FRANKLIN TEMPLETON

Go Active!
with green bond ETFs

This is a marketing communication. Please refer to the prospectus of the UCITS and to the KID/KIID before making any final investment decisions.

We recently launched Franklin Sustainable Euro Green Corp 1–5-Year UCITS ETF and Franklin Sustainable Euro Green Sovereign UCITS ETF additionally to the Europe's first actively managed green bond ETF (Franklin Sustainable Euro Green Bond UCITS ETF[1]).

All three funds are categorised as Article 9 under the Sustainable Finance Disclosure Regulation (SFDR) and offer different but complementary approaches.

Why invest in green bonds?

Franklin Templeton green bond ETFs seek to maximise total returns while accessing a diversified portfolios of bonds where proceeds are tied to global projects with environmental benefits.

Broader 'green' opportunity set
Invests in both labelled green bonds and climate-aligned bonds, allowing managers to uncover new opportunities outside of a pure green-bond market.

Diversified sources of value-add
Managers actively utilize sector rotation, security selection, duration and curve management to help achieve excess returns and minimise risk.

Robust ESG research
Investment team uses proprietary sovereign ESG model and conducts rigorous bond selection process to determine if a security and issuer meet a green bond labelled standard.

Why Franklin Templeton?

We believe that sustainable investing is the future of our industry and that we need to look ahead to understand the real-world impacts of our investment decisions.

An active, flexible approach to investing in green bonds allows a portfolio manager to apply discretion while still investing in bonds that provide environmental benefits. In addition to traditional fundamental credit research, the team uses the below environmental assessment framework.

Impact metrics
- Annual energy savings
- Capacity of renewable energy established

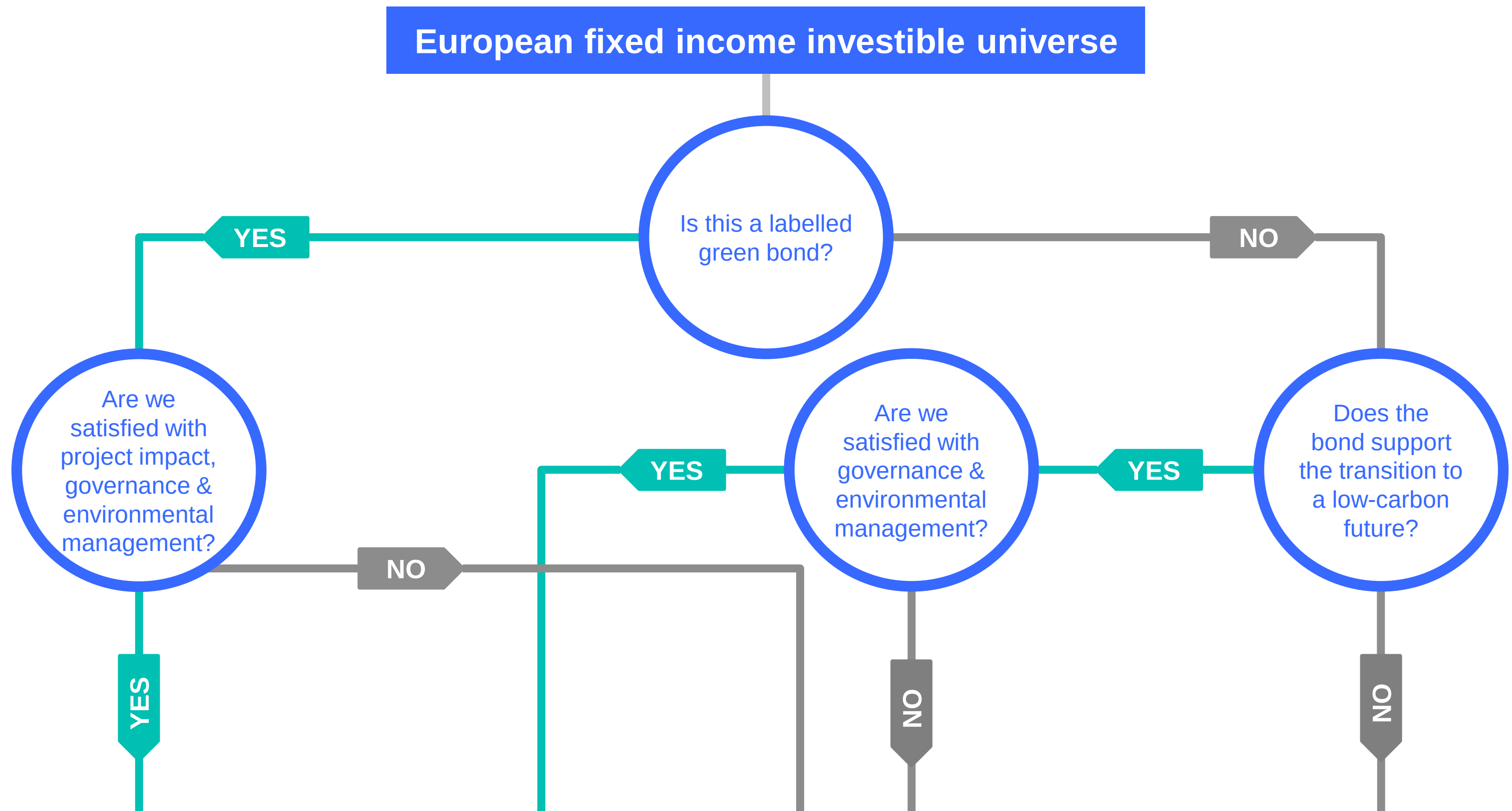
Governance assessment
- Board independence and second opinion oversight
- Accountability to delivery of green bond framework

Organisational environmental assessment
- Greenhouse gas reduction program
- Strength of environmental policy
- Emissions intensity from own operation

1. Prior to 1 November 2023, the fund was named Franklin Euro Green Bond UCITS ETF.

What can be the benefit of active management?

Active management allows the portfolio managers to invest outside of the traditional green bond investment universe. Below is an example of a climate-aligned sustainable bond that was chosen in lieu of a traditional green labelled bond.



Green bond ETF investible universe

Included: Sustainable bond

- **Invested:** A conventional bond from a Danish manufacturer and servicer of renewable energy equipment.
- **Decision rationale:** Although this bond wasn't labeled as green, virtually all of this issuer's expenses contribute towards the positive environmental objectives of renewable energy development and the reduction of greenhouse gas emissions. Therefore, this security is eligible to be held in the fund as a sustainable investment.

Uninvestible for green bond ETF

Excluded: Green (climate action) bond

- **Declined:** A green bond from a Central European energy utility company.
- **Decision rationale:** The company was able to ring-fence renewable energy assets so that they could be financed by the issuance of a green bond. However, the fund's investment managers were uncomfortable with the fact that, despite declared net zero goals, the issuer has substantial exposure to coal-based power generation (one-third of total production) and is, moreover, expanding its lignite mining operations. Meanwhile, the portfolio managers expect investees to phase-out coal, making the bond ineligible to be held in the fund.

For illustrative purposes only.

Franklin Templeton green bond UCITS ETFs

A diversified range of active sustainable ETFs designed to invest in bonds that support the transition to a low-carbon future

	Franklin Sustainable Euro Green Corp 1–5-Year UCITS ETF	Franklin Sustainable Euro Green Sovereign UCITS ETF	Franklin Sustainable Euro Green Bond UCITS ETF
Investment Objective	To pursue a sustainable investment objective, by providing exposure primarily to the European corporate green bond market with a short to mid duration of less than 5 years, whilst maximising total returns.	To pursue a sustainable investment objective, by providing exposure primarily to the European sovereign green bond market, whilst maximising total returns.	To provide exposure to the European green bond market whilst maximising total returns.
Benchmark	Bloomberg Euro Corporate Green Bond 1-5 Year Index	Bloomberg Global Government EUR Green Bond Index	Bloomberg Global Aggregate EUR Green Bond Index[1]
Sustainable Investments	Minimum 90% of its Net Asset Value in sustainable investments	Minimum 90% of its Net Asset Value in sustainable investments	Minimum 75% of its Net Asset Value in sustainable investments
TER[2]	0.18%[3]	0.18%[4]	0.18%[5]
Typical Duration Range	The sub fund may invest in debt securities of any maturity or duration but typically 1 to 5 years	The sub fund may invest in debt securities of any maturity or duration but typically 7 to 11 years	The sub fund may invest in debt securities of any maturity or duration but typically 5 to 9 years
Active/Passive	Active	Active	Active
Corporate/Sovereign	Predominantly corporates	Predominantly sovereign	Both
Currency Exposure	Euro Any non-Euro currency exposure will be hedged back to Euro	Euro Any non-Euro currency exposure will be hedged back to Euro	Euro Any non-Euro currency exposure will be hedged back to Euro
EU SFDR Classification	Article 9	Article 9	Article 9
ISIN	IE0006K7DEL9	IE000P0R7WK6	IE00BHZRR253
Inception Date	31 October 2023	31 October 2023	29 April 2019
Use of Income	Accumulating	Accumulating	Accumulating

	Bloomberg Ticker	Exchange	Trading Currency	Bloomberg Ticker	Exchange	Trading Currency	Bloomberg Ticker	Exchange	Trading Currency
Trading Information							FVUG LN	LSE	GBP
	GCOR	LSE	EUR	GSOV	LSE	EUR	FLRG LN	LSE	EUR
	GCOR	Xetra	EUR	GSOV	Xetra	EUR	FLRG GR	Xetra	EUR
							FLRG SW	SIX	EUR
	GCOR	Borsa Italiana	EUR	GSOV	Borsa Italiana	EUR	FLRG IM	Borsa Italiana	EUR
							FLRG NA	Euronext Amsterdam	EUR

1. Before 1 November 2023, the Fund's underlying index was Bloomberg MSCI Euro Green Bond Index.
2. The total expense ratio of a fund (TER) expresses the sum of the costs and fees of a fund as a percentage of the average fund volume within the last financial year. The ongoing charges are the fees the fund charges to investors to cover the costs of running the Fund. Additional costs, including transaction fees, will also be incurred. These costs are paid out by the Fund, which will impact on the overall return of the Fund. Fund charges will be incurred in multiple currencies, meaning that payments may increase or decrease as a result of currency exchange fluctuations. All charges will be paid out by the Fund, which will impact on the overall return of the Fund.
3. The TER includes a fee waiver of 0.07% until 31 October 2024. The TER waiver will expire from 1 November 2024.
4. The TER includes a fee waiver of 0.02% until 31 October 2024. The TER waiver will expire from 1 November 2024.
5. The TER includes a fee waiver of 0.12% until 30 April 2024. The TER waiver will expire from 1 May 2024.

Further information is set out in the "Fees and Expenses" section of the Prospectus.

WHAT ARE THE KEY RISKS

The **Franklin Sustainable Euro Green Bond UCITS ETF** invests mainly in green bonds whilst aiming to maintain capital preservation. Such securities have historically proven to present some stability over time and have benefitted from limited exposure to interest rates and movements in the bond market. As a result, the performance of the Fund can fluctuate over time. Other significant risks include: **Counterparty risk**: the risk of failure of financial institutions or agents (when serving as a counterparty to financial contracts) to perform their obligations, whether due to insolvency, bankruptcy or other causes. **Credit risk**: the risk of loss arising from default that may occur if an issuer fails to make principal or interest payments when due. This risk is higher if the Fund holds low-rated, sub-investment-grade securities. **Foreign currency risk**: the risk of loss arising from exchange-rate fluctuations or due to exchange control regulations. **Secondary market trading risk**: the risk that the shares purchased on the secondary market cannot usually be sold directly back to the Fund and that investors may therefore pay more than NAV per Share when buying shares or may receive less than the current NAV per Share when selling shares.

The **Franklin Sustainable Euro Green Sovereign UCITS ETF** invests mainly in debt securities issued by any government or corporation worldwide. Such securities have historically been subject to price movements, generally due to interest rates or movements in the bond market. As a result, the performance of the Fund can fluctuate over time. Other significant risks include: **Securitisation risk:** investment in securities which generate return from various underlying groups of assets such as mortgages, loans or other assets may bear a greater risk of loss due to possible default of some of the underlying assets. **Liquidity risk:** the risk that arises when adverse market conditions affect the ability to sell assets when necessary. Such risk may be triggered by (but not limited to) unexpected events such as environmental disasters or pandemics. Reduced liquidity may have a negative impact on the price of the assets. **Counterparty risk:** the risk of failure of financial institutions or agents (when serving as a counterparty to financial contracts) to perform their obligations, whether due to insolvency, bankruptcy or other causes. **Sustainability risk:** The fund's integration of sustainability risks in the investment decision process may have the effect of excluding profitable investments from the investment universe of the fund and may also cause the fund to sell investments that will continue to perform well. A sustainability risk could materialise due to an environmental, social or governance event or condition which may impact the fund's investments and negatively affect the returns of the fund.

The **Franklin Sustainable Euro Green Corp 1-5 Year UCITS ETF** invests mainly in debt securities issued by any government or corporation worldwide. Such securities have historically been subject to price movements, generally due to interest rates or movements in the bond market. As a result, the performance of the Fund can fluctuate moderately over time. Other significant risks include: **Liquidity risk:** the risk that arises when adverse market conditions affect the ability to sell assets when necessary. Such risk may be triggered by (but not limited to) unexpected events such as environmental disasters or pandemics. Reduced liquidity may have a negative impact on the price of the assets. **Counterparty risk:** the risk of failure of financial institutions or agents (when serving as a counterparty to financial contracts) to perform their obligations, whether due to insolvency, bankruptcy or other causes. **Sustainability risk:** The fund's integration of sustainability risks in the investment decision process may have the effect of excluding profitable investments from the investment universe of the fund and may also cause the fund to sell investments that will continue to perform well. A sustainability risk could materialise due to an environmental, social or governance event or condition which may impact the fund's investments and negatively affect the returns of the fund. For full details of all the risks applicable to this Fund, please refer to the “Risk Considerations” section of the current prospectus of Franklin Templeton ICAV.

IMPORTANT LEGAL INFORMATION

The funds have been classified as Article 9 under the Regulation on sustainability related disclosures in the financial services sector (EU) 2019/2088. These are Funds which have an ESG integration approach, have binding environmental and/or social characteristics and a clear sustainable investment objective. Further information in relation to the sustainability-related aspects of the Fund can be found at www.franklinresources.com/countries. Please review all of the fund's objectives and characteristics before investing. Franklin Templeton ICAV (“the ETF”) investment returns and principal values will change with market conditions, and an investor may have a gain or a loss when they sell their shares. Please visit your local country website, as detailed below, for the Franklin Templeton ICAV's standardised and most recent month-end performance. There is no guarantee that any strategy will achieve its objective.

This material is intended to be of general interest only and should not be construed as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy. It does not constitute legal or tax advice. Franklin Templeton ICAV (“the ETF”) investment returns and principal values will change with market conditions, and an investor may have a gain or a loss when they sell their shares. Please visit your local country website, as detailed below, for the Franklin Templeton ICAV standardised and most recent month-end performance. There is no guarantee that any strategy will achieve its objective. For the avoidance of doubt, if you make a decision to invest, you will be buying units/shares in the fund and will not be investing directly in the underlying assets of the fund. All performance data shown is in the fund's base currency. Performance data is based on the net asset value (NAV) of the ETF which may not be the same as the market price of the ETF. Individual investors may realise returns that are different to the NAV performance. **Past performance does not predict future returns.** The actual costs vary depending on the executing custodian. In addition, deposit costs may be incurred which could have a negative effect on the value. Please find out the costs due from the respective price lists from the processing/custodian bank. Changes in exchange rates could have positive or negative effects on this investment. Please visit [insert local web address] for current performance and see the latest prospectus or supplement for further details. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

An investment in Franklin Templeton ICAV entails risks which are described in the latest prospectus or supplement and in the relevant Key Information Document / Key Investor Information Document. The Fund's documents are available in English, German and French from your local website or can be requested via FT's European Facilities Service which is available at https://www.eifs.lu/franklintempleton. In addition, a summary of investor rights is available from franklintempleton.lu. The summary is available in English.

Franklin Templeton ICAV is notified for marketing in multiple EU Member States under the UCITS Directive. Franklin Templeton ICAV can terminate such notifications for any share class and/or sub-fund at any time by using the process contained in Article 93a of the UCITS Directive.

Franklin Templeton ICAV (domiciled outside of the U.S. or Canada) may not be directly or indirectly offered or sold to residents of the United States of America or Canada. ETFs trade like stocks, fluctuate in market value and may trade at prices above or below the ETFs net asset value. Brokerage commissions and ETF expenses will reduce returns.

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