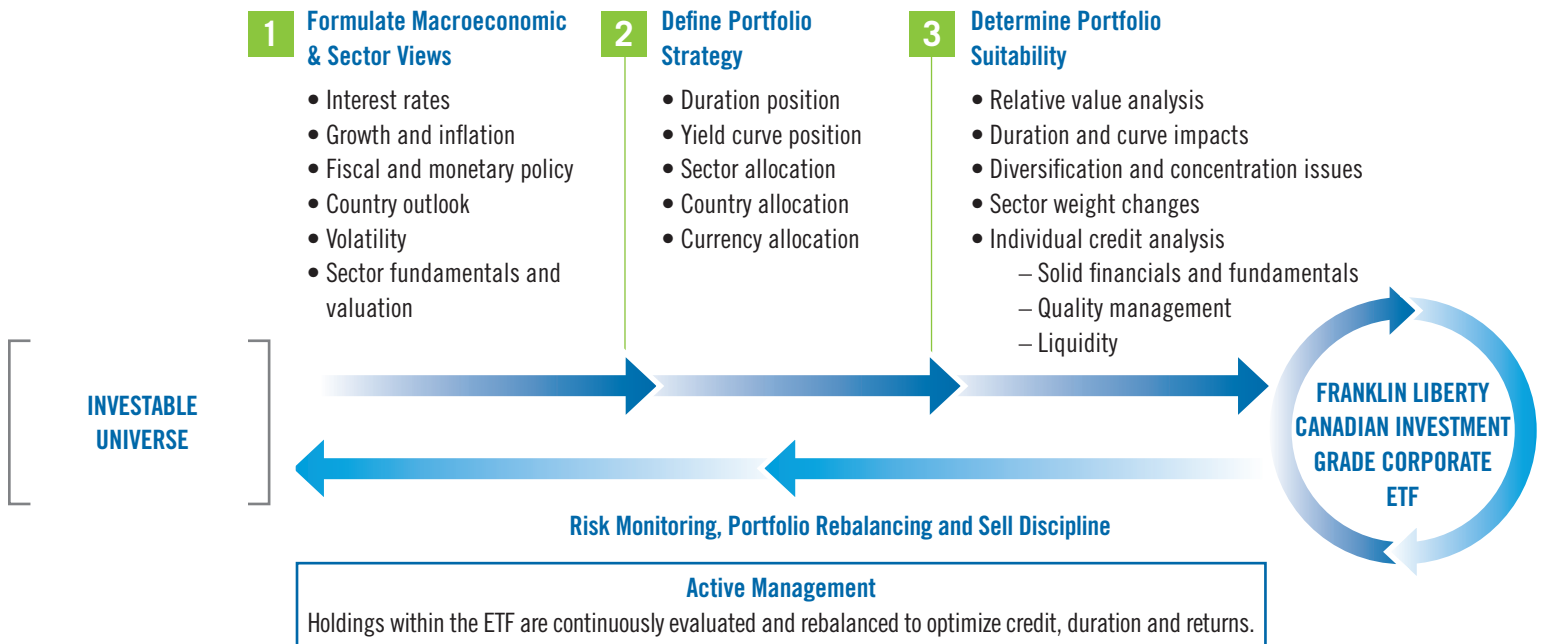
# Franklin LibertyShares

## Franklin Bissett Fixed Income Overview

- A global research and risk management platform with multi-sector coverage
- More than \$19.56 billion in assets, including \$6.06 billion in fixed income mandates<sup>1</sup>

<sup>1</sup> March 31, 2018

## 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](http://libertyshares.ca)**

Commissions, management fees and expenses may all be associated with investments in ETFs. Investors should carefully consider an ETF's investment objectives and strategies, risks, fees and expenses before investing. The prospectus and ETF facts contain this and other information. Please read the prospectus and ETF facts carefully before investing. ETFs trade like stocks, fluctuate in market value and may trade at prices above or below the ETF's net asset value. Brokerage commissions and ETF expenses will reduce returns. Performance of an ETF may vary significantly from the performance of an index, as a result of transaction costs, expenses and other factors. ETFs are not guaranteed, their values change frequently and past performance may not be repeated.

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