



Sustainable investing: Why are Green bonds important – especially now?

David Zahn, CFA
Head of European Fixed Income &
Head of Sustainable Investments

15 June 2023



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

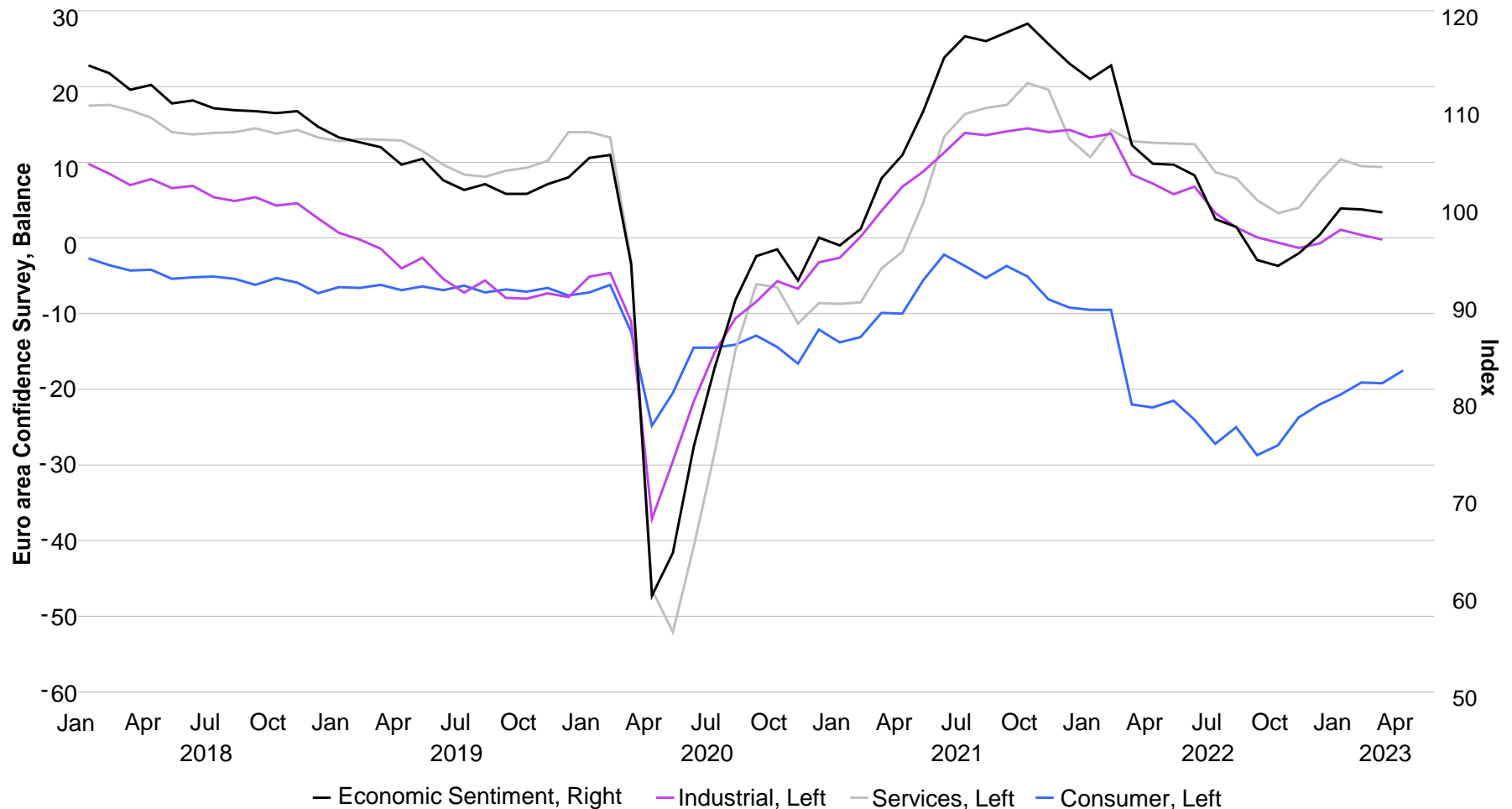
For Professional Client Use. Not for Distribution to Retail Clients.

European Macro Outlook

Current European macro landscape

Sentiment is rebounding from weak levels - Growth still resilient but with weak demand

As of 31 March 2023



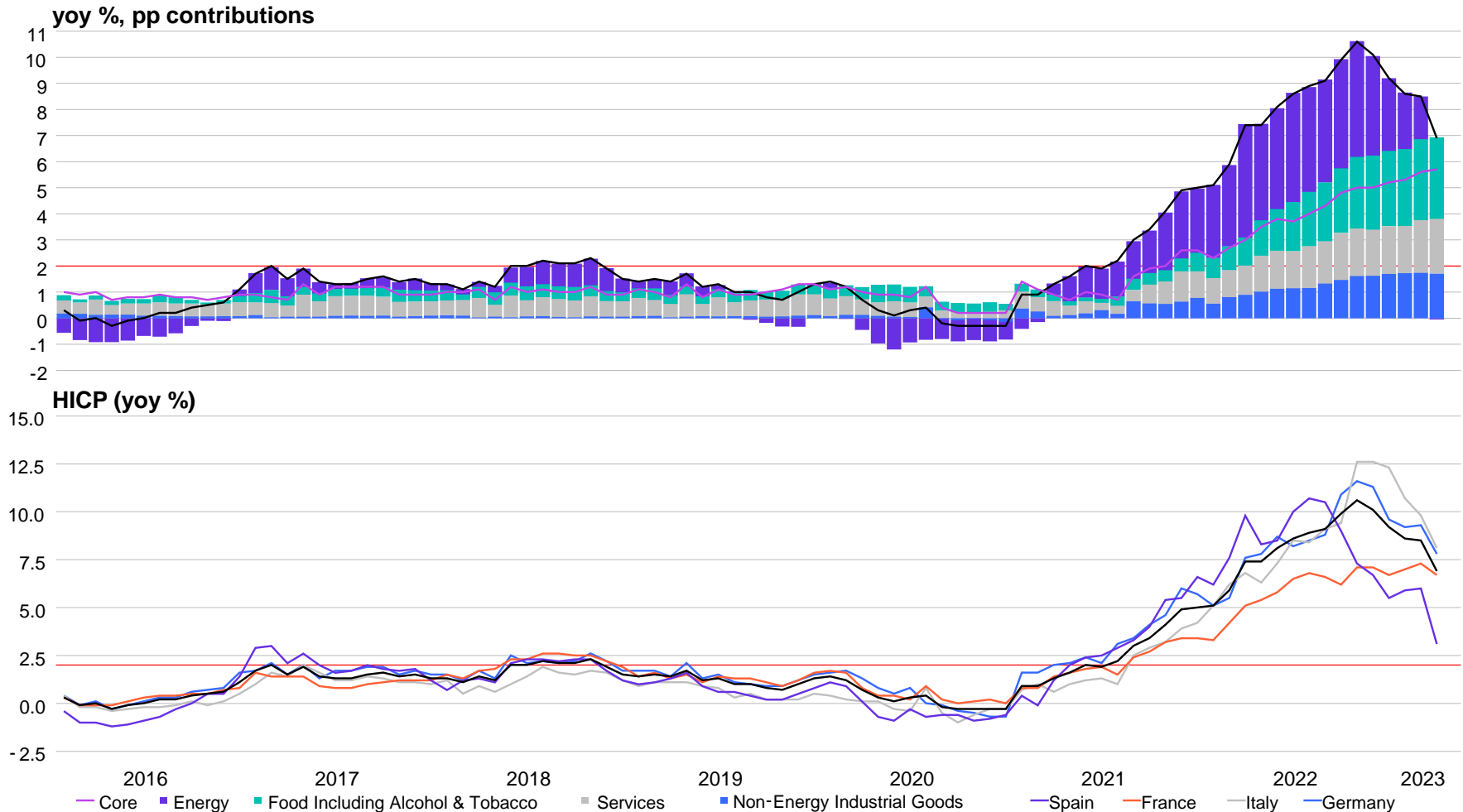
Source: FT Fixed Income Research, DG ECFIN, BUBA, Eurostat, Macrobond.

For Professional Client Use. Not for Distribution to Retail Clients.

Current European macro landscape

Lower headline and sticky core is the new standard – Pressure from service momentum

As of 31 March 2023



Source: FT Fixed Income Research, Eurostat, ECB (European Central Bank), Macrobond.

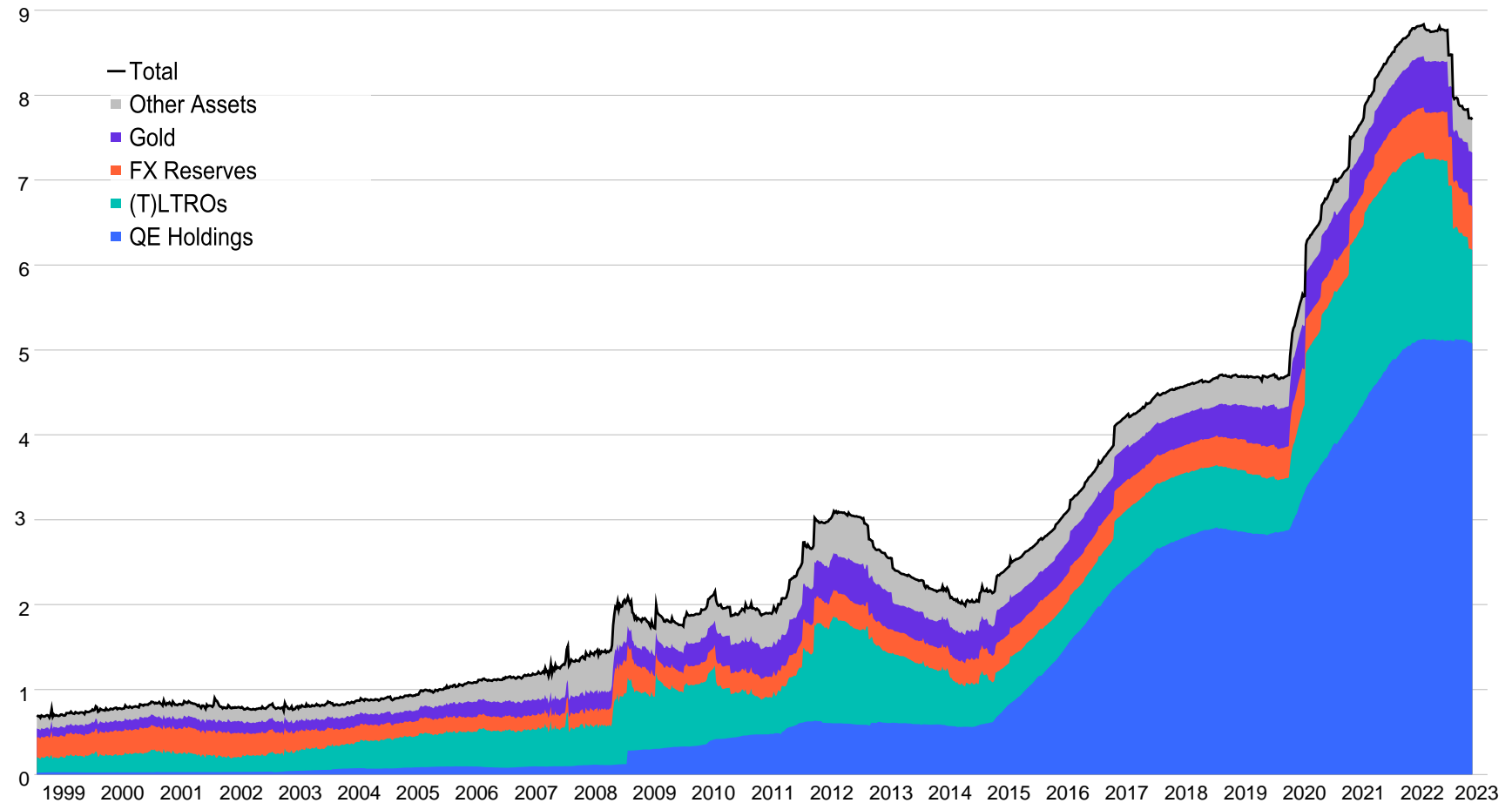
For Professional Client Use. Not for Distribution to Retail Clients.

Current European macro landscape

ECB balance sheet to substantially shrink in 2023

As of 31 March 2023

EUR trillion, trillion



Source: FT Fixed Income Research, ECB (European Central Bank), Eurostat, Macrobond. Data as of 31 March 2023.

For Professional Client Use. Not for Distribution to Retail Clients.

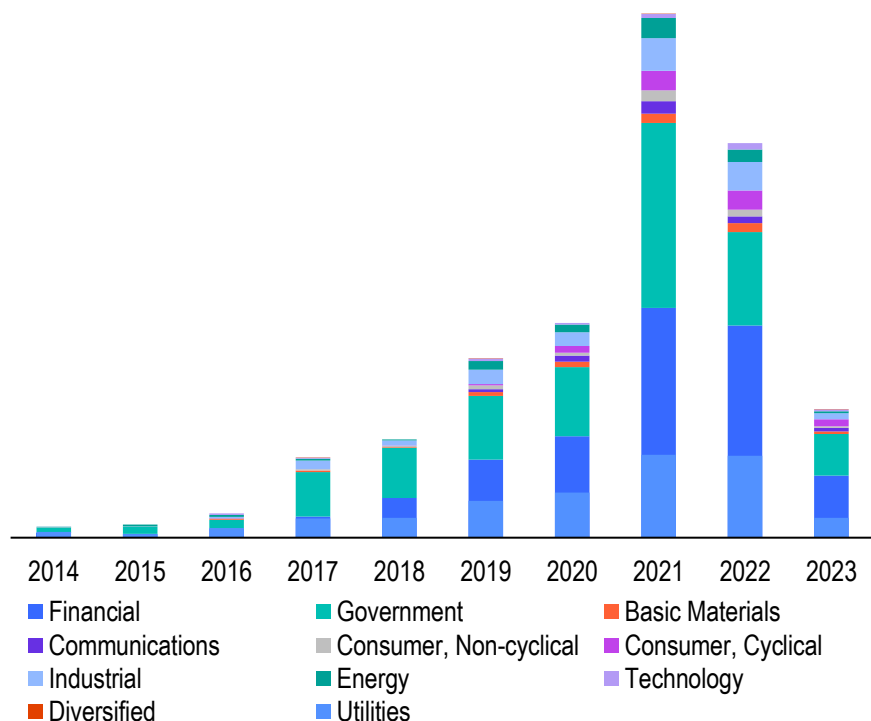
The case for Euro Green Bonds

Green Bonds have experienced rapid growth globally



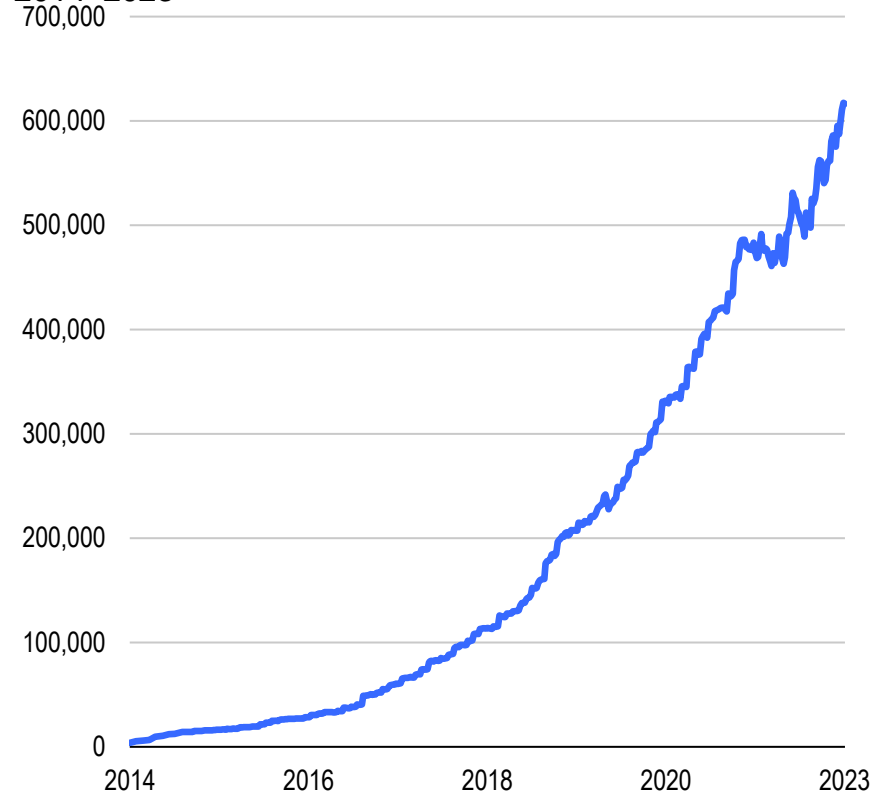
Strong Growth in Green Bond Issuance

2014–2023



Increase in Euro Green Bond Market Capitalization

2014–2023



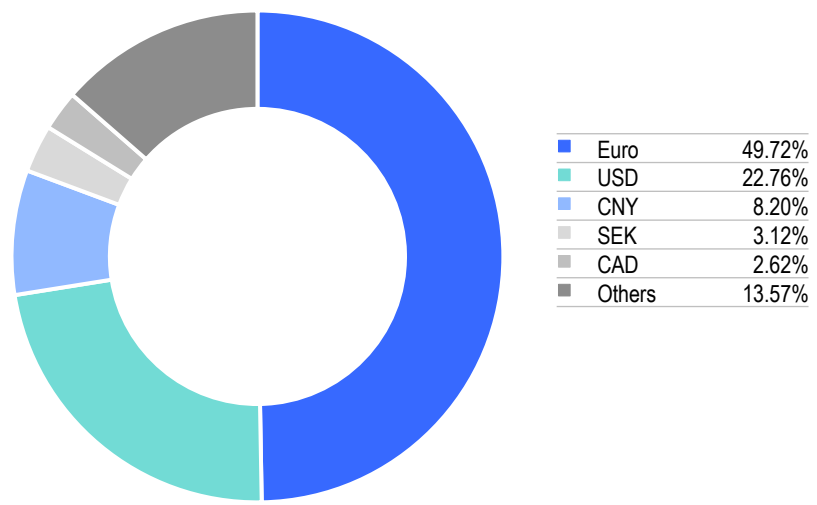
Source: Bloomberg Bond Database. As of 31 March 2023.

For Professional Client Use. Not for Distribution to Retail Clients.

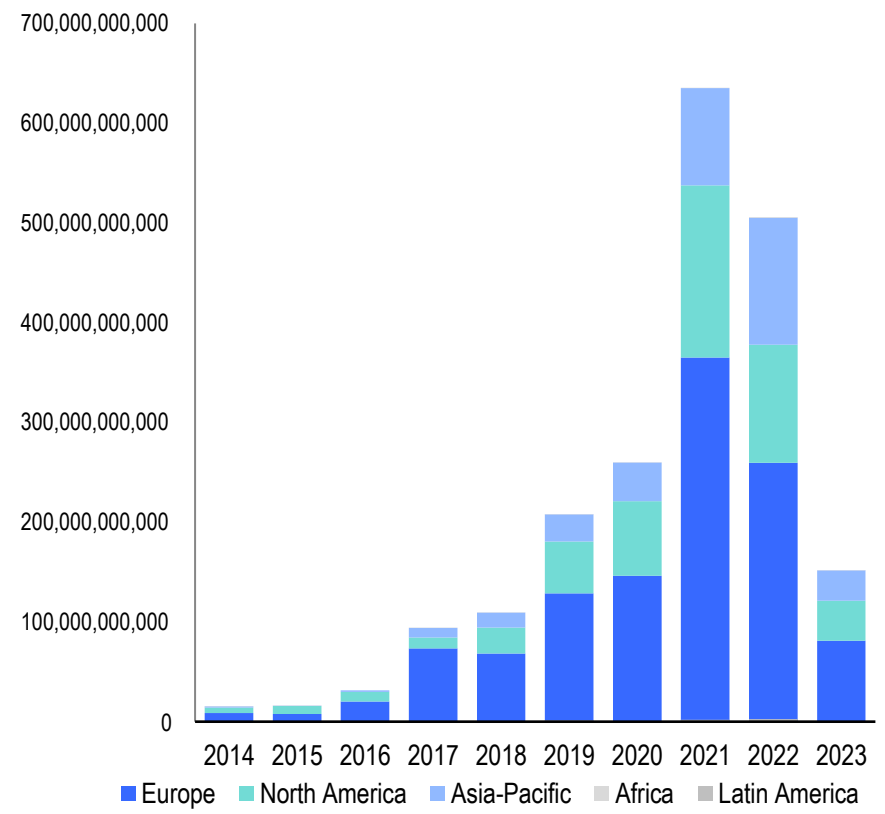
Europe represents the largest Green Bond market



Europe Represents Over 40% of Green Bond Currency Exposures



Europe is the Largest Issuer of Green Bonds 2014–2023



Source: Bloomberg Bond Database. As of 31 March 2023.

For Professional Client Use. Not for Distribution to Retail Clients.



Franklin Templeton ICAV

Franklin Euro Green Bond UCITS ETF (FLRG)

Prior to December 1, 2022, the fund was named Franklin Liberty Euro Green Bond UCITS ETF.

Franklin Euro Green Bond UCITS ETF is a sub-fund of Franklin Templeton ICAV, an Irish collective asset-management vehicle.

Source for data and information provided by Franklin Templeton, as of the date of this presentation, unless otherwise noted.

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

A Sustainable Investment Solution

- Exposure to the European green bond and climate-aligned bond market whilst maximising total returns
- Investment process aims to produce alpha from security selection, sector allocation and duration management
- Brings together Franklin Templeton Fixed Income macro, fundamental and quantitative research

Investment Universe

- Invests at least 75% of its net asset value in bonds that are labelled as green, with the balance invested in climate-aligned bonds. Most of the bonds the fund invests in are denominated in European currencies.
- Non-Euro currency exposure will be hedged back to Euro
- Fund can invest in securitised credit and non-investment grade corporate bonds and certain financial derivative instruments

Sources of added value



Security
selection



Sector
allocation



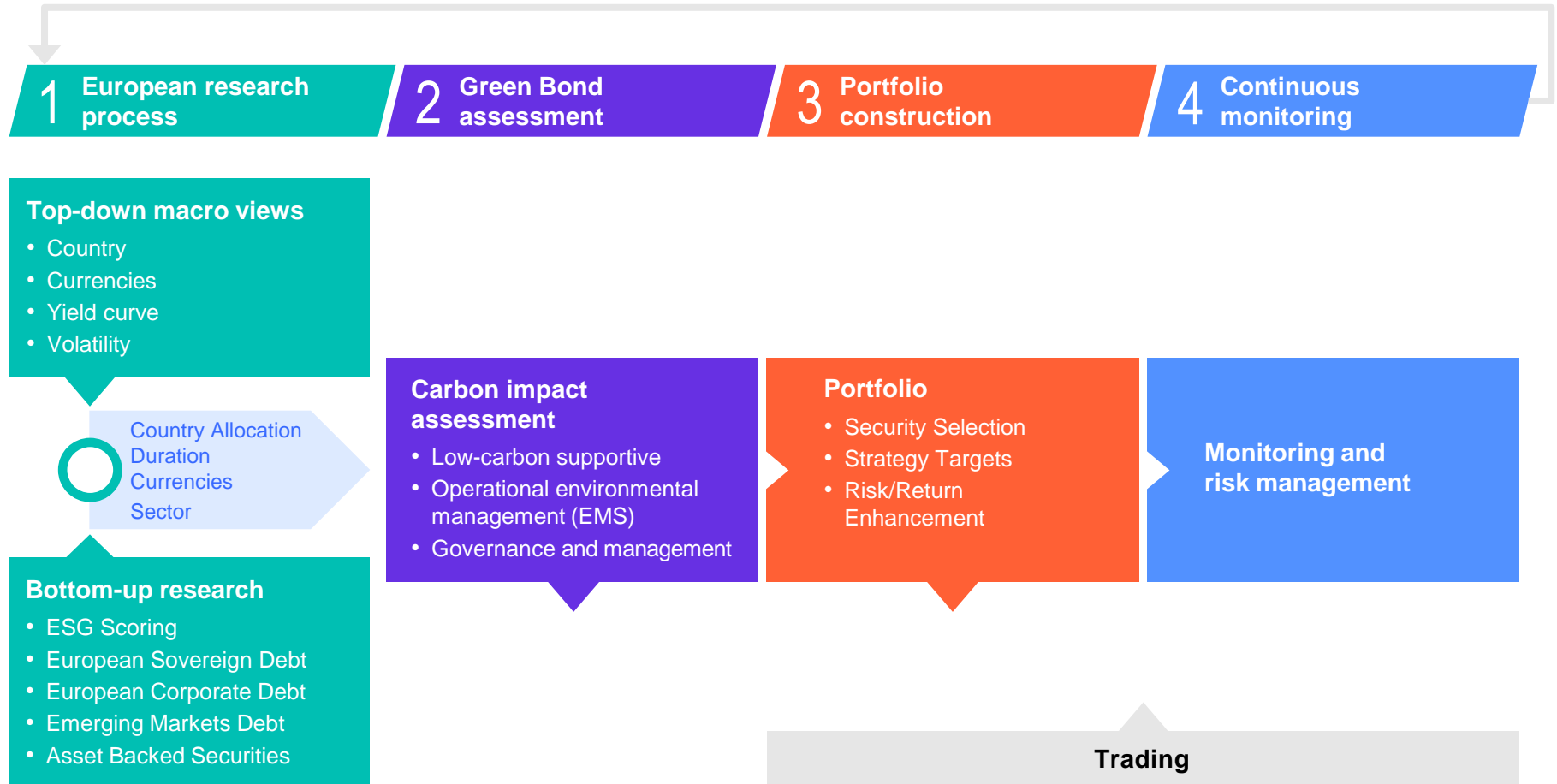
Duration
management

These are general strategy guidelines and may vary by vehicle or account. They reflect typical portfolio limits and may not be required by prospectus or other applicable vehicle or account governing documents.

For Professional Client Use. Not for Distribution to Retail Clients.

A research-driven investment process

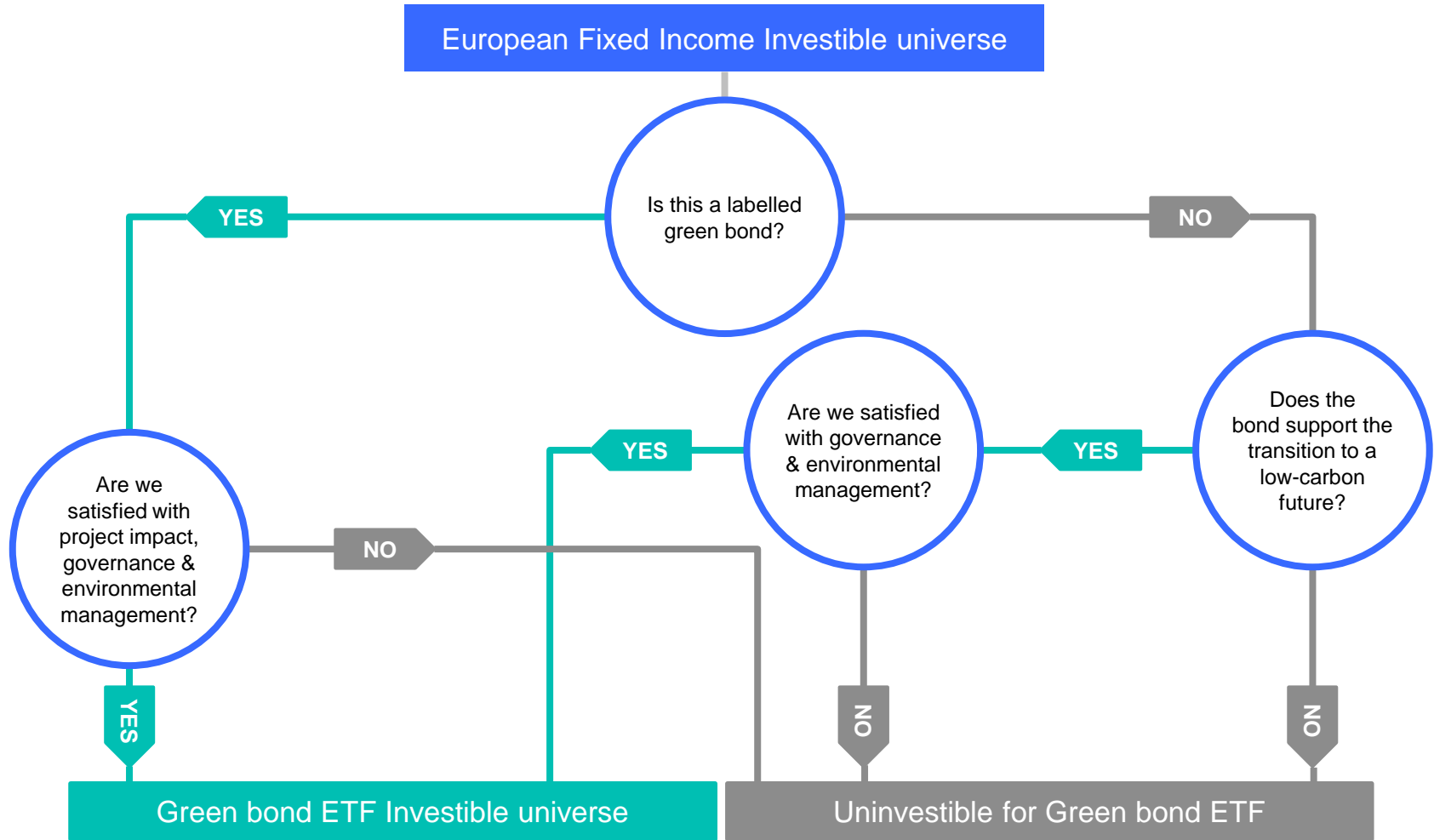
Goal is to build a diversified portfolio of active, low-correlated positions



The above is for illustrative and discussion purposes only.
The fund's investment process is subject to change.

For Professional Client Use. Not for Distribution to Retail Clients.

A closer look at our Green Bond assessment process



The above is for illustrative and discussion purposes only. The fund's investment process is subject to change.

For Professional Client Use. Not for Distribution to Retail Clients.

Summary



Franklin Euro Green Bond UCITS ETF

As of 30/04/2023

Morningstar Category™	EUR Diversified Bond
Base Currency for Fund	EUR
EU SFDR Category	Article 9
Total Net Assets (EUR)	€244,338,898
Fund Inception Date	29/04/2019
Benchmark	Bloomberg MSCI Euro Green Bond Index
Asset Class	Fixed Income
Total Expense Ratio	0.30%
Domicile	Ireland
UCITS	Yes
Number of Holdings	79
Use of Income	Accumulating
Fiscal Year End	30 June

Summary of Investment Objective

The fund's objective is to provide exposure to the European green bond market whilst maximising total returns. The fund invests at least 75% of its Net Asset Value in bonds that are labelled as green, with the balance invested in climate-aligned bonds. Most of the bonds the fund invests in are denominated in European currencies.

Portfolio Manager(s)

David Zahn, CFA	United Kingdom
Rod MacPhee, CFA	United Kingdom

Fund Identifiers

ISIN Code	IE00BHZRR253
-----------	--------------

© Morningstar, Inc. 2023. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Percentage may not total 100% due to rounding.

The 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.

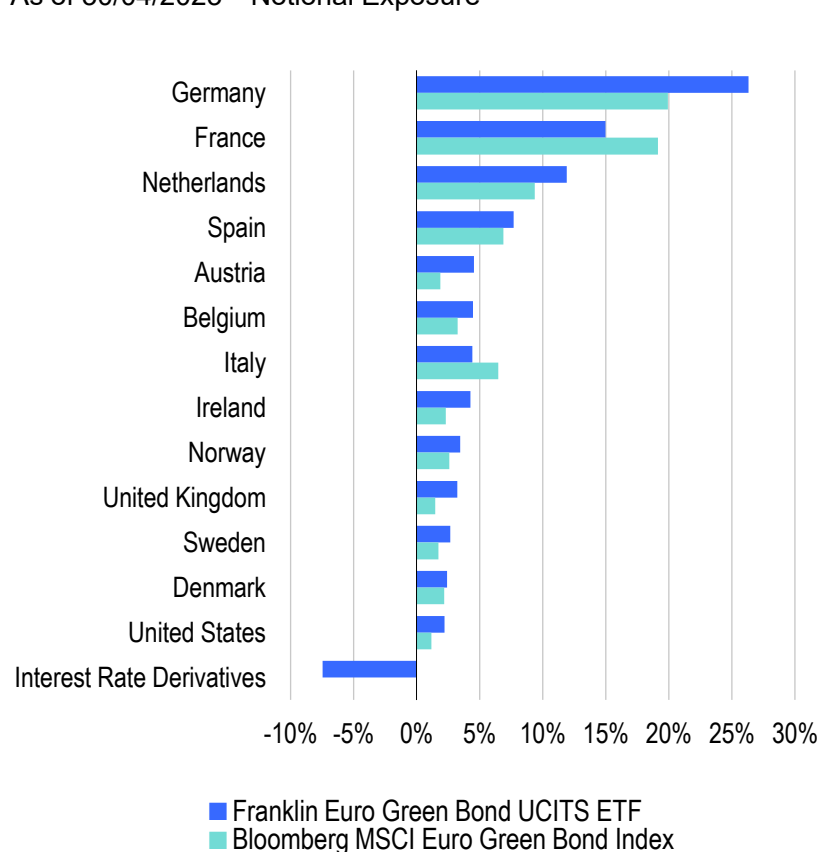
For Professional Client Use. Not for Distribution to Retail Clients.

Geographic exposure



Franklin Euro Green Bond UCITS ETF vs. Bloomberg MSCI Euro Green Bond Index

As of 30/04/2023—Notional Exposure



	Portfolio %	Index %	Over/Under %
Europe	94.63	82.82	11.80
Germany	26.33	19.91	6.41
France	14.98	19.13	-4.15
Netherlands	11.90	9.36	2.55
Spain	7.71	6.89	0.81
Austria	4.55	1.89	2.66
Belgium	4.47	3.25	1.22
Italy	4.42	6.48	-2.06
Ireland	4.26	2.33	1.94
Norway	3.46	2.58	0.88
United Kingdom	3.22	1.47	1.76
Sweden	2.66	1.74	0.92
Denmark	2.41	2.19	0.22
North America	2.22	1.68	0.54
United States	2.22	1.18	1.04
Asia	1.77	2.66	-0.89
Latin America/Caribbean	0.98	0.39	0.60
Australia/New Zealand	-	0.56	-0.56
Middle-East/Africa	-	0.07	-0.07
Derivatives	-7.46	-	-7.46
Interest Rate Derivatives	-7.45	-	-7.45
Supranational	-	11.81	-11.81
Cash & Cash Equivalents	0.44	-	0.44

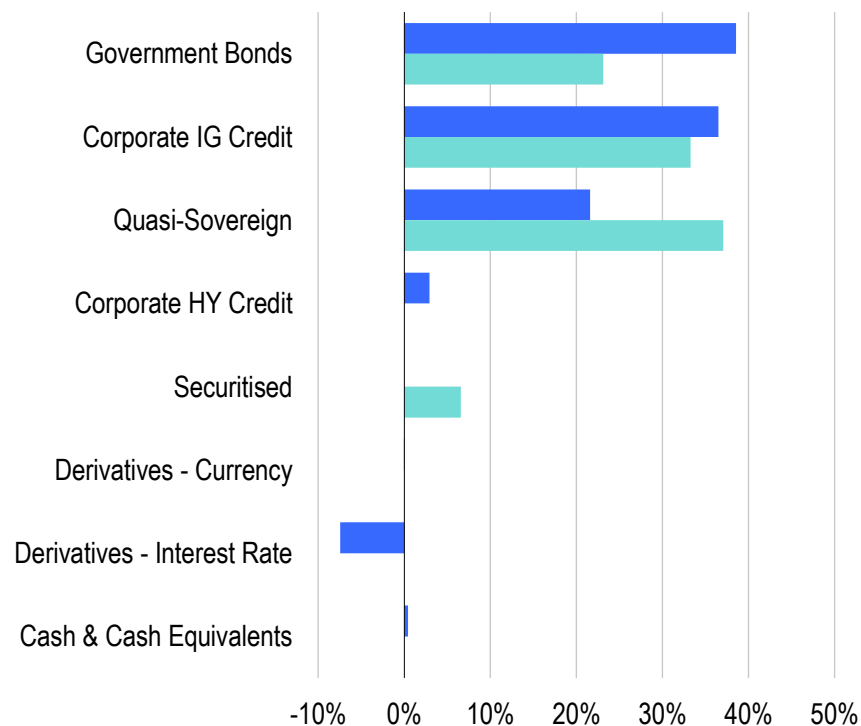
Notional exposure figures are intended to estimate the portfolio's exposure, including any hedged or increased exposure through certain derivatives held in the portfolio (or their underlying reference assets). Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors. Weightings as % of Total. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. The country percentages may not sum to the weight of the region they roll up under as only countries with a value above 2.00% are shown.

For Professional Client Use. Not for Distribution to Retail Clients.

Sector exposure

Franklin Euro Green Bond UCITS ETF vs. Bloomberg MSCI Euro Green Bond Index

As of 30/04/2023—Notional Exposure



	Portfolio %	Index %	Over/Under %
Government Bonds	38.55	23.12	15.43
Corporate IG Credit	36.51	33.25	3.26
Quasi-Sovereign	21.60	37.07	-15.47
Corporate HY Credit	2.94	0.00	2.94
Securitised	0.00	6.56	-6.56
Derivatives - Currency	-0.02	0.00	-0.02
Derivatives - Interest Rate	-7.45	0.00	-7.45
Cash & Cash Equivalents	0.44	0.00	0.44

■ Franklin Euro Green Bond UCITS ETF
■ Bloomberg MSCI Euro Green Bond Index

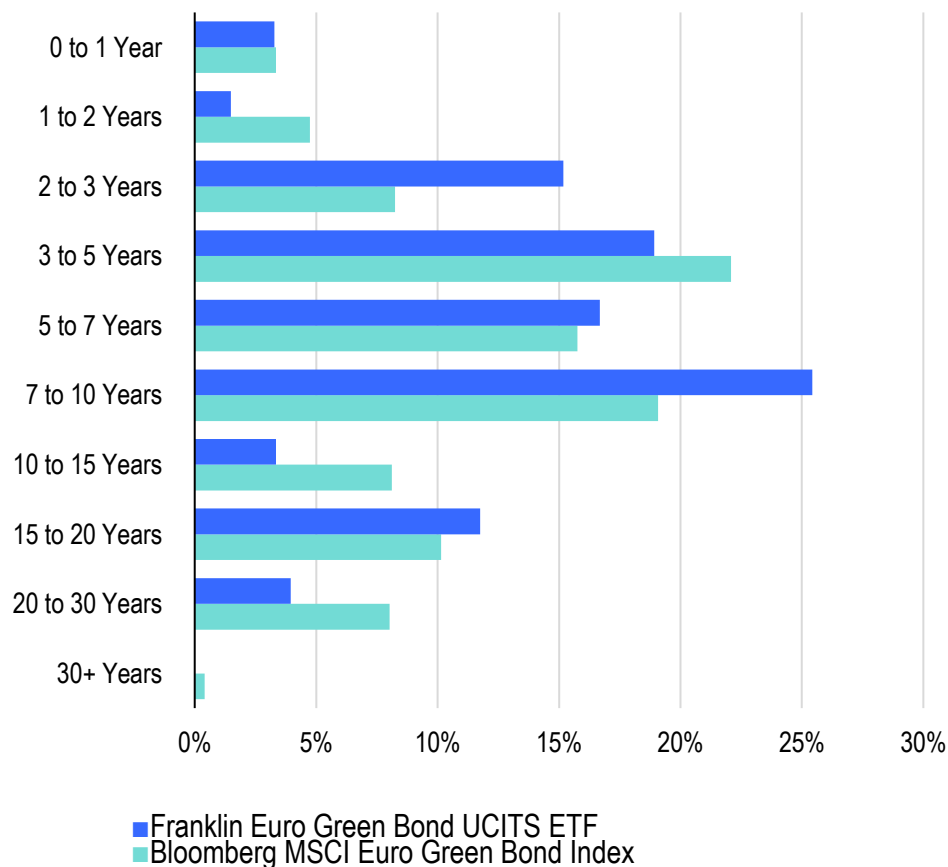
Notional exposure figures are intended to estimate the portfolio's exposure, including any hedged or increased exposure through certain derivatives held in the portfolio (or their underlying reference assets). Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors. Weightings as % of Total. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

For Professional Client Use. Not for Distribution to Retail Clients.

Maturity allocation

Franklin Euro Green Bond UCITS ETF vs. Bloomberg MSCI Euro Green Bond Index

As of 30/04/2023—Market Value



	Portfolio %	Index %	Over/Under %
0 to 1 Year	3.28	3.34	-0.06
1 to 2 Years	1.49	4.74	-3.25
2 to 3 Years	15.17	8.25	6.93
3 to 5 Years	18.92	22.08	-3.16
5 to 7 Years	16.67	15.75	0.92
7 to 10 Years	25.43	19.08	6.35
10 to 15 Years	3.34	8.11	-4.77
15 to 20 Years	11.75	10.14	1.61
20 to 30 Years	3.95	8.02	-4.07
30+ Years	0.00	0.41	-0.41

Market value figures reflect the trading value of the investments. Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors. Weightings as % of Total. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

For Professional Client Use. Not for Distribution to Retail Clients.

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. The fund 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 moderately 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.

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



This fund has 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.

Issued by Austria/Germany: Issued by Franklin Templeton International Services S.à r.l., Niederlassung Deutschland, Frankfurt, Mainzer Landstr. 16, 60325 Frankfurt/Main. Tel: 08 00/0 73 80 01 (Germany), 08 00/29 59 11 (Austria), Fax: +49 (0) 69/2 72 23-120, info@franklintempleton.de, info@franklintempleton.at. France: Issued by Franklin Templeton International Services S.à r.l. French branch – 14 boulevard de la Madeleine – 75008 Paris, France – Tel: +33 (0)1 40 73 86 00, Fax: +33 (0)140 73 86 10. Italy: Issued by Franklin Templeton International Services S.à r.l. – Italian Branch, Corso Italia, 1 – Milan, 20122, Italy. Luxembourg: Franklin Templeton International Services S.à r.l. – Supervised by the Commission de Surveillance du Secteur Financier - 8A, rue Albert Borschette, L-1246 Luxembourg. Tel: +352-46 66 67-1 Spain: Issued by Franklin Templeton International Services S.à r.l. – Spanish Branch, Professional of the Financial Sector under the Supervision of CNMV, José Ortega y Gasset 29, Madrid, Spain – Tel: +34 91 426 3600, Fax: +34 91 577 1857. Switzerland: Issued by Franklin Templeton Switzerland Ltd, Stockerstrasse 38, CH-8002 Zurich. Nordic regions: Issued by Franklin Templeton International Services S.à r.l. Swedish Branch, filial, Nybrotkajen 5, SE-111 48, Stockholm, Sweden. Tel: +46 (0)8 545 012 30, nordicinfo@franklintempleton.com, authorised in Luxembourg by the *Commission de Surveillance du Secteur Financier* to conduct certain financial activities in Denmark, Sweden and Finland. Franklin Templeton International Services S.à r.l., Swedish Branch, filial conducts activities under supervision of Finansinspektionen in Sweden. UK: Issued by Franklin Templeton Investment Management Limited (FTIML), registered office: Cannon Place, 78 Cannon Street, London EC4N 6HL. Tel: +44 (0)20 7073 8500. Authorised and regulated in the United Kingdom by the Financial Conduct Authority.

Indices are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

All MSCI data is provided "as is." The Fund described herein is not sponsored or endorsed by MSCI. In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data or the Fund described herein. Copying or redistributing the MSCI data is strictly prohibited.

Important data provider notices and terms available at www.franklintempletondatasources.com

© 2023 Franklin Templeton. All rights reserved.