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Dividend Investors: Keep Calm and Carry On

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

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Income Seekers are Facing a Turning Point

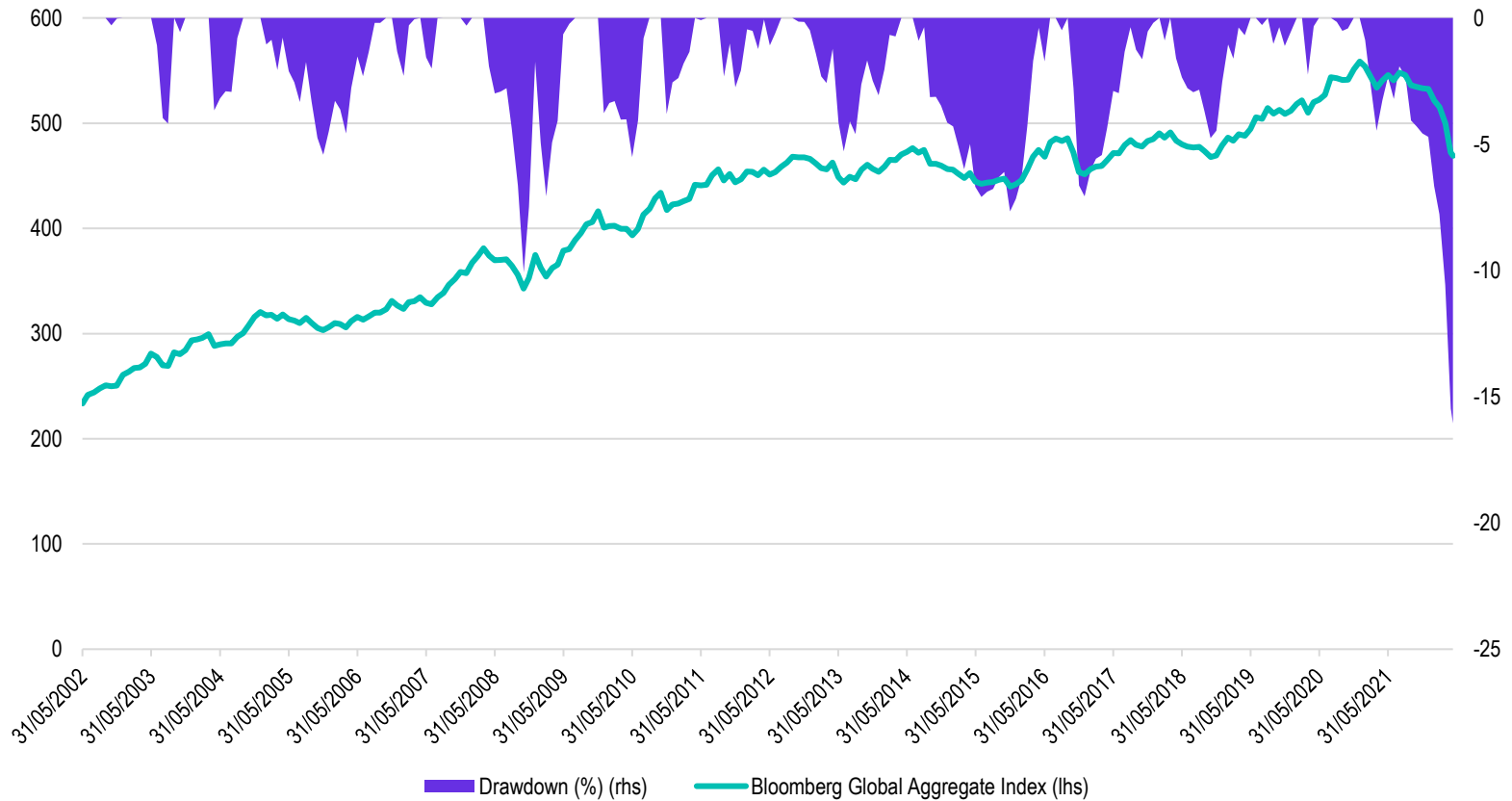
Bond Yields eclipse Dividends For The First Time In a Decade



Fixed Income hasn't been a safe haven

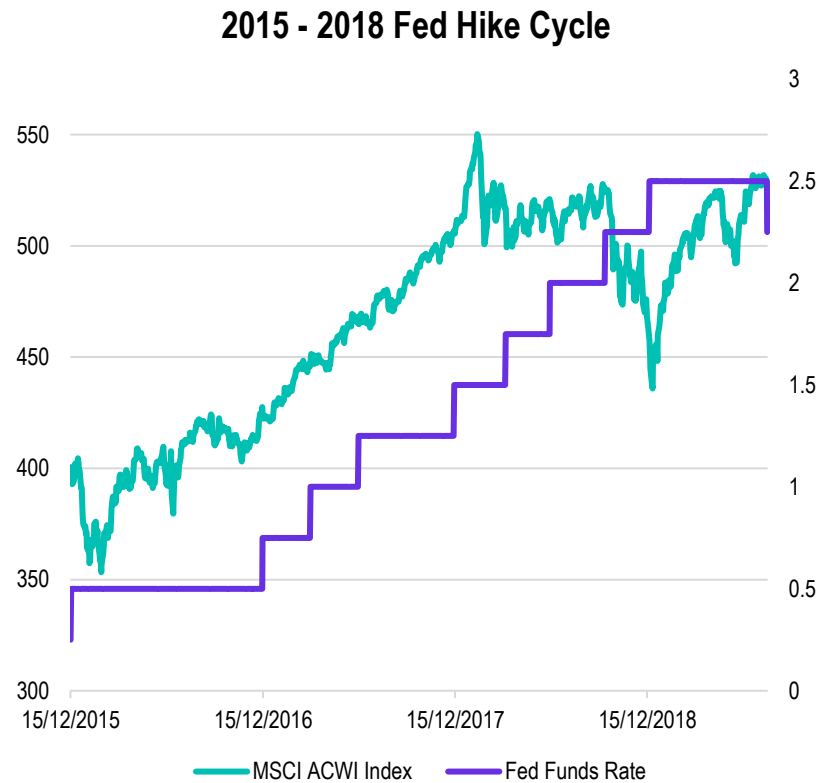
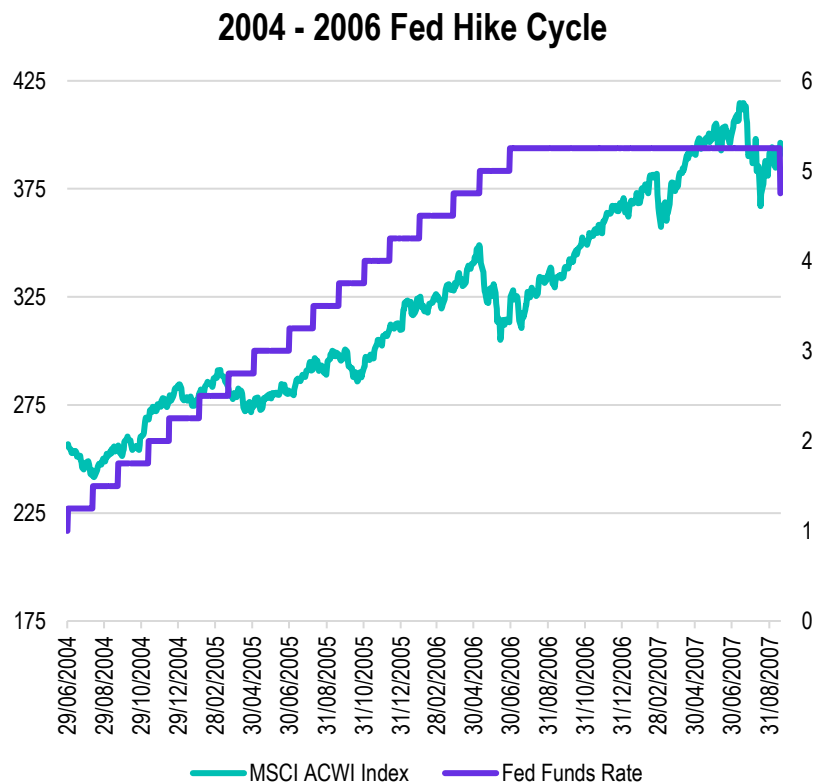


Relative to the Past, Bond Markets Have Been Hit Much Harder Than Equities



Source: Bloomberg, 2022, date range is 31/05/2002 – 11/05/2022, monthly
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For Equities, Rising Rates Alone Need Not be Bad News

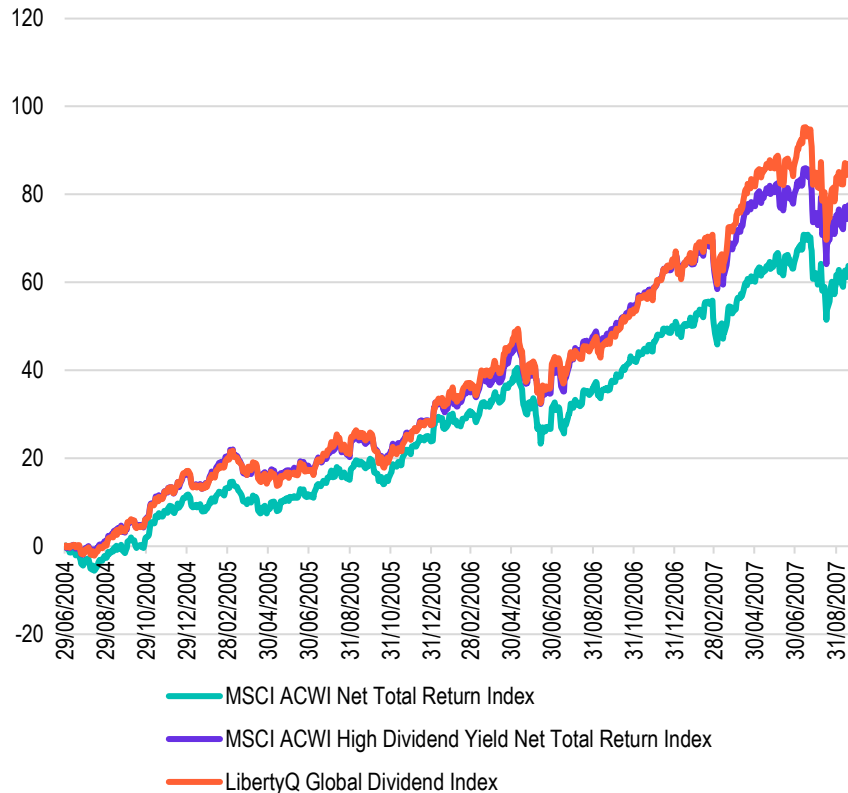


- Higher interest rates mean higher discount rates, but in practice, equities have a track record of performing well during hike cycles
- Rather than the rate increase itself, the reasons for the hiking may be more important
- Different sectors tend to be affected in different ways

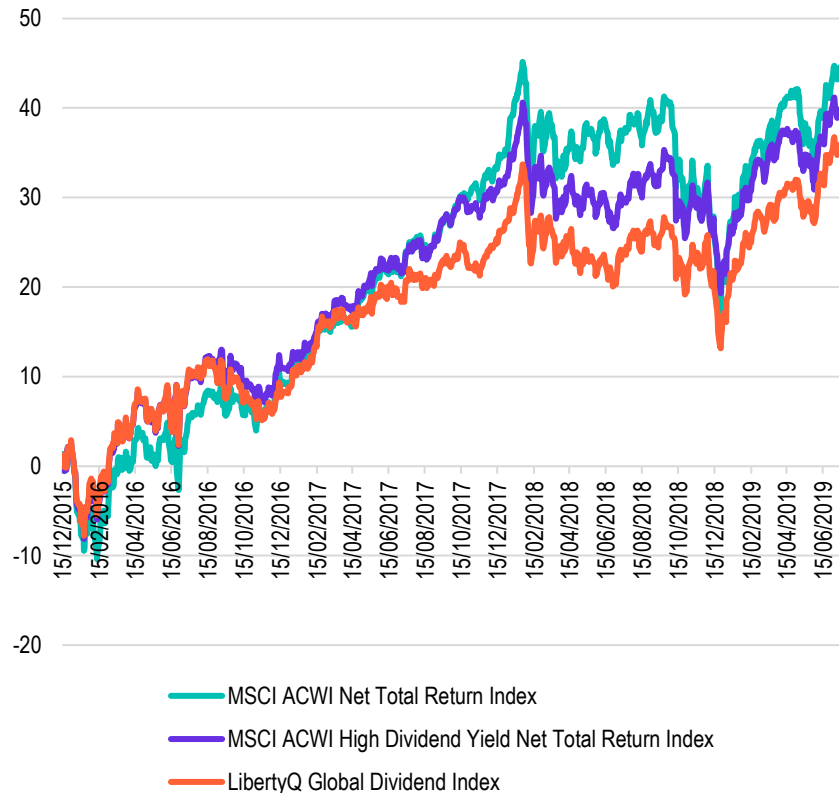
Dividend Investors: Keep Calm and Carry On



2004 - 2006 Fed Hike Cycle



2015 - 2018 Fed Hike Cycle



Source: Bloomberg, 2022

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Three Important Considerations For Dividend Strategies



Downside Protection

Cash-flow based valuation models may indicate a floor (intrinsic value)

Steady cash-flows can attract buyers in volatile times

Dividend investors tend to take a long-term view



Distribution & Income

Dividends count for around 40% of long-term total returns

Dividend payers may be in or out of favour depending on market cycles, but can accommodate certain investor needs



Growth Potential

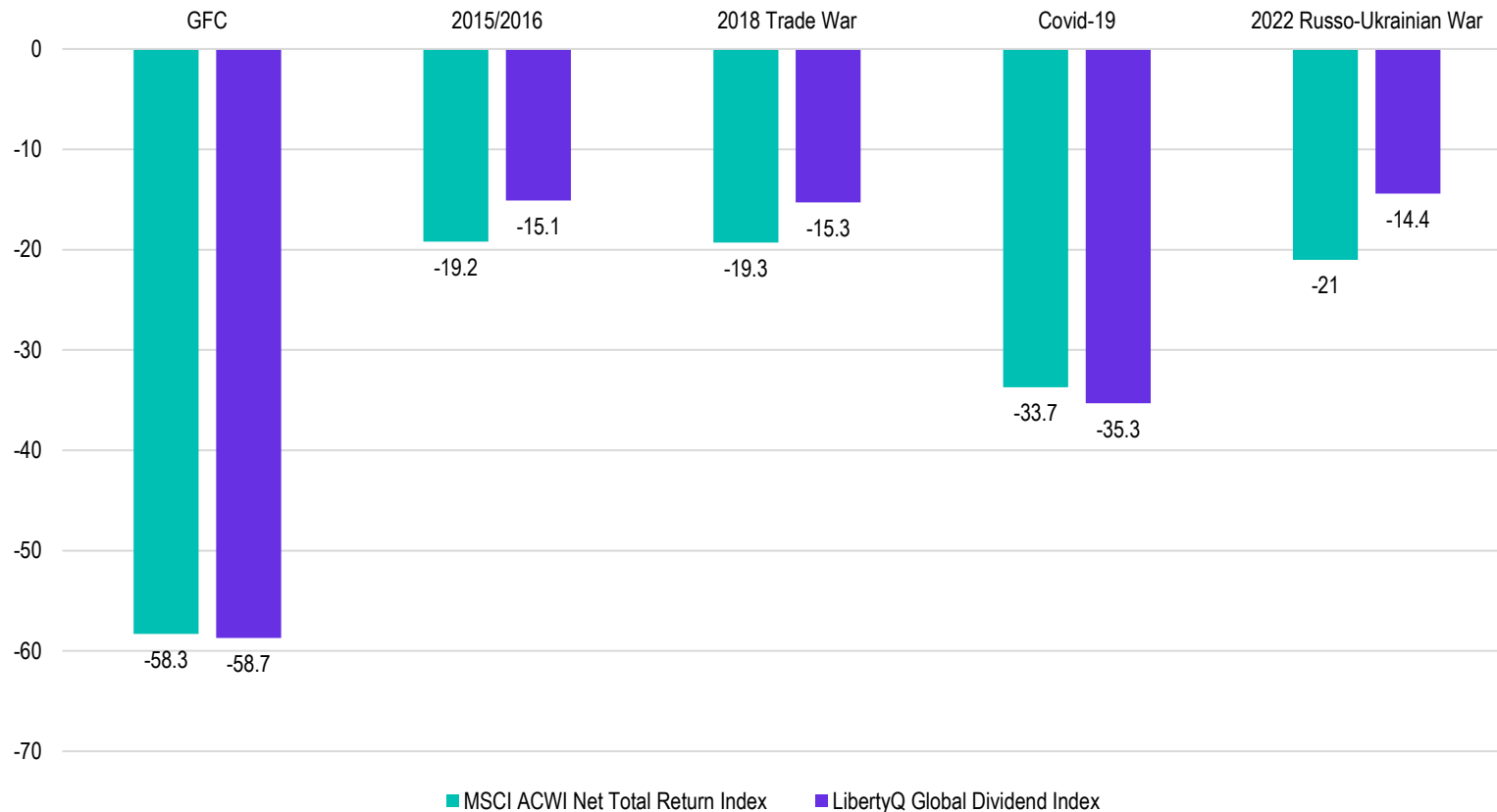
The highest dividend payers may forego attractive growth opportunities

A sensible payout policy can support future cash-flow growth, offsetting higher discount rates or inflation

Dividend payers offer upside potential

Dividends Can Help Investors To Ride Out Drawdowns

Quality Dividends Limited Downside During Market Corrections; in %



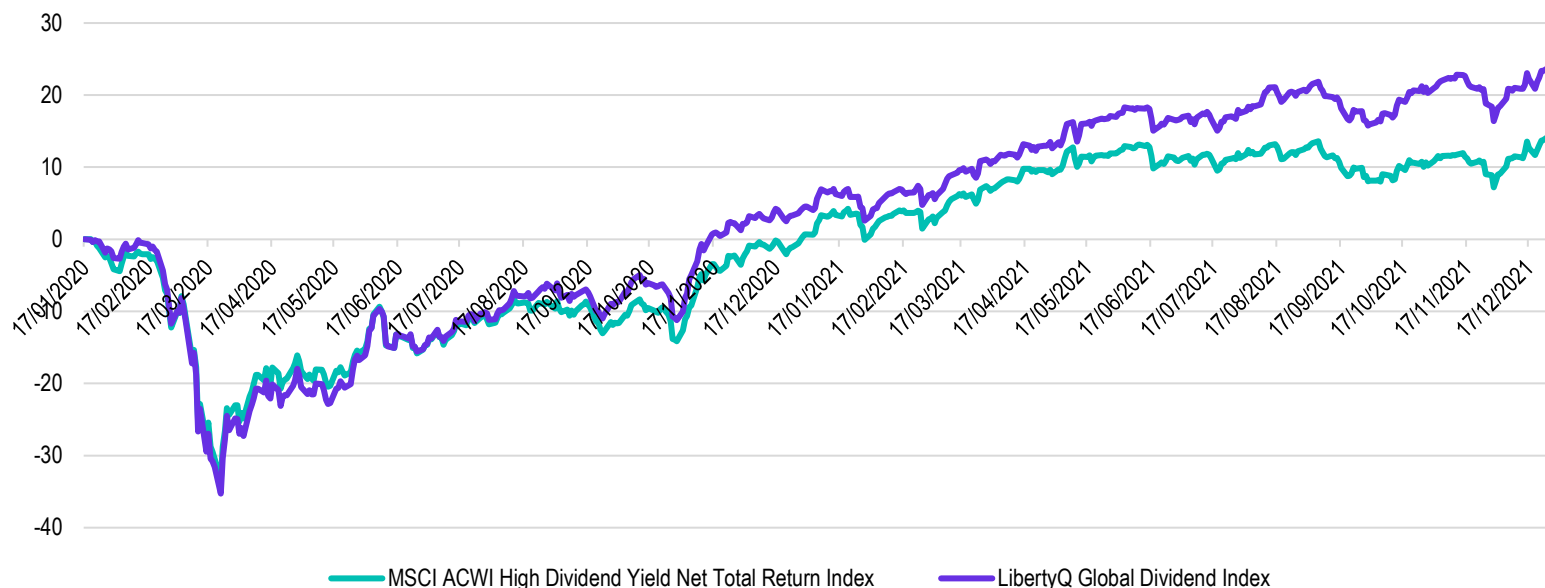
Source: Bloomberg, 2022. Dates for MSCI drawdown calculations are: *GFC* 31/10/2007 – 09/03/2009, *2015/2016* 18/05/2015 – 11/02/2016, *2018 Trade War* 26/01/2018 – 25/12/2018, *Covid-19* 12/02/2020 – 23/03/2020, *2022 Russo-Ukrainian War* 04/01/2022 – 01/11/2022 (ongoing drawdown).

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Case Study: Covid-19 Crash (1/2)



Quality Dividends Consistently Outperformed Yield Chasers in the Covid-19 Aftermath



	2019 Dividend Yield	Quality Score Rank 2019	Active Weight ²	Covid Drawdown	Performance
Royal Bank of Canada	3.96	55	1.55	-38.3	41.21
Emerson Electric	2.58	53	1.62	-50.7	25.8
LibertyQ Global Dividend Index	4.03	n/a	n/a	-35.3	25.0
MSCI ACWI High Dividend Yield Net Total Return Index	3.98	n/a	n/a	-33.5	15.0
Aviva	7.22	148	-0.19	-54.1	14.8
Altria	6.57	52	1.26	-38.5	8.9
BAE Systems	4.00	189	-0.21	-38.7	0.0
AT&T	6.92	243	-2.49	-30.3	-27.4

Past performance does not predict future returns.

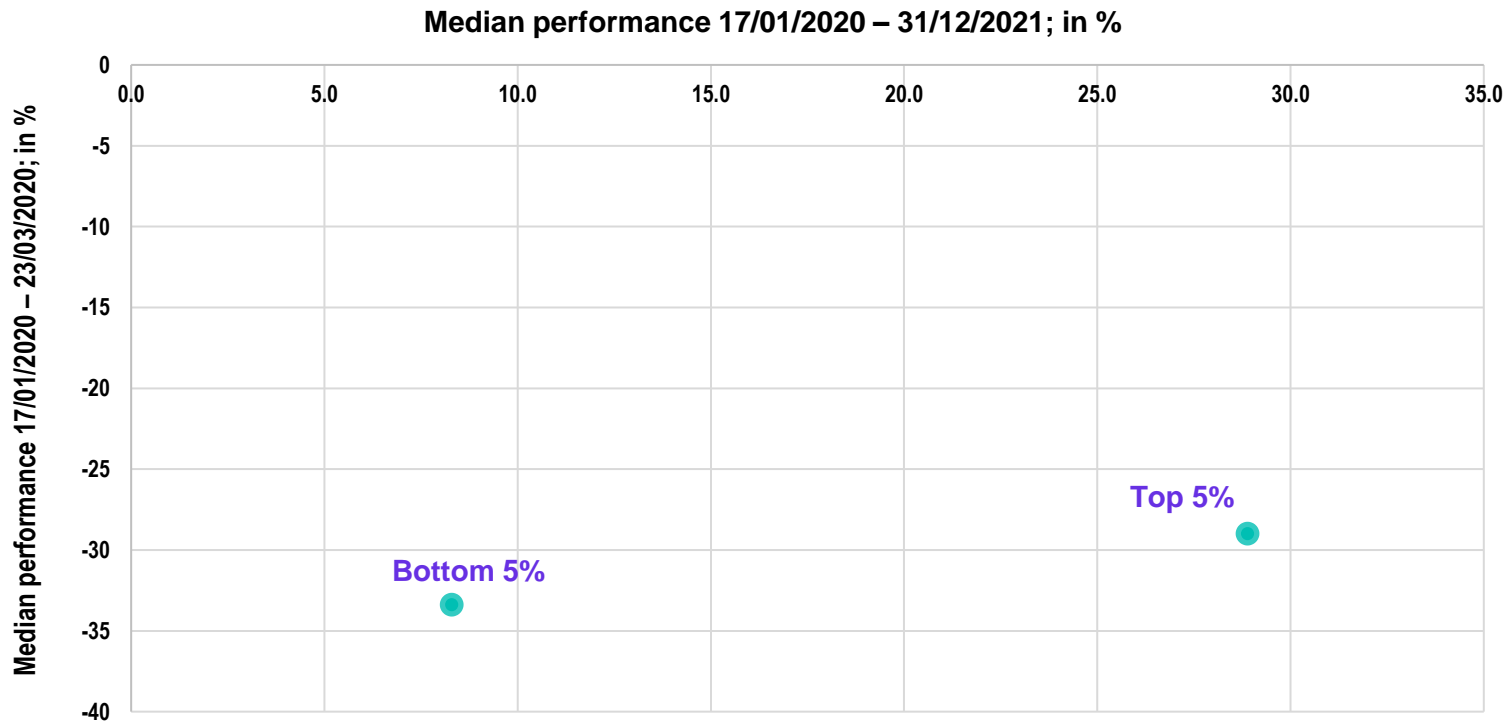
1) "Yield Chasers" focus on a high dividend yield and put less emphasis on quality metrics. For example, the MSCI ACWI High Dividend Yield Index requires that a company's dividend yield exceeds the universe by 30% or more, and screens out companies with a negative quality score. The LibertyQ Global Dividend Index requires a yield of 20% above the universe and includes only the top 100 companies by quality score. For full details see index methodologies.

2) vs MSCI ACWI High Dividend Yield Net Total Return Index

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Case Study: Covid-19 Crash (2/2)

Higher Quality Scores Were Indicative of a Stronger Recovery

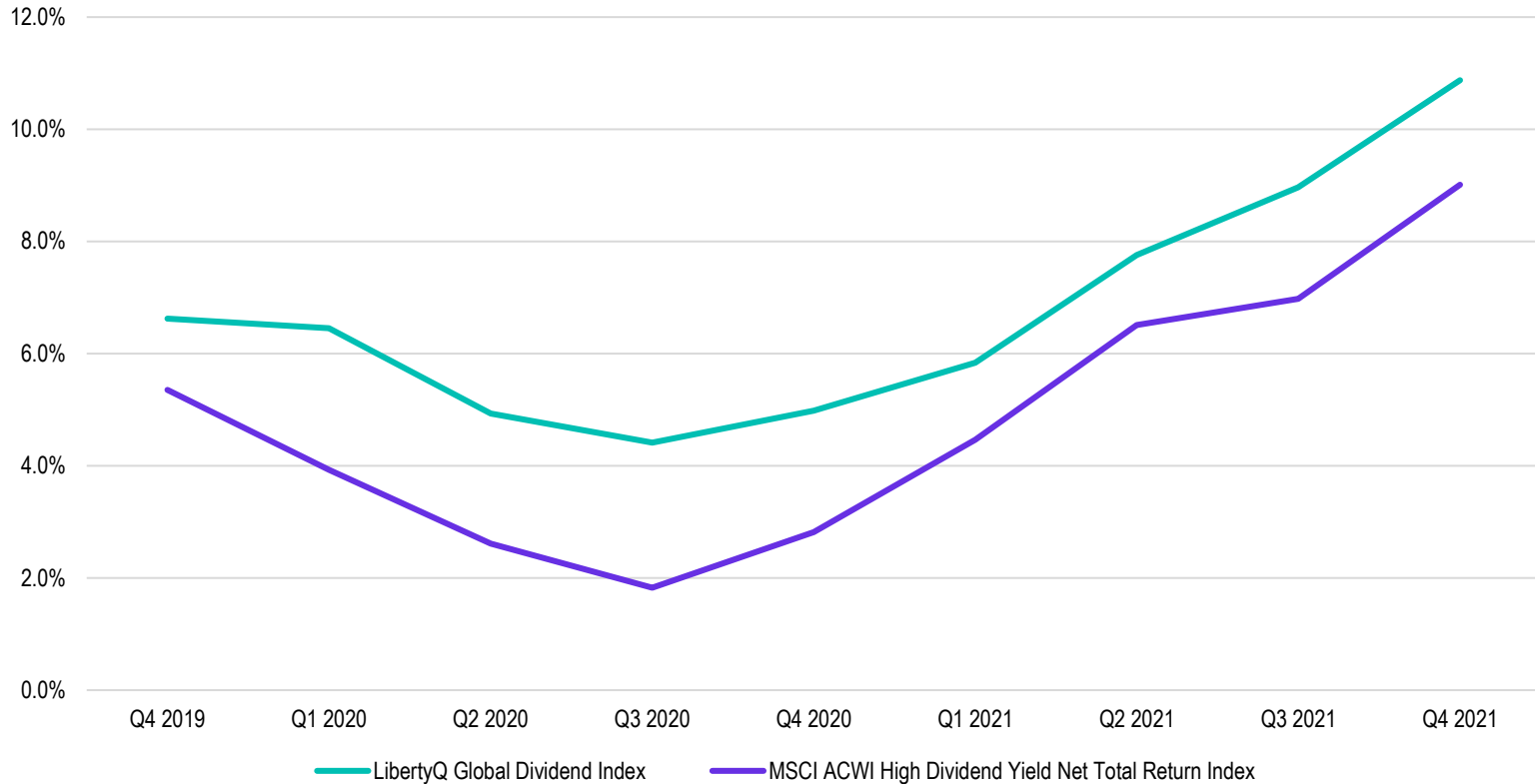


Source: Bloomberg, Franklin Templeton, 2022. The top 18 and bottom 18 companies by z-score, that passed the LibertyQ Global Dividend Index dividend screen, were included in the calculations.

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The Last Element: Future Growth Potential

Quality Consistently Offered Higher Potential Growth; SGR in %



Source: Bloomberg 2022. SGR is calculated as $ROE \times (1 - \text{Dividend Payout Ratio})$.

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Quality Dividends: Tick the Box



Downside Protection

Quality Dividends tend to have lower drawdowns than the broad market.

They largely maintained their dividend payments *without* hampering future growth potential.



Distribution & Income

The dividend yield of the LibertyQ Global Dividend Index over the last 16 quarters has averaged around 4%.¹



Growth Potential

With higher overall profitability, quality companies are more likely to be able to keep up dividend payments during downturns without unduly restricting future growth.

LibertyQ Quality Factor Analysis of MSCI All Country World Index—NR



Rationale¹

- May capture a more comprehensive profile of a firm's earnings quality by considering profits, debt quality, and ability to generate cash
- High-quality companies tend to be less volatile over the long term

Factor Definition²

- Companies with stable earnings growth, strength of balance sheet, and efficient use of assets

Factor Descriptors²

- Return on Equity (ROE)
- Earnings Variability
- Cash Return on Assets
- Debt to Assets

Factor Performance Profile¹

- Defensive

1. The rationale and excess return correlation figures are based on internal research using hypothetical back-tested performance for the 15-year period as of 31 December 2021.

Source: Franklin Templeton.

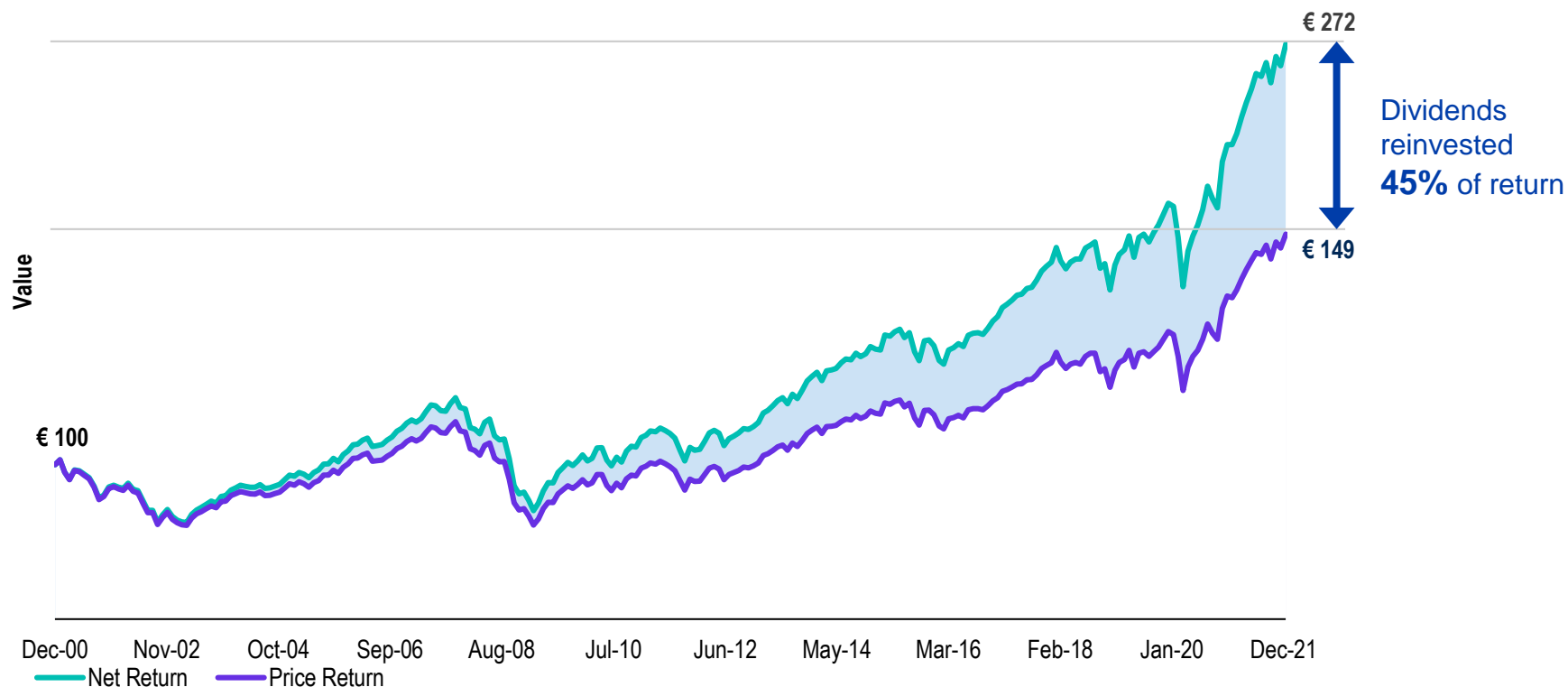
2. The stated definition is based on Franklin Templeton's Internal research that was used to develop the LibertyQ methodology. The stated descriptors are examples of how the Quality factor is measured. Certain LibertyQ indices may apply descriptors that vary significantly from those shown above. Net Returns (NR) include income net of tax withholding when dividends are paid.

Appendix

Dividends Can Have a Major Impact on Returns

MSCI All Country World Index—NR vs. Price Return

Inception—31/12/2021



This chart is for illustrative purposes only and does not reflect the performance of any Franklin Templeton fund. Indexes are unmanaged, and one cannot invest directly in a index. They do not reflect any fees, expenses or sales charges.

Source: Factset, MSCI as of 31 December 2021.

Net Returns (NR) include income net of tax withholding when dividends are paid.

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The LibertyQ Income Focused Approach



	ISIN	Dividend	Ticker	TER ¹
DIVIDEND FOCUSED				
Franklin LibertyQ European Dividend UCITS ETF	IE00BF2B0L69	Quarterly	FLXD IM	0.25%
Franklin LibertyQ Global Dividend UCITS ETF	IE00BF2B0M76	Quarterly	FLXX IM	0.45%

LibertyQ Methodology

1. Filter for attractive dividend history



- **Dividend Sustainability**
Companies must have a track record of consistent or rising dividends over the last five years
- **Higher Dividends**
Companies must have 1.2x average dividend yield versus the benchmark over five years

2. Focus on Quality companies



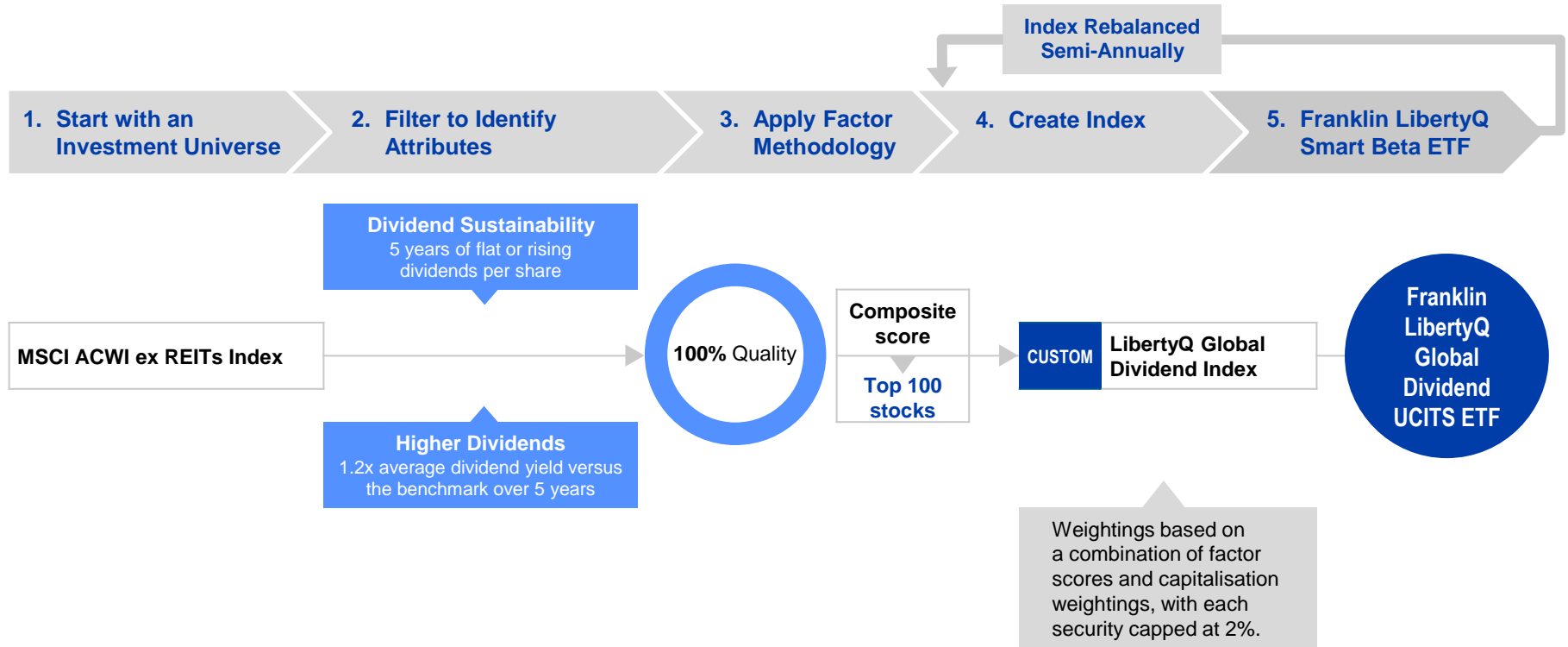
- Identify high quality franchises paying above average yields
- Reducing portfolio volatility and improving capital appreciation potential

1. 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 on-going 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.
Source: Franklin Templeton as at 31 March 2022.

A Proprietary Rules-Based Investment Approach— Grounded in Fundamental Research



In addition to screening for dividends, a quality overlay may help reduce portfolio volatility and improve capital appreciation potential.



For illustrative purposes only.

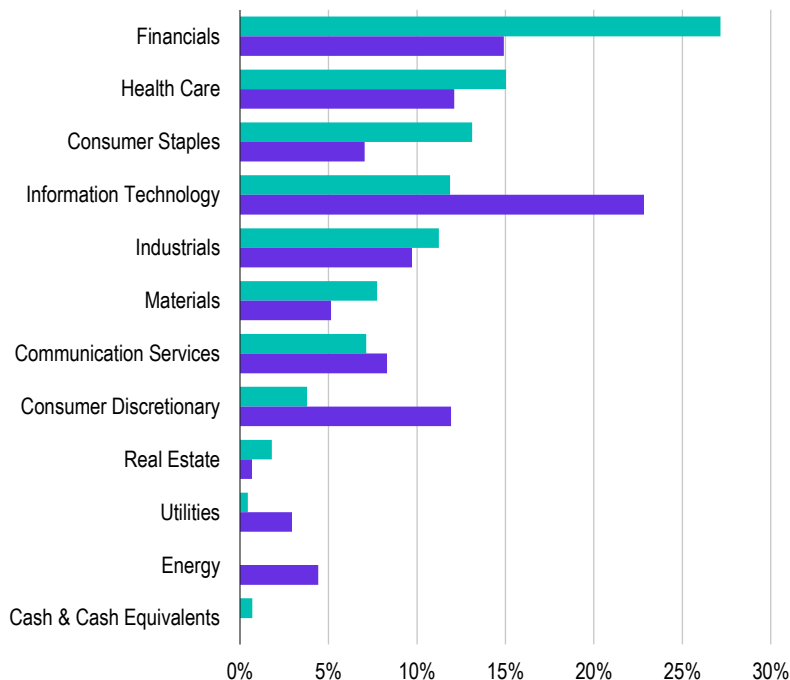
There is no guarantee that any strategy will achieve its objective. Franklin LibertyShares ICAV are not riskless investments, and investors can lose money. For additional risk considerations, please see the prospectus and supplementary information.

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Sector Allocation

Franklin LibertyQ Global Dividend UCITS ETF vs. MSCI AC World ex-REITS Index-NR

As of 31/03/2022



■ Franklin LibertyQ Global Dividend UCITS ETF
■ MSCI AC World ex-REITS Index-NR

	Portfolio %	Index %	Over/Under %
Financials	27.15	14.90	12.25
Banks	11.68	7.18	4.49
Insurance	10.12	3.19	6.93
Health Care	15.03	12.11	2.92
Pharmaceuticals, Biotechnology & Life Sciences	14.52	7.72	6.80
Consumer Staples	13.11	7.04	6.07
Food, Beverage & Tobacco	7.47	3.91	3.57
Information Technology	11.86	22.84	-10.98
Software & Services	4.56	10.13	-5.56
Technology Hardware & Equipment	3.45	7.07	-3.61
Industrials	11.24	9.72	1.52
Capital Goods	8.16	6.41	1.75
Materials	7.75	5.14	2.61
Communication Services	7.13	8.30	-1.17
Telecommunication Services	7.13	1.96	5.17
Media & Entertainment	0.00	6.35	-6.35
Consumer Discretionary	3.79	11.92	-8.13
Real Estate	1.80	0.67	1.13
Utilities	0.44	2.93	-2.50
Energy	0.00	4.42	-4.42
Cash & Cash Equivalents	0.69	0.00	0.69

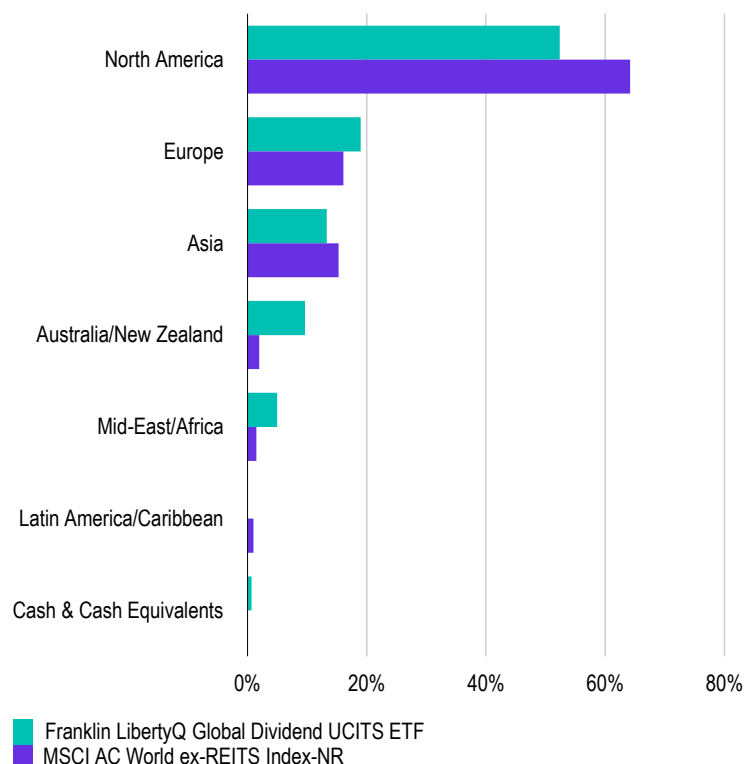
Weightings as % of Total. The industry group percentages may not total to 100% and may not sum to the weight of the sector they are under because only the largest industry groups are shown. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

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Geographic Allocation

Franklin LibertyQ Global Dividend UCITS ETF vs. MSCI AC World ex-REITS Index-NR

As of 03/31/2022



	Portfolio %	Index %	Over/Under %
North America	52.36	64.16	-11.80
United States	44.12	60.91	-16.79
Canada	8.25	3.26	4.99
Europe	19.01	16.10	2.92
Switzerland	8.11	2.59	5.52
United Kingdom	5.68	3.75	1.93
Germany	2.67	2.05	0.62
Finland	1.61	0.24	1.37
France	0.00	2.80	-2.80
Netherlands	0.00	1.09	-1.09
Asia	13.29	15.28	-1.99
Japan	8.63	5.48	3.15
Taiwan	2.87	1.82	1.04
China	1.27	3.39	-2.12
India	0.00	1.48	-1.48
South Korea	0.00	1.42	-1.42
Australia/New Zealand	9.64	1.96	7.68
Australia	9.28	1.91	7.37
Mid-East/Africa	5.01	1.47	3.53
Saudi Arabia	3.02	0.48	2.55
United Arab Emirates	1.08	0.16	0.92
Latin America/Caribbean	0.00	1.03	-1.03
Cash & Cash Equivalents	0.69	0.00	0.69

Weightings as % of Total. The country percentages may not total to 100% and may not sum to the weight of the region they are under because only the largest countries are shown. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

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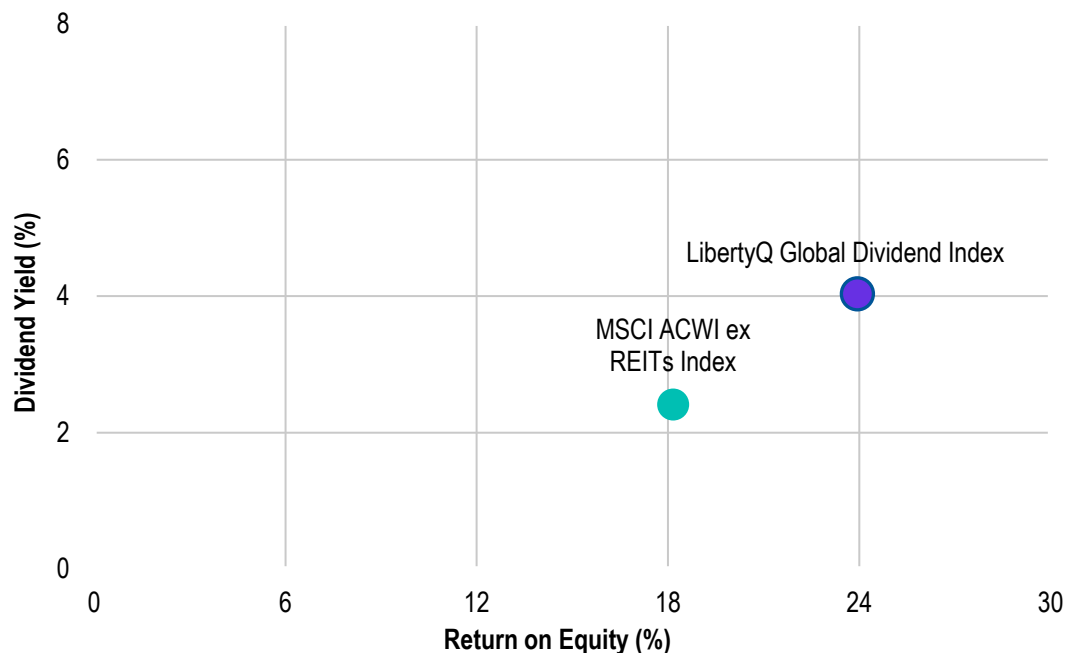
LibertyQ Global Dividend Index Approach to Quality



Past performance does not predict future returns.

Average Dividend Yield and Return on Equity (ROE)—NR

Period 31/07/2010–31/03/2022



Dividend Yield

As of 31/03/2022

	Dividend Yield
LibertyQ Global Dividend Index—NR	3.79%
MSCI ACWI ex REITs Index—NR	1.88%

Applying Franklin's methodology would have resulted in higher dividend and a portfolio of higher quality stock than MSCI ACWI ex REITs Index.

Simulated performance data for LibertyQ index(es) represents pre-inception back-tested hypothetical performance and after-inception actual performance.

The performance shown reflects index performance and not the actual performance of any exchange traded product. The index performance does not reflect any fees, expenses or sales charges.

Source: MSCI as of 31 March 2022. Performance for MSCI ACWI ex REITs Index—NR represents actual performance. LibertyQ Global Dividend Index—NR was inceptioned on 18 April 2016. Performance of the index prior to inception reflect back-tested pre-inception performance and performance after the index' inception is actual performance, all derived, calculated and presented by MSCI. The LibertyQ Global Dividends Index—NR is based on MSCI ACWI ex REITs Index—NR. It was developed using a methodology developed with Franklin Templeton to reflect Franklin Templeton's desired investment strategy. LibertyQ indices are unmanaged, and one cannot invest directly in an index. See the prospectus or supplements for Franklin LibertyQ Smart Beta ETFs for further information.

Net Returns (NR) include income net of tax withholding when dividends are paid. The dividend yield quoted here is the yield on securities within the portfolio and should not be used as an indication of the income received from this portfolio.

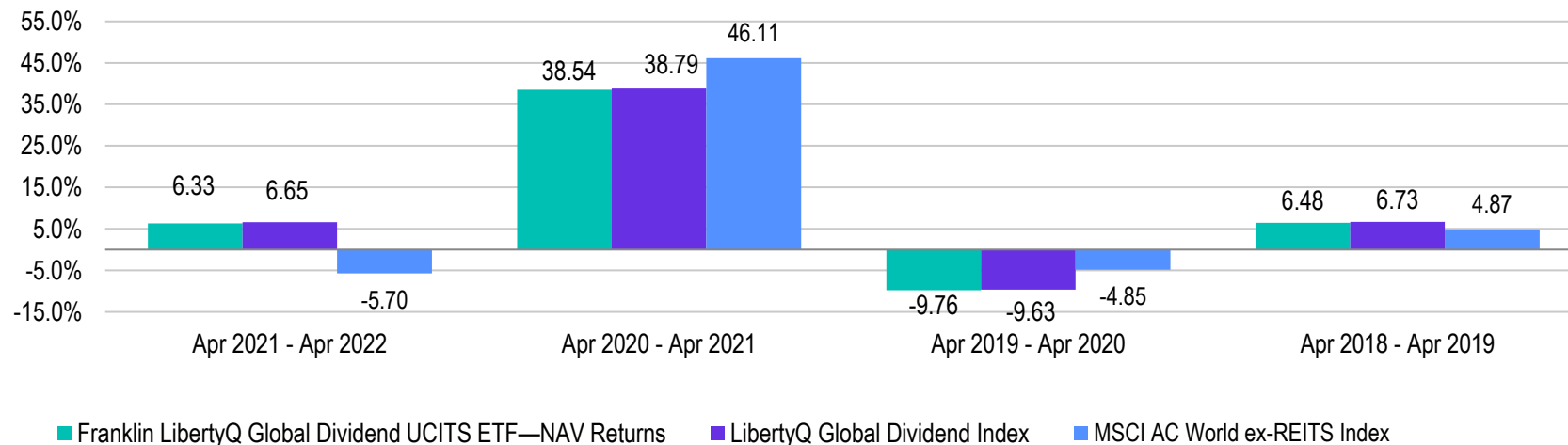
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Discrete Annual Performance



Franklin LibertyQ Global Dividend UCITS ETF

Past performance does not predict future returns.



All performance data shown 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 shareholders may realise returns that are different to the NAV performance. All dividends have been re-invested. 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 development. 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 www.franklintempleton.co.uk for current performance and see the prospectus for further details.

When performance for either the portfolio or its benchmark has been converted, different foreign exchange closing rates may be used between the portfolio and its benchmark.

Past performance is not an indicator or a guarantee of future performance.

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Historical Performance



Past performance does not predict future returns.

Franklin LibertyQ Global Dividend UCITS ETF

As of 31/03/2022

Annualised Total Returns (%)	Inception Date	1 Yr	3 Yrs	Since Incept
Franklin LibertyQ Global Dividend UCITS ETF—Fund—NAV Returns—(USD)	06/09/2017	11.90	11.99	9.12
MSCI AC World ex-REITS Index-NR—(USD)		7.03	13.85	11.10
LibertyQ Global Dividend Index-NR—(USD)		12.14	12.19	9.33

Cumulative Performance (%)	Inception Date	YTD	1 Mth	3 Mths	1 Yr	3 Yrs	Since Incept
Franklin LibertyQ Global Dividend UCITS ETF—Fund—NAV Returns—(USD)	06/09/2017	-0.92	1.97	-0.92	11.90	40.45	48.93
MSCI AC World ex-REITS Index-NR—(USD)		-5.35	2.07	-5.35	7.03	47.60	61.68
LibertyQ Global Dividend Index-NR—(USD)		-0.91	1.96	-0.91	12.14	41.21	50.23

When performance for either the portfolio or its benchmark has been converted, different foreign exchange closing rates may be used between the portfolio and its benchmark.

The fund's returns may increase or decrease as a result of changes to foreign exchange rates. **The value of shares in the Fund and income received from it can go down as well as up, and investors may not get back the full amount invested.**

Net Returns (NR) include income net of tax withholding when dividends are paid.

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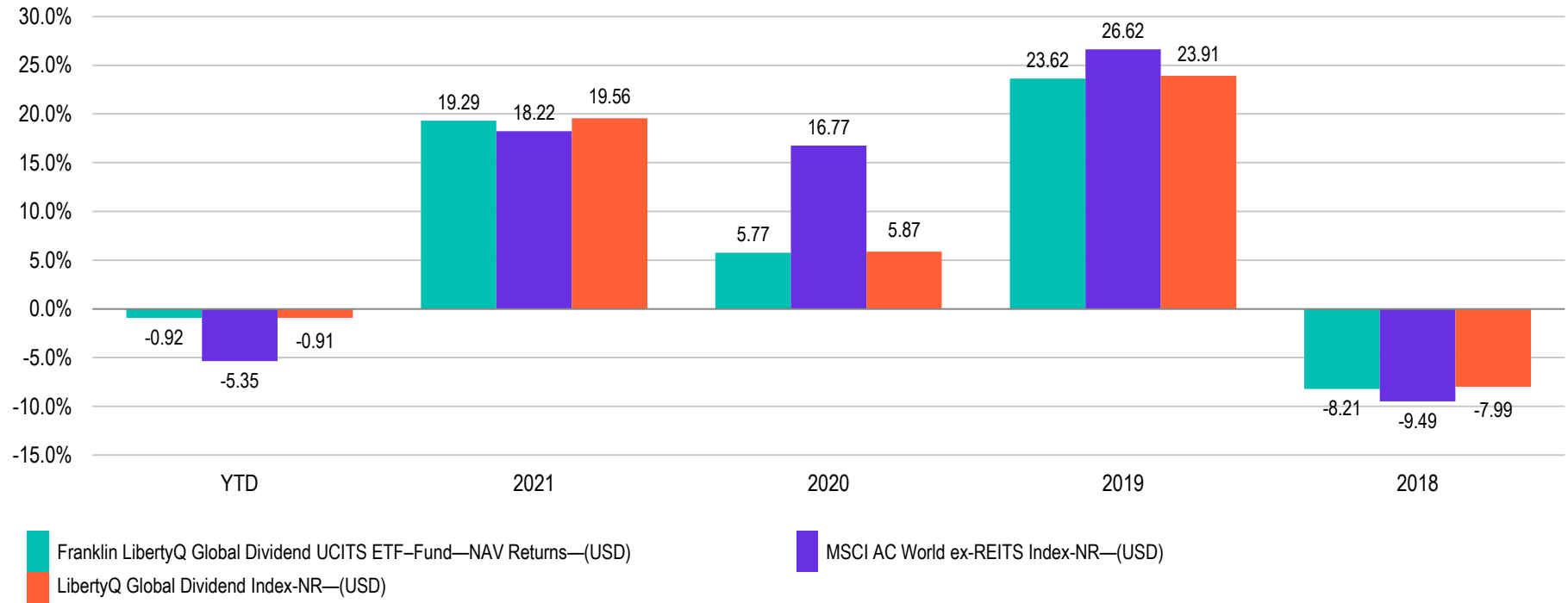
Calendar Year Returns



Past performance does not predict future returns.

Franklin LibertyQ Global Dividend UCITS ETF

As of 31/03/2022



All performance data shown 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 shareholders may realise returns that are different to the NAV performance. All dividends have been re-invested. 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 development. 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 www.franklintempleton.co.uk for current performance and see the prospectus for further details. When performance for either the portfolio or its benchmark has been converted, different foreign exchange closing rates may be used between the portfolio and its benchmark.

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What are the Key Risks?



The value of shares in the Fund and income received from it can go down as well as up and investors may not get back the full amount invested. Performance may also be affected by currency fluctuations. Currency fluctuations may affect the value of overseas investments. There is no guarantee that the Fund will meet its objective.

Franklin LibertyQ European Dividend UCITS ETF

The Fund intends to track the performance of the Underlying Index which is comprised of 50 stocks selected from the MSCI Europe IMI exREITS Index-NR. Such assets have historically been subject to price movements due to such factors as general stock market volatility, changes in the financial outlook or fluctuations in currency markets. As a result, the performance of the Fund can fluctuate significantly over relatively short time periods.

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.

Foreign Currency risk: the risk of loss arising from exchange-rate fluctuations or due to exchange control regulations.

Derivative Instruments risk: the risk of loss in an instrument where a small change in the value of the underlying investment may have a larger impact on the value of such instrument. Derivatives may involve additional liquidity, credit and counterparty risks.

Index Related risk: the risk that quantitative techniques used in creating the customised Index the Fund seeks to track do not generate the intended result, or that the portfolio of the Fund deviates from its Index composition or performance.

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.

Franklin LibertyQ Global Dividend UCITS ETF

The Fund intends to track the performance of the Underlying Index which is comprised of 100 stocks selected from the MSCI ACWI exREITS Index-NR. Such assets have historically been subject to price movements due to such factors as general stock market volatility, changes in the financial outlook or fluctuations in currency markets. As a result, the performance of the Fund can fluctuate significantly over relatively short time periods.

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.

Foreign Currency risk: the risk of loss arising from exchange-rate fluctuations or due to exchange control regulations.

Derivative Instruments risk: the risk of loss in an instrument where a small change in the value of the underlying investment may have a larger impact on the value of such instrument. Derivatives may involve additional liquidity, credit and counterparty risks.

Emerging markets risk: the risk related to investing in countries that have less developed political, economic, legal and regulatory systems, and that may be impacted by political/economic instability, lack of liquidity or transparency, or safekeeping issues.

Index Related risk: the risk that quantitative techniques used in creating the customised Index the Fund seeks to track do not generate the intended result, or that the portfolio of the Fund deviates from its Index composition or performance.

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.

For full details of all the risks applicable to this Fund, please refer to the "Risk Considerations" section of the current prospectus of Franklin LibertyShares ICAV.

Important Disclosures



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. 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 fund 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 at focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. 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.

Franklin LibertyShares 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 website](#) for the Franklin Liberty Shares ICAV's standardised and most recent month-end performance. There is no guarantee that any strategy will achieve its objective.

All performance data shown 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 shareholders 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 development. 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 the development in Euro. Please [visit website](#) for current performance and see the prospectus 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 Liberty Shares ICAV entails risks which are described in the prospectus and in the relevant Key Investor Information Document. The Fund's documents are available in English, German and French from your local website.

In addition, a [summary of investor rights](#) is available from franklintempleton.lu. The summary is available in English.

Franklin LibertyShares ICAV is notified for marketing in multiple EU Member States under the UCITS Directive. Franklin LibertyShares 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 Liberty Shares 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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Indices are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

The LibertyQ European Dividend Index is a systematic, rules-based proprietary index that is owned and calculated by MSCI Inc. (MSCI) based on the MSCI Europe IMI exREITs Index that aims to reflect the performance of Franklin Templeton's strategy. The Franklin LibertyQ European Dividend UCITS ETF is not sponsored, endorsed, issued, sold or promoted by, or affiliated with, MSCI. MSCI does not make any representation regarding the advisability of investing in the Franklin LibertyQ European Dividend UCITS ETF. The index includes large and mid-capitalisation stocks with high and persistent dividend income in developed countries in Europe, subject to a maximum 3% per company weighting. The LibertyQ European Dividend Index utilizes a dividend screening and quality factor selection process that is designed to select equity securities from the MSCI Europe IMI exREITs Index that have exposure to persistent payers and quality, while seeking a lower level of risk and higher risk-adjusted performance relative to the MSCI Europe IMI exREITs Index over the long term.

The LibertyQ Global Dividend Index is a systematic, rules-based proprietary index that is owned and calculated by MSCI Inc. (MSCI) based on the MSCI All Country World exREITs Index that aims to reflect the performance of Franklin Templeton's strategy. The Franklin LibertyQ Global Dividend UCITS ETF is not sponsored, endorsed, issued, sold or promoted by, or affiliated with, MSCI. MSCI does not make any representation regarding the advisability of investing in the Franklin LibertyQ Global Dividend UCITS ETF. The index includes large and mid-capitalisation stocks with high and persistent dividend income in developed and emerging countries globally, subject to a maximum 2% per company weighting. The LibertyQ Global Dividend Index utilizes a dividend screening and quality factor selection process that is designed to select equity securities from the MSCI All Country World exREITs Index that have exposure to persistent payers and quality, while seeking a lower level of risk and higher risk-adjusted performance relative to the MSCI All Country World exREITs Index over the long term.

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