Martin Currie Sustainable International Equity ETF Converted from a Mutual Fund and Renamed

Global investment management firm Franklin Templeton has converted the Martin Currie International Sustainable Unconstrained mutual fund, with about $29.16 million in AUM as of September 30, 2022, to an ETF with a new name. Effective on October 28, 2022, the growth strategy has been reorganized as the Martin Currie Sustainable International Equity ETF (MCSE). On the same date, Franklin Templeton converted the Brandywine Global Dynamic US Large Cap Value Fund into an ETF with the ticker symbol DVAL. These are the first two mutual-fund-to-ETF conversions that the firm has undertaken.

Listed on Nasdaq, MCSE is an actively managed ETF that strives to provide long-term capital appreciation by investing in equity and equity-related securities of foreign companies. The concentrated portfolio comprises 20 to 40 quality growth companies that have a strong history of offering high and sustainable returns on invested capital over time. The fund takes a high conviction, flexible approach to invest across sectors, geographies and market capitalizations. This approach enables investors to participate in international companies that are most capable of delivering positive results that outperform the MSCI ACWI ex USA over a five to 10 year horizon. Unique portfolio analytics and construction help the fund remain diversified, given the fund has no sector or country index constraints, or any individual company weight exceeding 10% of the portfolio.

MCSE's competitive advantage lies in two key areas. First is its intensive proprietary research platform, which generates insights without compromising quality. Included in the portfolio are companies that can generate long-term, sustainable value. Typically, they have demonstrated the ability to consistently achieve a return on invested capital (ROIC) more than their weighted average cost of capital (WACC). Companies are then identified using a systematic risk assessment, focused on industry, company, and governance and sustainability and portfolio risks. This allows for effective comparisons across different companies and provides a framework for the team to build their conviction.

Second is its differentiated portfolio construction and diversification from index-based strategies. Companies are selected for their sustainable growth potential given their geographic sources of revenue, maturities and exposure to long-term investment themes, industry lifecycle, end-user market and company classification. Portfolio construction is equally as important as the research process.

According to Todd Mathias, Head of US ETF Product Strategy and Development at Franklin Templeton, the investment team's fundamental research captures three long-term thematics: Demographic Changes, the Future of Technology and Resource Scarcity. These provide structural growth opportunities aligned to a world transitioning to a more sustainable future.

"As long-term investors, we believe that we are facing an exciting period of increased investment opportunities and strong innovation," says Mathias. "A world transitioning toward more sustainable operations brings thematic opportunities in areas such as green energy, high speed railway, electric vehicles, 5G telephony, healthcare infrastructure, cloud computing and cybersecurity, robotics and automation and quantum computing."

With clients in 155 countries, Franklin Templeton is committed to offering a product suite that meets investors' needs. The demand for ETFs has grown significantly because they are transparent, can be traded intraday like stocks and may be tax efficient for some investors.

The firm looks forward to potentially doing more conversions in the future as it broadens its lineup to include additional strategic offerings.

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, at www.franklintempleton.com. Please read it carefully

Prior to close of business on October 28, 2022, the Fund operated as an open-end mutual fund. The Fund has an identical investment goal and substantially similar investment strategies as the predecessor mutual fund.

All investments involve risks, including possible loss of principal. Equity securities are subject to price fluctuation and possible loss of principal. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. The fund may be significantly overweight to underweight certain companies, industries or market sectors, which may cause the fund's performance to be more sensitive to developments affecting those companies, industries or sectors. International investments are subject to special risks including currency fluctuations, as well as social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. To the extent the fund focuses its investments in a single country or only a few countries in a particular geographic region, economic, political, regulatory or other conditions affecting such country or region may have a greater impact on fund performance relative to a more geographically diversified fund. The managers' environmental social and governance (ESG) strategies may limit the types and number of investments available and, as a result, may forego favorable market opportunities or underperform strategies that are not subject to such criteria. ESG factors or criteria are subjective and qualitative, and the analysis by the manager may not always accurately assess ESG practices of a security or issuer, or reflect the opinions of other investors or advisors. There is no guarantee that the strategy's ESG directives will be successful or will result in better performance and may not work as intended. Derivatives, such as options and futures, can be illiquid, may disproportionately increase losses and have a potentially large impact on fund performance. In addition to the fund's operating expenses, the fund will indirectly bear the operating expenses of any underlying funds. The fund is classified as "non-diversified," which means it may invest a larger percentage of its assets in a smaller number of issuers than a diversified fund. To the extent the fund invests its assets in a smaller number of issuers, the fund will be more susceptible to negative events affecting those issuers than a diversified fund. These and other risks are discussed in the fund's prospectus.

ETFs trade like stocks, fluctuate in market value and may trade at prices above or below their net asset value. Brokerage commissions and ETF expenses will reduce returns. ETF shares may be bought or sold throughout the day at their market price (MP), not their Net Asset Value (NAV), on the exchange on which they are listed. Shares of ETFs are tradable on secondary markets and may trade either at a premium or a discount to their NAV on the secondary market. Prior to trading in the secondary market, shares of the fund are "created" at NAV by market makers, large investors and institutions only in block-size Creation Units. Each "creator" or "Authorized Participant" enters into an authorized participant agreement with Franklin Distributors, LLC. Only an Authorized Participant may create or redeem Creation Units directly with the fund. 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.