



LEGG MASON SMALL-CAP QUALITY VALUE ETF

Investment overview

The Legg Mason Small-Cap Quality Value ETF (SQLV) seeks to provide capital appreciation by tracking the investment results of an index composed of small-cap stocks trading in the United States that have relatively low valuations.

- SQLV is designed for investors seeking growth of capital through strategic multi-factor, small-cap exposure in an ETF wrapper.

Strategy Differentiators

- Focuses on high quality, US-traded small-cap stocks with relatively low valuations
- Uses a proprietary, multi-factor scoring system that emphasizes high profitability companies (Quality) selling at attractive valuations (Value)
- Thoughtfully combines strategic factors—based on decades of insights from highly-regarded small-cap practitioners—all in an ETF wrapper

The Royce Small-Cap Quality Value Index (the "Index"):

- The Index construction rules have been developed based on Royce's decades of experience managing small-cap stocks as well as academic literature on the favorable attributes of certain stock factors.
- The investment universe includes common stocks of US headquartered companies listed on US exchanges, and excludes royalty companies, master limited partnerships, stocks with a share price less than or equal to \$1 and stocks with insufficient trading volume.
- The universe is then refined to include stocks with market capitalizations that are between the 1001st and 3000th largest stocks based on descending market capitalization at time of rebalance.
- From that universe REITs are excluded and Index constituents are selected using a proprietary, multi-factor scoring system.
- Index position weights are then calculated using a fundamental composite score that aims at adding value by relying on more efficient estimations of the companies' true economic value than those provided by market capitalization. By using fundamental factors to weight stocks rather than market capitalization, the Index seeks to have lower exposure to overvalued companies, while still maintaining broad diversification.
- Concentration limits are also implemented in the construction process of the Index.
- The Index constituents are reconstituted and rebalanced quarterly.

Sector allocation (%) as of Dec. 31, 2021

Financials	25.0	Materials	4.5
Health Care	18.1	Energy	2.2
Consumer Discretionary	16.8	Consumer Staples	1.5
Industrials	15.6	Utilities	1.3
Information Technology	9.4	Real Estate	0.2
Communication Services	5.3	Cash	0.1

Fund Data as of Dec. 31, 2021

NASDAQ Symbol	SQLV
Listing Exchange	NASDAQ - XNMS
Expense Ratio (gross/net)	0.61/0.61
CUSIP	52468L877
IOPV / IIV ¹	SQLV/IV
Net Asset Value (NAV) ²	\$39.95
Market Price ²	\$39.95
Premium/Discount ³	.0%
Net Assets	\$20.0M
Fund Benchmark	Royce Small-Cap Quality Value Index (TR)
Fund Benchmark Ticker	RSQVLT
Market Index	Russell 2000 Index (USD)
Market Index Ticker	RTY
Fund Benchmark Rebalance Frequency	Quarterly
Inception Date	07/12/17
Fiscal Year End	Jul
Distribution Frequency, if any	Quarterly
Lipper Category	Small-Cap Core Funds
Morningstar Category	Small Value

Statistics as of Dec. 31, 2021

Weighted Average Market Cap	\$1.8B
Price/book ratio ⁴	2.5
Harmonic P/E ratio (trailing 12 months) ⁵	10.0
Harmonic P/E ratio (forecasted 12 months) ⁶	10.9
Number of holdings	245
30-day SEC yield ⁷	0.74%

Market Capitalization (%) as of Dec. 31, 2021

\$3-10 billion	22.9
\$0-3 billion	77.2

¹ 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.

² 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.

³ 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.

⁴ 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.

⁵ 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.

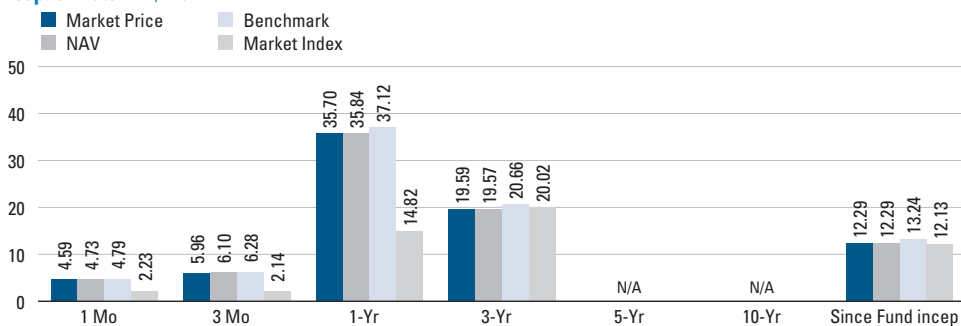
⁶ Harmonic P/E ratio forecasted 12 months: The harmonic average is the inverse of the average of the inverse of each data point. In other words, it is the reciprocal of the average of the reciprocals. Data points with a value of zero and NA are excluded from the calculation. The P/E ratio is arrived 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).

⁷ 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.

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Average Annual Total Returns (%) as of Dec. 31, 2021

Inception Date: July 12, 2017



Cumulative Total Returns (%) as of Dec. 31, 2021

	YTD	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Market Price	35.70	35.70	8.08	16.59	-9.22	-	-	-	-	-	-
NAV	35.84	35.84	7.97	16.54	-9.15	-	-	-	-	-	-
Benchmark	37.12	37.12	8.89	17.66	-8.52	-	-	-	-	-	-
Market Index	14.82	14.82	19.96	25.52	-11.01	-	-	-	-	-	-

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. Return figures for periods over one year are annualized.

Fund Benchmark and Index Methodology:

The **Royce Small-Cap Quality Value Index** (the "Index") is a proprietary index composed of small-cap stocks trading in the United States with relatively low valuations, high profitability and high debt coverage compared with the average of stocks in the investment universe. The ETF will invest at least 95% of its total assets in component securities of the Index. The Index will generally favor stocks with lower than average valuation, higher than average profitability and higher than average debt coverage compared with stocks in the investment universe. Additionally, the Index construction rules were chosen to seek to maintain diversification by limiting the weighting of individual constituents as well as sectors. Index constituents are chosen from a universe of small-cap stocks which meet certain criteria. The investment universe includes common stocks of US headquartered companies listed on US exchanges, and excludes royalty companies, master limited partnerships, stocks with a share price less than or equal to \$1 and stocks with insufficient trading volume. The universe is then refined to include stocks with market capitalizations that are between the 1001st and 3000th largest stocks based on descending market capitalization at time of rebalance. From that universe REITs are excluded and Index constituents are selected using a proprietary, multi-factor scoring system. Index position weights are then calculated using a fundamental composite score that aims at adding value by relying on more efficient estimations of the companies' true economic value than those provided by market capitalization. By using fundamental factors to weight stocks rather than market capitalization, the Index seeks to have lower exposure to overvalued companies, while still maintaining broad diversification. Concentration limits are also implemented in the construction process of the Index. The Index constituents are reconstituted and rebalanced quarterly.

Market Index:

The **Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

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. 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.

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.

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. Please read it carefully.

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Portfolio management

George Necakov, CFA, (industry since 1994) has been the Portfolio Manager, and Michael Connors (industry since 2003) has been the Assistant Portfolio Manager of the fund since its inception.

Royce Investment Partners, established in 1972, is dedicated to managing portfolios of small- and micro-cap US companies. Based in New York and with over four decades of small-cap investment experience, the firm uses a disciplined value approach to portfolio management.

What should I know before investing?

Equity securities are subject to price fluctuation and possible loss of principal. The Fund invests primarily in small-cap stocks, which may involve considerably more risk than investing in larger-cap stocks. The Fund has significant exposure to U.S. issuers. A decrease in imports or exports, changes in trade regulations and/or an economic recession in the United States may have a material adverse effect on the U.S. economy and the securities listed on U.S. exchanges. 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. The Fund may focus its investments in certain industries, increasing its vulnerability to market volatility. Diversification does not ensure gains or protect against market declines.

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. Please read the prospectus carefully.

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