



# LEGG MASON INTERNATIONAL LOW VOLATILITY HIGH DIVIDEND ETF

## Investment overview

The Legg Mason International Low Volatility High Dividend ETF (LVHI) seeks to track the investment results of an underlying index composed of equity securities of developed markets outside the United States with relatively high yield and low price and earnings volatility.

- LVHI may benefit investors who want income but are concerned about the volatility that can come from traditional equity income investments.
- Hedges foreign currency exposure in an attempt to mitigate volatility from fluctuations relative to the US Dollar.

## The QS International Low Volatility High Dividend Hedged Index (the Index):

- The Index starts with the securities across a range of market capitalizations that are included in the MSCI World ex-US IMI Index.
- Based on historical and projected data using Franklin Templeton Investment Solutions' proprietary methodology,
  - The index screens for profitable companies that have the potential to pay relatively high sustainable dividend yields.
  - Yields of the remaining securities are then scored higher or lower based on the attractiveness of their price and earnings volatility.
  - The portfolio is constructed to have the highest scoring securities subject to concentration limits: no individual component of the Index will exceed 2.5% of the Index, no individual sector will exceed 25%, no country will exceed 15%, no individual geographic region will exceed 50%, and real estate investment trust (REITs) components as a whole will not exceed 15%.
- The Underlying Index's components are reconstituted annually and rebalanced quarterly.

## Top countries (%) as of Sept. 30, 2021

Japan	15.8	Singapore	6.4
Canada	14.5	France	6.2
United Kingdom	12.1	Australia	5.9
Switzerland	7.5	Italy	5.4
Hong Kong	6.6	Germany	4.6

## Sector allocation (%) as of Sept. 30, 2021

Utilities	19.6	Real Estate	6.8
Financials	18.2	Materials	3.5
Consumer Staples	17.5	Consumer Discretionary	0.2
Communication		Energy	0.1
Services	12.9	Information Technology	0.1
Industrials	10.7	Bond	1.5
Health Care	7.3		

## Top 10 holdings (%) as of Sept. 30, 2021

DBS Group Holdings Ltd.	2.8	Canadian Imperial Bank of Commerce	2.6
Mitsubishi Corp.	2.7	Ahold Delhaize	2.6
Softbank Corp.	2.7	Emera Inc.	2.6
TESCO PLC	2.6	Glaxosmithkline plc	2.6
Japan Tobacco Inc.	2.6	Bank of Nova Scotia	2.5

## Market Capitalization (%) as of Sept. 30, 2021

Over \$50 billion	36.6
\$25-50 billion	29.3
\$10-25 billion	15.9
\$3-10 billion	13.0
\$0-3 billion	5.1

## Fund Data as of Sept. 30, 2021

Symbol	LVHI
Listing Exchange	CBOE
Expense Ratio (gross/net)	0.40/0.40
CUSIP	52468L505
IOPV / IIV <sup>1</sup>	LVHI.IV
Net Asset Value (NAV) <sup>2</sup>	\$25.58
Market Price <sup>2</sup>	\$25.56
Premium/Discount <sup>3</sup>	-1%
Net Assets	\$78.3M

Fund Benchmark	QS International Low Volatility High Dividend Hedged Index (NTR)
Fund Benchmark Ticker	LVHINR
Market Index	MSCI World ex US IMI (Net) (Local)
Market Index Ticker	MIMLWXUN

Fund Benchmark	
Rebalance Frequency	Quarterly
Inception Date	07/27/16
Fiscal Year End	Oct
Distribution Frequency, if any	Quarterly
Lipper Category	International Multi-Cp Val Fds
Morningstar Category	Foreign Large Value

## Statistics as of Sept. 30, 2021

Weighted Average Market Cap	\$48.3B
Price/book ratio <sup>4</sup>	1.9
Harmonic P/E ratio (trailing 12 months) <sup>5</sup>	12.4
Harmonic P/E ratio (forecasted 12 months) <sup>6</sup>	11.8
Number of holdings	98
30-day SEC yield <sup>7</sup>	4.45%

## Risk statistics as of Sept. 30, 2021

	3-Yr	
	NAV	Mkt Index
Standard deviation (%)	15.01	16.02
Tracking error (%)	5.05	—
Beta	0.89	1.00
Sharpe ratio	0.31	0.47
Alpha	-1.96	—
R-squared	0.90	1.00
Information ratio	-0.56	—

<sup>1</sup> The Indicative Optimized Portfolio Value (IOPV) represents the underlying basket of securities plus the cash component and it is updated every 15 seconds through the trading day.

<sup>2</sup> Net Asset Value (NAV) is total assets less total liabilities divided by the number of shares outstanding. Market Price, determined by supply and demand, is the price an investor purchases or sells the fund. The Market Price may differ from a fund's NAV.

<sup>3</sup> Shareholders may pay more than net asset value when they buy Fund shares and receive less than net asset value when they sell those shares, because shares are bought and sold at current market prices.

<sup>4</sup> The price book ratio (P/B) of a fund is the weighted average of the price book ratios of all stocks in a fund. The price-to-book (P/B) ratio is a stock's price divided by the stock's per share book value.

<sup>5</sup> Harmonic P/E ratio trailing 12 months: The harmonic average is the inverse of the average of the inverse of each data point. In other words, it is the reciprocal of the average of the reciprocals. Data points with a value of zero and NA are excluded from the calculation. The price earnings ratio of a fund is the weighted average of the price earnings ratios of the stocks in a fund.

<sup>6</sup> Harmonic P/E ratio forecasted 12 months: The harmonic average is the inverse of the average of the inverse of each data point. In other words, it is the reciprocal of the average of the reciprocals. Data points with a value of zero and NA are excluded from the calculation. The P/E ratio is arrived at by dividing the stock or share price by the earnings per share (profit after tax and interest divided by the number of ordinary shares in issue).

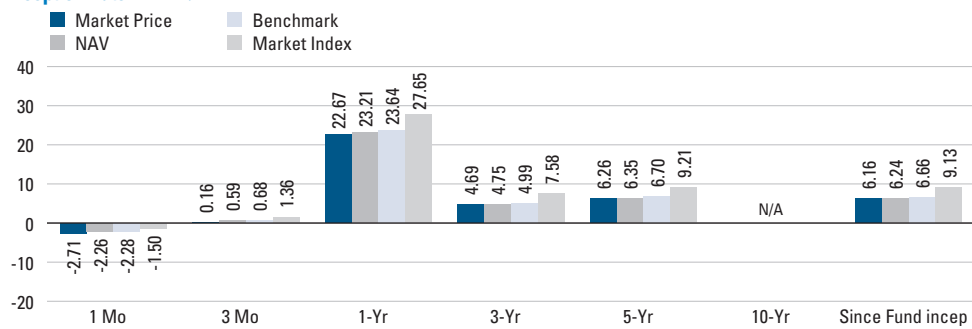
<sup>7</sup> The 30-day SEC yield is based on dividends accrued by the Fund's investments over a 30-day period, and not on the dividends paid by the fund, which may differ and are subject to change.

Percentages are based on total portfolio as of quarter-end and are subject to change at any time. For informational purposes only and not to be considered a recommendation to purchase or sell any security. Negative allocations and allocations in excess of 100% are primarily due to the Fund's unsettled trade activity.

## LEGG MASON INTERNATIONAL LOW VOLATILITY HIGH DIVIDEND ETF

## Average Annual Total Returns (%) as of Sept. 30, 2021

Inception Date: Jul. 27, 2016



## Cumulative Total Returns (%) as of Sept. 30, 2021

	YTD	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Market Price	12.91	-8.65	18.31	-5.34	10.02	-	-	-	-	-	-
NAV	13.19	-8.79	18.81	-5.44	11.66	-	-	-	-	-	-
Benchmark	13.42	-8.58	19.01	-5.32	12.11	-	-	-	-	-	-
Market Index	14.70	1.78	22.00	-11.52	15.58	-	-	-	-	-	-

**Performance shown represents past performance and is no guarantee of future results.** Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so shares, when redeemed, may be worth more or less than the original cost. Retail investors buy and sell shares of ETFs at market price (not NAV) in the secondary market throughout the trading day. These shares are not individually available for purchase or redemption directly from the ETF. The NAV return is based on the NAV of the Fund and effective July 1, 2020, market price returns typically will be based upon the official closing price of the ETF's shares. 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, which was typically 4:00 p.m. Eastern time (US). 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 typically as of 4:00 p.m. Eastern time (US). These returns do not represent investors' returns had they traded shares at other times. Performance figures for periods shorter than one year represent cumulative figures and are not annualized. YTD is calculated from January 1 of the reporting year. For the most recent month-end information, please visit [www.franklintempleton.com](http://www.franklintempleton.com). Return figures for periods over one year are annualized.

**Market Index: MSCI World ex-US IMI Local Index (Net)** captures large, mid and small cap representation across 22 of 23 Developed Markets (DM) countries—excluding the United States. DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK. Please note an investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

**Beta** measures the sensitivity of an investment to the movement of its benchmark. A beta higher than 1.0 indicates the investment has been more volatile than the benchmark and a beta of less than 1.0 indicates that the investment has been less volatile than the benchmark. **R-squared** measures the strength of the linear relationship between the Fund and its benchmark. R Squared at 1 implies perfect linear relationship and zero implies no relationship exists. **Sharpe ratio** is a risk-adjusted measure, calculated using standard deviation and excess return to determine reward per unit of risk. The higher the sharpe ratio, the better the fund's historical risk-adjusted performance. **Standard deviation** measures the risk or volatility of an investment's return over a particular time period; the greater the number, the greater the risk. **Alpha** measures performance vs. a benchmark on a risk-adjusted basis. A positive alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%. **Tracking Error** is the dispersal of differences between the returns obtained by the Fund and the benchmark variation. **Information Ratio** is the ratio of annualized expected residual return to residual risk.

If you are neither a resident nor a citizen of the United States or if you are a non-U.S. entity, the ETF's ordinary income dividends (which include distributions of net short-term capital gains) will generally be subject to a 30% U.S. federal withholding tax, unless a lower treaty rate applies. For further information, please see the ETF's prospectus which is available on the website [www.franklintempleton.com](http://www.franklintempleton.com). Redemption payments will be effected within the specified number of calendar days following the date on which a request for redemption in proper form is made. For more information, please see the ETF's statement of additional information (SAI) which can be found on [www.franklintempleton.com](http://www.franklintempleton.com).

**Any information, statement or opinion set forth herein is general in nature, is not directed to or based on the financial situation or needs of any particular investor, and does not constitute, and should not be construed as, investment advice, forecast of future events, a guarantee of future results, or a recommendation with respect to any particular security or investment strategy or type of retirement account. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional.**

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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, which is available at [www.franklintempleton.com](http://www.franklintempleton.com). Please read it carefully.

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## Portfolio management

Russell Shtern, CFA (industry since 1998) and Michael LaBella, CFA (industry since 2005) have been associated with the Fund since 2015, have leadership responsibility for the day-to-day management of the Fund and each is responsible for the strategic oversight of the Fund's investments.

**Fund Benchmark and Index Methodology: The QS International Low Volatility High Dividend Hedged Index** (the "Index") is based on a proprietary methodology created and sponsored by Franklin Templeton Investment Solutions, LLC. The methodology calculates a composite "stable yield" score, with the yield of stocks with relatively higher price and/or earnings volatility adjusted downward and the yield of stocks with relatively lower price and/or earnings volatility adjusted upward. In addition, the "stable yield" score of stocks from countries with relatively high interest rates compared to the US is adjusted downward and the score of stocks with relatively low interest rates is adjusted upward, so as to reflect the implicit cost of currency hedging. The Index weights are then calculated to maximize its stable yield score subject to concentration limits, liquidity requirements and turnover restraints. The Index includes stocks with a high "stable yield" score, with weightings taking into account liquidity requirements and concentration limits on sector exposures, country exposures, and individual stock holdings. Process takes into account foreign withholding taxes on dividend payments to minimize their impact on distribution yield. The components of the Underlying Index, and the degree to which these components represent certain sectors and industries, may change over time.

## What should I know before investing?

Equity securities are subject to price fluctuation and possible loss of principal. Dividends are not guaranteed, and a company may reduce or eliminate its dividend at any time. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. Currency investing contains heightened risk that include market, political, and regulatory conditions and may not be suitable for all investors. In rising markets, the value of large-cap stocks may not rise as much as smaller-cap stocks. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. The Fund may focus its investments in certain industries, increasing its vulnerability to market volatility. There is no guarantee that the Fund will achieve a high degree of correlation to the index it seeks to track. The Fund does not seek to outperform the index it tracks, and does not seek temporary defensive positions when markets decline or appear overvalued. Derivatives, such as options and futures, can be illiquid, may disproportionately increase losses and have a potentially large impact on Fund performance. **Distributions are not guaranteed and are subject to change.** Real estate investment trusts (REITs) are closely linked to the performance of the real estate markets. REITs are subject to illiquidity, credit and interest rate risks, and risks associated with small and mid-cap investments.

## Where can I find more information?

Online you'll find the most current performance data, commentary, prospectus and more information on each of our managers and products. Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, and summary prospectus, if available, at [www.franklintempleton.com](http://www.franklintempleton.com). Please read the prospectus carefully.