

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States or to US persons except pursuant to an exemption from the registration requirements of those laws.



FRANKLIN TEMPLETON INVESTMENTS

PROSPECTUS

Initial Public Offering and Continuous Distribution

April 6, 2018

This prospectus qualifies the distribution of units (the “Units”) of the following exchange-traded funds (each a “Franklin ETF” and together the “Franklin ETFs”):

Franklin Liberty Canadian Investment Grade Corporate ETF (FLCI)
Franklin Liberty Core Balanced ETF (FLBA)
Franklin Liberty Risk Managed Canadian Equity ETF (FLRM)
Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged) (FLGA)
Franklin Liberty Senior Loan ETF (CAD-Hedged) (FLSL)
Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) (FLUI)

The Franklin ETFs are exchange-traded funds established as trusts under the laws of the Province of Ontario. The Franklin ETFs are a part of a group of exchange-traded funds referred to as the Franklin LibertyShares offered by the Manager and its affiliates.

Investment Objectives

Franklin Liberty Canadian Investment Grade Corporate ETF

Franklin Liberty Canadian Investment Grade Corporate ETF seeks to provide long-term capital growth and current income by investing primarily in investment grade corporate debt issued by Canadian corporations.

Franklin Liberty Core Balanced ETF

Franklin Liberty Core Balanced ETF seeks to provide a balance of long-term capital appreciation and current income by investing primarily in a diversified portfolio of North American equity and fixed income securities.

Franklin Liberty Risk Managed Canadian Equity ETF

Franklin Liberty Risk Managed Canadian Equity ETF seeks to provide long-term capital appreciation with reduced volatility relative to the broad Canadian equity market by investing primarily in a diversified portfolio of Canadian equities.

Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)

Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged) seeks to maximize, consistent with prudent investment management, total investment return, consisting of a combination of interest income and capital appreciation by investing primarily in investment grade fixed or floating-rate debt securities issued by governments, government related entities (including supranational organizations supported by several national governments) and corporations worldwide.

Franklin Liberty Senior Loan ETF (CAD-Hedged)

Franklin Liberty Senior Loan ETF (CAD-Hedged) seeks to provide a high level of current income while seeking preservation of capital by investing primarily in senior secured income-producing floating rate corporate loans made to, and corporate debt securities issued by, U.S. and non-U.S. entities.

Franklin Liberty Senior Loan ETF (CAD-Hedged) invests in senior loans, which are generally rated below investment grade debt. Settlement periods for senior secured loans may be longer than for other types of debt securities, such as corporate bonds. Franklin Liberty Senior Loan ETF (CAD-Hedged) is not a substitute for holding cash or money market securities.

Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)

Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) seeks to provide a high level of current income while seeking preservation of capital by investing primarily in U.S. dollar denominated investment grade corporate debt securities issued by U.S. and non-U.S. entities.

See “Investment Objectives”.

Franklin Templeton Investments Corp. (the “**Manager**”), a registered portfolio manager and investment fund manager, is the trustee and manager of the Franklin ETFs and is responsible for the administration of the Franklin ETFs. See “Organization and Management Details of the Franklin ETFs – Manager of the Franklin ETFs”. Franklin Bissett Investment Management, part of Franklin Templeton Investments Corp., acts as portfolio advisor in respect of the Existing Franklin ETFs (defined below), and the Manager has retained Franklin Templeton Investment Management Limited, Franklin Templeton Institutional, LLC and Franklin Advisers, Inc., affiliates of the Manager, to act as portfolio advisors in respect of the New Franklin ETFs (defined below), as applicable (each, a “**Portfolio Advisor**” and together, the “**Portfolio Advisors**”). See “Organization and Management Details of the Franklin ETFs – Portfolio Advisors”.

Listing of Units

Each Franklin ETF issues Units on a continuous basis and there is no maximum number of Units that may be issued.

The Units of each of Franklin Liberty Canadian Investment Grade Corporate ETF, Franklin Liberty Core Balanced ETF and Franklin Liberty Risk Managed Canadian Equity ETF (each, an “**Existing Franklin ETF**” and together, the “**Existing Franklin ETFs**”) are listed on the Toronto Stock Exchange (“**TSX**”) and a holder of Units (“**Unitholder**”) may buy or sell Units of the Existing Franklin ETFs on the TSX or another exchange or marketplace through registered brokers and dealers in the province or territory where the Unitholder resides.

The Manager, on behalf of Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged), Franklin Liberty Senior Loan ETF (CAD-Hedged) and Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) (the “**New Franklin ETFs**”), has applied to list the Units of the New Franklin ETFs on the TSX. The TSX has conditionally approved the listing of the Units and subject to satisfying the TSX’s original listing requirements by March 12, 2019, Units of the New Franklin ETFs will be listed on the TSX and a Unitholder will be able to buy or sell Units of the New Franklin ETFs on the TSX or another exchange or marketplace through registered brokers and dealers in the province or territory where the Unitholder resides. Units of the New Franklin ETFs will trade on the TSX in Canadian dollars.

Unitholders may incur customary brokerage commissions in buying or selling Units. No fees are paid by a Unitholder to the Manager or the Franklin ETFs in connection with the buying or selling of Units on the TSX or another exchange or marketplace. Unitholders may redeem Units in any number for cash for a redemption price per Unit of 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per Unit (defined below), or may exchange a minimum of a Prescribed Number of Units (defined below) (and any additional multiple thereof) for cash or, with the consent of the Manager, securities and cash. Unitholders are advised to consult their brokers or investment advisers, and their tax advisers, before redeeming Units for cash. See “Redemption of Units”.

Each Franklin ETF will issue Units directly to a Designated Broker and one or more Dealers (each defined below). The initial issuance of Units of a New Franklin ETF will not occur until it has received, in aggregate, subscriptions sufficient to satisfy the TSX’s original listing requirements.

Additional Consideration

No Designated Brokers or Dealers have been involved in the preparation of the prospectus nor have they performed any review of the contents of the prospectus and, as such, the Dealers and the Designated Brokers do not perform many of the usual underwriting activities in connection with the distribution by the Franklin ETFs of their Units under this prospectus.

For a discussion of the risks associated with an investment in Units of the Franklin ETFs, see “Risk Factors”.

Registration of interests in, and transfer of, the Units will be made only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership.

Each Franklin ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada.

The Units are not and will not be registered under the U.S. *Securities Act of 1933*, as amended. Subject to certain exceptions, the Units may not be offered or sold in the U.S. or offered or sold to U.S. persons. The Franklin ETFs are not and will not be registered under, and the Manager is not registered under, the U.S. *Investment Company Act of 1940*, as amended.

Documents Incorporated by Reference

Additional information about each Franklin ETF is available in the most recently filed ETF Facts, in the most recently filed annual financial statements, if any, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“MRFP”), if any, and any interim MRFP filed after that annual MRFP. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. These documents are publicly available on the Manager’s website at www.franklintempleton.ca and may be obtained upon request, at no cost, by calling 1.800.387.0830 or by contacting a registered dealer. These documents and other information about the Franklin ETFs are also publicly available at www.sedar.com. See “Documents Incorporated by Reference” for further details.

TABLE OF CONTENTS

IMPORTANT TERMS	1
PROSPECTUS SUMMARY	4
OVERVIEW OF THE LEGAL STRUCTURE OF THE FRANKLIN ETFS.....	16
INVESTMENT OBJECTIVES	16
INVESTMENT STRATEGIES	17
OVERVIEW OF THE SECTORS IN WHICH THE FRANKLIN ETFS INVEST.....	21
INVESTMENT RESTRICTIONS.....	22
FEES AND EXPENSES.....	23
ANNUAL RETURNS, MANAGEMENT EXPENSE RATIOS AND TRADING EXPENSE RATIOS.....	25
RISK FACTORS	25
RISK CLASSIFICATION METHODOLOGY	32
DISTRIBUTION POLICY	33
PURCHASES OF UNITS	34
REDEMPTION OF UNITS.....	37
TRADING PRICE AND VOLUME.....	38
INCOME TAX CONSIDERATIONS	39
ORGANIZATION AND MANAGEMENT DETAILS OF THE FRANKLIN ETFS	43
CALCULATION OF NET ASSET VALUE.....	54
ATTRIBUTES OF THE UNITS.....	57
UNITHOLDER MATTERS	57
TERMINATION OF THE FRANKLIN ETFS.....	59
RELATIONSHIP BETWEEN THE FRANKLIN ETFS AND DEALERS	60
PRINCIPAL HOLDERS OF SECURITIES	60
PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD.....	60
MATERIAL CONTRACTS	62
LEGAL AND ADMINISTRATIVE PROCEEDINGS.....	62
EXPERTS.....	63
EXEMPTIONS AND APPROVALS	63
PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION	64
DOCUMENTS INCORPORATED BY REFERENCE....	64
INDEPENDENT AUDITOR'S REPORT	66
CERTIFICATE OF THE NEW FRANKLIN ETFS, THE TRUSTEE, MANAGER AND PROMOTER.....	C-1

IMPORTANT TERMS

Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.

Basket of Securities – in relation to a particular Franklin ETF means (i) a group of securities selected by the Portfolio Advisor from time to time that collectively reflect the constituents of, and their weightings in, the portfolio of the Franklin ETF or (ii) a group of securities selected by the Portfolio Advisor from time to time.

Canadian securities legislation – the securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the securities regulatory authorities, as the same may be amended, restated or replaced from time to time.

CDS – CDS Clearing and Depository Services Inc.

CDS Participant – a registered dealer or other financial institution that is a participant in CDS and that holds Units on behalf of beneficial owners of Units.

CRA – the Canada Revenue Agency.

Custodian – State Street Trust Company Canada.

Custodian Agreement – the master custodian agreement dated April 18, 2017 between the Manager, on behalf of, among others, the Franklin ETFs, and the Custodian, as the same may be amended or restated from time to time.

Cut-Off Time – is 4:00 p.m. (Toronto time) on the Trading Day, or, in any case, such later time as the Manager may agree to.

Dealer – a registered dealer (that may or may not be a Designated Broker) that has entered into a continuous distribution dealer agreement with the Manager, on behalf of one or more Franklin ETFs, and that subscribes for and purchases Units from such Franklin ETFs as described under “Purchases of Units – Issuance of Units”.

Declaration of Trust – the master declaration of trust establishing the Franklin ETFs dated April 18, 2017, as amended and restated as of January 5, 2018, as the same may be further amended or restated from time to time, along with Schedule “A” attached thereto dated February 22, 2018.

Designated Broker – a registered dealer that has entered into a designated broker agreement with the Manager, on behalf of one or more Franklin ETFs, pursuant to which the Designated Broker agrees to perform certain duties in relation to those Franklin ETFs.

distribution payment date – a date, which is no later than the tenth business day following the applicable distribution record date, on which a Franklin ETF pays a distribution to its Unitholders.

distribution record date – a date designated by the Manager as a record date for the determination of Unitholders entitled to receive a distribution from a Franklin ETF.

ETF Facts – a document that summarizes certain features of Units of a Franklin ETF.

Existing Franklin ETFs – collectively, Franklin Liberty Canadian Investment Grade Corporate ETF, Franklin Liberty Core Balanced ETF and Franklin Liberty Risk Managed Canadian Equity ETF, each an exchange-traded fund established as a trust under the laws of Ontario pursuant to the Declaration of Trust.

Franklin ETFs – collectively, the Existing Franklin ETFs and the New Franklin ETFs.

Fund Administration Services Agreement – the agreement dated April 18, 2017 between the Manager and the Fund Administrator, as the same may be amended or restated from time to time.

Fund Administrator – State Street Fund Services Toronto Inc. or its successor.

HST – the harmonized sales tax imposed under the *Excise Tax Act* (Canada) that is applicable in certain provinces of Canada.

IRC – the Independent Review Committee of the Franklin ETFs.

Management Agreement – the management agreement dated April 18, 2017 between Franklin Templeton Investments Corp., as trustee of the Franklin ETFs, and the Manager, as the same may be amended or restated from time to time.

Manager – Franklin Templeton Investments Corp., a corporation amalgamated under the laws of Ontario, or its successor.

MRFP – management report of fund performance as defined in NI 81-106.

NAV and **NAV per Unit** – in relation to a particular Franklin ETF, the aggregate net asset value of the Units of the Franklin ETF and the net asset value per Unit, respectively, calculated by the Fund Administrator as described in “Calculation of Net Asset Value”.

New Franklin ETFs – collectively, Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged), Franklin Liberty Senior Loan ETF (CAD-Hedged) and Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged), each an exchange-traded fund established as a trust under the laws of Ontario pursuant to the Declaration of Trust.

NI 81-102 – National Instrument 81-102 – *Investment Funds*, as the same may be amended, restated or replaced from time to time.

NI 81-106 – National Instrument 81-106 – *Investment Fund Continuous Disclosure*, as the same may be amended, restated or replaced from time to time.

NI 81-107 – National Instrument 81-107 – *Independent Review Committee for Investment Funds*, as the same may be amended, restated or replaced from time to time.

Portfolio Advisors – collectively, (i) Franklin Bissett Investment Management, part of Franklin Templeton Investment Corp., a corporation amalgamated under the laws of Ontario, with offices located in Calgary, Alberta, or its successor; (ii) Franklin Templeton Investment Management Limited, a corporation established under the laws of England, or its successor; (iii) Franklin Templeton Institutional, LLC, a corporation established under the laws of Delaware, or its successor; and (iv) Franklin Advisers, Inc., a corporation established under the laws of California, or its successor, and each a “**Portfolio Advisor**”.

Portfolio Advisory Agreements – (i) the portfolio advisory agreement dated February 22, 2018 between the Manager and Franklin Templeton Investment Management Limited; (ii) the portfolio advisory agreement dated February 22, 2018 between the Manager and Franklin Templeton Institutional, LLC; and (iii) the portfolio advisory agreement dated April 18, 2017, as amended, between the Manager and Franklin Advisers, Inc., and each, a “**Portfolio Advisory Agreement**”.

Prescribed Number of Units – in relation to a particular Franklin ETF, the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Registered Plans – registered retirement savings plans, registered retirement income funds, registered education savings plans, tax-free savings accounts, deferred profit sharing plans and registered disability savings plans.

Registrar and Transfer Agent – State Street Trust Company Canada or its successor.

Securities Lending Agent – State Street Bank and Trust Company or its successor.

Securities Lending Agreement – the agreement that may be entered into between the Manager and the Securities Lending Agent, as the same may be amended or restated from time to time.

securities regulatory authorities – the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian securities legislation in force in such province or territory.

Tax Act – the *Income Tax Act* (Canada) and the regulations issued thereunder, as amended, restated or replaced from time to time.

Tax Proposals – all specific proposals to amend the Tax Act that have been publicly announced in writing by the Minister of Finance (Canada) prior to the date of this prospectus.

Trading Day – for each Franklin ETF, unless otherwise agreed by the Manager, a day on which a session of the TSX is held.

TSX – the Toronto Stock Exchange.

Unit – in relation to a particular Franklin ETF, a redeemable, transferable unit of the Franklin ETF, which represents an equal, undivided interest in a proportionate share of the assets of the Franklin ETF.

Unitholder – a holder of Units of a Franklin ETF.

Valuation Date – each business day or any other day designated by the Manager on which the NAV and NAV per Unit of a Franklin ETF is calculated.

Valuation Time – 4:00 p.m. (Toronto time) or such other time that the Manager deems appropriate on each Valuation Date.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Units of the Franklin ETFs and should be read together with the more detailed information and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.

Issuers: **Franklin Liberty Canadian Investment Grade Corporate ETF**
Franklin Liberty Core Balanced ETF
Franklin Liberty Risk Managed Canadian Equity ETF
Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)
Franklin Liberty Senior Loan ETF (CAD-Hedged)
Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)

(each, a “**Franklin ETF**” and, collectively, the “**Franklin ETFs**”).

Each Franklin ETF is an exchange-traded fund established as a trust under the laws of Ontario. Franklin Templeton Investments Corp. is the trustee and manager of the Franklin ETFs. The Franklin ETFs are a part of a group of exchange-traded funds referred to as the Franklin LibertyShares offered by the Manager and its affiliates.

Units: Each Franklin ETF offers units under this prospectus (collectively, the “**Units**”).

Continuous Distribution: Units of the Franklin ETFs are being offered on a continuous basis and there is no maximum number of Units that may be issued.

Units of the Existing Franklin ETFs are listed on the TSX and a Unitholder may buy or sell Units of the Existing Franklin ETFs on the TSX or another exchange or marketplace through registered brokers and dealers in the province or territory where the Unitholder resides.

The Manager, on behalf of the New Franklin ETFs, has applied to list the Units of the New Franklin ETFs on the TSX. The TSX has conditionally approved the listing of the Units and subject to satisfying the TSX’s original listing requirements by March 12, 2019, Units of the New Franklin ETFs will be listed on the TSX and a Unitholder will be able to buy or sell Units of the New Franklin ETFs on the TSX or another exchange or marketplace through registered brokers and dealers in the province or territory where the Unitholder resides. Units of the New Franklin ETFs will trade on the TSX in Canadian dollars.

Unitholders may incur customary brokerage commissions in buying or selling Units. No fees are paid by a Unitholder to the Manager or the Franklin ETFs in connection with the buying or selling of Units on the TSX or another exchange or marketplace. Unitholders may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders.

Units may not be purchased by nor transferred to U.S. Persons, as defined in Regulation S under the United States Securities Act of 1933, as amended.

Each Franklin ETF will issue Units directly to a Designated Broker and one or more Dealers. The initial issuance of Units of a New Franklin ETF will not occur until it has received, in aggregate, subscriptions sufficient to satisfy the TSX’s original listing requirements.

See “Purchases of Units – Issuance of Units” and “Purchases of Units – Buying and Selling Units”.

Investment Objectives:

Franklin ETF	Investment Objectives
Franklin Liberty Canadian Investment Grade Corporate ETF	Seeks to provide long-term capital growth and current income by investing primarily in investment grade corporate debt issued by Canadian corporations.
Franklin Liberty Core Balanced ETF	Seeks to provide a balance of long-term capital appreciation and current income by investing primarily in a diversified portfolio of North American equity and fixed income securities.
Franklin Liberty Risk Managed Canadian Equity ETF	Seeks to provide long-term capital appreciation with reduced volatility relative to the broad Canadian equity market by investing primarily in a diversified portfolio of Canadian equities.
Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)	Seeks to maximize, consistent with prudent investment management, total investment return, consisting of a combination of interest income and capital appreciation by investing primarily in fixed or floating-rate debt securities issued by governments, government related entities (including supranational organizations supported by several national governments) and corporations worldwide.
Franklin Liberty Senior Loan ETF (CAD-Hedged)	Seeks to provide a high level of current income while seeking preservation of capital by investing primarily in senior secured income-producing floating rate corporate loans made to, and corporate debt securities issued by, U.S. and non-U.S. entities.
Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)	Seeks to provide a high level of current income while seeking preservation of capital by investing primarily in U.S. dollar denominated investment grade corporate debt securities issued by U.S. and non-U.S. entities.

See “Investment Objectives”.

Investment Strategies:**Franklin Liberty Canadian Investment Grade Corporate ETF**

In seeking to achieve its investment objective, Franklin Liberty Canadian Investment Grade Corporate ETF:

- invests primarily in investment grade Canadian debt securities rated investment grade by at least one credit rating agency. Debt securities will include all varieties of fixed income and floating rate securities issued by Canadian corporations and the duration exposure will be actively managed;
- may continue to hold sub-investment grade debt securities following a credit downgrade;
- may have a small portion of its assets invested in Canadian dollar denominated debt issued by foreign corporations;
- may invest in asset-backed or mortgage-backed securities;
- may, to the extent permitted by securities regulations, invest in credit derivatives, such as credit default swaps, credit-linked securities and credit-linked notes, for non-hedging purposes to obtain exposure to companies or financial markets, and for hedging purposes to reduce the risk position of the Franklin ETF;
- may invest in interest rate derivatives, for hedging and non-hedging purposes, to facilitate changes in portfolio duration and/or interest rate/yield curve exposures;
- may engage in securities lending transactions, repurchase transactions and reverse repurchase transactions; and
- may hold a portion of its assets in cash while seeking investment opportunities.

Franklin Liberty Core Balanced ETF

In seeking to achieve its investment objective, Franklin Liberty Core Balanced ETF:

- invests primarily in a balanced allocation of equity and fixed income securities of issuers located primarily in North America. The equity to fixed income allocation may change based on changes in market valuation or the portfolio manager's view on market conditions;
- invests in equities that are carefully selected based on a rules-based model. This model incorporates a mix of various historical and projected financial and stock market data and is designed to identify measurable factors identifying quality, valuation, volatility and momentum trends;
- invests in debt securities, including all varieties of fixed income and floating rate securities, government and corporate bonds, and bonds backed by mortgages and other assets;
- may, to the extent permitted by securities regulations, invest in credit derivatives, such as credit default swaps, credit-linked securities and credit-linked notes, for non-hedging purposes to obtain exposure to companies or financial markets, and for hedging purposes to reduce the risk position of the Franklin ETF;
- may engage, from time to time, in currency management strategies to hedge the risk of changes in currency exchange rates;
- may invest in interest rate derivatives, for hedging and non-hedging purposes, to facilitate changes in portfolio duration and/or interest rate/yield curve exposures;
- may engage in securities lending transactions, repurchase transactions and reverse repurchase transactions; and
- may hold a portion of its assets in cash, while seeking investment opportunities.

Franklin Liberty Risk Managed Canadian Equity ETF

In seeking to achieve its investment objective, Franklin Liberty Risk Managed Canadian Equity ETF:

- invests primarily in Canadian equities and income trusts, that are selected on a market capitalization-weighted rules based model. This model incorporates a mix of historical and projected financial and stock market data and is designed to identify factors measuring growth, value, risk and momentum;
- may, to the extent permitted by securities regulations, purchase put options on equity indices and exchange-traded funds, as well as implement put option spreads on equity indices and exchange-traded funds for hedging purposes;
- may engage in securities lending transactions, repurchase transactions and reverse repurchase transactions; and
- may hold a portion of its assets in cash while seeking investment opportunities.

Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)

In seeking to achieve its investment objective, Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged):

- invests primarily in investment grade debt securities, but may invest up to 20% of its net assets in non-investment grade debt securities and may also invest in emerging market debt;
- seeks to be between 90-100% hedged to the Canadian dollar;
- may, in addition, invest in credit-linked securities or other structured products (such as mortgage- and asset-backed securities, including collateralized debt obligations) that derive their value from an index, security or currency;

- may invest in securities other than debt securities including, but not limited to, government and corporate bonds, bonds backed by mortgages and other assets, and bonds convertible into common stock, preferred stock and warrants;
- may, to the extent permitted by securities regulations, invest in credit derivatives, such as credit default swaps, credit-linked securities and credit-linked notes for non-hedging purposes to obtain exposure to companies or financial markets, and for hedging purposes to reduce the risk position of the Franklin ETF;
- may invest in interest rate derivatives, for hedging and non-hedging purposes, to facilitate changes in portfolio duration and/or interest rate/yield curve exposures;
- may engage in securities lending transactions, repurchase transactions and reverse repurchase transactions; and
- may hold a portion of its assets in cash while seeking investment opportunities.

Franklin Liberty Senior Loan ETF (CAD-Hedged)

In seeking to achieve its investment objective, Franklin Liberty Senior Loan ETF (CAD-Hedged):

- normally invests between 80-95% of its net assets in senior secured income-producing floating rate corporate loans made to, and corporate debt securities issued by, U.S. and non-U.S. entities;
- seeks to be between 90-100% hedged to the Canadian dollar;
- may invest in companies whose financial condition is troubled or uncertain and that may be involved in bankruptcy proceedings, reorganizations or financial restructurings;
- invests, under normal market conditions, at least 75% of its net assets in floating rate investments that are rated B or higher at the time of purchase by a nationally recognized statistical rating organization (NRSRO) or, if unrated, are determined to be of comparable quality by the Portfolio Advisor;
- may, under normal market conditions, invest up to 25% of its net assets in floating rate investments that are rated below B by an NRSRO or, if unrated, are determined to be of comparable quality by the Portfolio Advisor;
- may invest in “covenant lite” loans and debt securities, which may have tranches that contain fewer or no restrictive covenants. The tranche of the covenant lite loan or debt security that has fewer restrictions typically does not include the legal clauses which allow an investor to monitor the performance of the borrower/issuer. Certain financial institutions may define “covenant lite” loans differently;
- currently limits its investments in loan and debt obligations of non-U.S. entities to no more than 25% of its total assets;
- currently invests primarily in debt obligations that are U.S. dollar denominated or otherwise provide for payment in U.S. dollars;
- currently does not intend to invest more than 25% of its net assets in the debt obligations of borrowers in any single industry, except that, under normal market conditions, the Franklin ETF may invest more than 25% of its net assets in debt obligations of companies operating in the industry group consisting of financial institutions and their holding companies, including commercial banks, thrift institutions, insurance companies and finance companies. These firms, or “agent banks”, may serve as administrators of corporate loans issued by other companies. For the purposes of this restriction, the Franklin ETF currently considers such companies to include the borrower, the agent bank and any intermediate participant;
- may invest up to 90% of its net assets in loans where firms in such industry group are borrowers, agent banks or intermediate participants;
- may invest up to 20% of its net assets in secured, second lien, subordinated or unsecured corporate loans and corporate debt securities, and fixed rate obligations of U.S. and non-U.S. entities;

- may, to the extent permitted by securities regulations, invest in credit derivatives, such as credit default swaps, credit-linked securities and credit-linked notes, for non-hedging purposes to obtain exposure to companies or financial markets, and for hedging purposes to reduce the risk position of the Franklin ETF;
- may invest in interest rate derivatives, for hedging and non-hedging purposes, to facilitate changes in portfolio duration and/or interest rate/yield curve exposures;
- may engage in securities lending transactions, repurchase transactions and reverse repurchase transactions; and
- generally expects to invest a portion of its assets in cash, cash equivalents and high quality money market securities, including commercial paper, repurchase agreements and affiliated or unaffiliated money market funds, to manage liquidity and while seeking investment opportunities.

Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)

In seeking to achieve its investment objective, Franklin Liberty U.S. Investment Grade Corporate ETF (CAD- Hedged):

- under normal market conditions, invests at least 80% of its net assets in investment grade corporate debt securities. Investment grade debt securities are securities that are rated at the time of purchase in the top four ratings categories by one or more independent rating organizations such as Standard & Poor's (S&P®) (rated BBB- or better) or Moody's Investors Service (Moody's) (rated Baa3 or higher) or, if unrated, are determined to be of comparable quality by the Portfolio Advisor. Corporate issuers may include corporate or other business entities in which a sovereign or governmental agency or entity may have, indirectly or directly, an interest, including a majority or greater ownership interest;
- invests primarily in U.S. dollar denominated corporate debt securities issued by U.S. and non-U.S. entities;
- seeks to be between 90-100% hedged to the Canadian dollar;
- may invest in debt securities of any maturity or duration. The Franklin ETF's focus on the credit quality of its portfolio is intended to reduce credit risk and help to preserve the Franklin ETF's capital;
- may also invest a portion of its assets in convertible securities, preferred securities, U.S. Treasury securities and derivatives whose reference securities are investment grade corporate debt;
- may invest up to 40% of its net assets in securities of non-U.S. issuers, including those in developing markets, and up to 15% of its net assets in non-U.S. dollar denominated securities;
- may invest up to 15% of its net assets in collateralized debt obligations ("CDOs"), including collateralized loan obligations ("CLOs");
- may, to the extent permitted by securities regulations, invest in credit derivatives, such as credit default swaps, credit-linked securities and credit-linked notes, for non-hedging purposes to obtain exposure to companies or financial markets. and for hedging purposes to reduce the risk position of the Franklin ETF;
- may engage, from time to time, in currency management strategies to hedge the risk of changes in currency exchange rates;
- may invest in interest rate derivatives, for hedging and non-hedging purposes, to facilitate changes in portfolio duration and/or interest rate/yield curve exposures;
- may engage in securities lending transactions, repurchase transactions and reverse repurchase transactions; and
- generally expects to invest a portion of its assets in cash, cash equivalents and high quality money market securities, including commercial paper, repurchase agreements

and affiliated or unaffiliated money market funds, to manage liquidity and while seeking investment opportunities.

See “Investment Strategies”.

Special Considerations for Purchasers:

The provisions of the so-called “early warning” reporting requirements in Canadian securities legislation do not apply if a person or company acquires 10% or more of the Units of a Franklin ETF. The Franklin ETFs have obtained exemptive relief to permit Unitholders to acquire more than 20% of the Units of any Franklin ETF through purchases on the TSX or another marketplace without regard to the takeover bid requirements of applicable Canadian securities legislation. In addition, the Franklin ETFs have obtained relief to permit a Franklin ETF to borrow cash in an amount not exceeding 5% of the net assets of the Franklin ETF for a period not longer than 45 days and, if required by the lender, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distribution payable to Unitholders that represents amounts that have not yet been received by the Franklin ETF. In addition, Franklin Liberty Senior Loan ETF (CAD-Hedged) has obtained exemptive relief to permit the Franklin ETF to borrow cash in an amount not to exceed 10% of the net assets of the Franklin ETF as a temporary measure to accommodate requests for redemptions of Units of the Franklin ETF.

See “Purchases of Units – Special Considerations for Unitholders”.

Risk Factors:

There are certain general risk factors inherent in an investment in the Franklin ETFs, including:

- (i) large transaction risk;
- (ii) portfolio management risk;
- (iii) derivatives risk;
- (iv) trading price of Units risk;
- (v) Designated Broker and Dealer concentration risk;
- (vi) illiquidity risk
- (vii) absence of active market and performance risk;
- (viii) halted trading of Units risk;
- (ix) cyber security risk;
- (x) taxation risk;
- (xi) legislation risk;
- (xii) securities lending transaction, repurchase transaction and reverse repurchase transaction risk;
- (xiii) series risk;
- (xiv) borrowing risk; and
- (xv) fluctuations in NAV risk.

In addition to the general risk factors, the following additional risk factors are inherent in an investment in one or more of the Franklin ETFs as indicated in the table below.

Franklin ETF	Additional Risks
Franklin Liberty Canadian Investment Grade Corporate ETF	asset-backed and mortgage-backed securities risk; credit risk; interest rate risk; reinvestment risk
Franklin Liberty Core Balanced ETF	asset-backed and mortgage-backed securities risk; credit risk; foreign investment risk; interest rate risk; market risk; reinvestment risk; small company risk
Franklin Liberty Risk Managed Canadian Equity ETF	dividend-oriented companies risk; market risk; small company risk

Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)	asset-backed and mortgage-backed securities risk; credit risk; foreign currency hedging risk; foreign investment risk; interest rate risk; reinvestment risk
Franklin Liberty Senior Loan ETF (CAD-Hedged)	asset-backed and mortgage backed securities risk; covenant lite loan risk; credit risk; foreign currency hedging risk; interest rate risk; reinvestment risk; senior loans risk; loan assignments and participations risk; when issued and delayed delivery transactions risk; senior loans settlement risk
Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)	asset-backed and mortgage-backed securities risk; credit risk; foreign currency hedging risk; interest rate risk; reinvestment risk

See “Risk Factors”.

Income Tax Considerations:

Each year a Unitholder (other than a Registered Plan) is generally required to include in computing income for tax purposes the amount of any income and the taxable portion of any capital gains of a Franklin ETF distributed to the Unitholder in the year, whether such amounts are paid in cash or reinvested in additional Units. A Unitholder will generally realize a capital gain (or loss) on the sale, redemption, exchange or other disposition of a Unit to the extent that the proceeds of disposition for the Unit exceed (or are less than) the total of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.

See “Income Tax Considerations”.

Exchanges and Redemptions:

In addition to the ability to sell Units on the TSX or other exchange or marketplace, Unitholders may (i) redeem Units in any number for cash for a redemption price per Unit of 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per Unit, or (ii) exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for cash or, with the consent of the Manager, Baskets of Securities and cash.

See “Redemption of Units”.

Distributions:

Cash distributions on Units of Franklin Liberty Canadian Investment Grade Corporate ETF, Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged), Franklin Liberty Senior Loan ETF (CAD-Hedged) and Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) will be paid on a monthly basis. Cash distributions on Units of Franklin Liberty Core Balanced ETF and Franklin Liberty Risk Managed Canadian Equity ETF will be paid on a quarterly basis. The Manager may, in its discretion, change the frequency of cash distributions, and will issue a press release if such a change is made or the Manager may make additional distributions if determined to be appropriate.

Cash distributions from Franklin Liberty Canadian Investment Grade Corporate ETF, Franklin Liberty Core Balanced ETF, Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged), Franklin Liberty Senior Loan ETF (CAD-Hedged) and Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) are expected to consist primarily of income but may include capital gains and/or returns of capital. Cash distributions from Franklin Liberty Risk Managed Canadian Equity ETF are expected to consist primarily of income and capital gains but may include returns of capital. Distributions are not fixed or guaranteed.

Each Franklin ETF distributes a sufficient amount of its net income and net realized capital gains to Unitholders for each taxation year so that the Franklin ETF will not be liable for ordinary

income tax. To the extent that a Franklin ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, it will pay a distribution to Unitholders at the end of the year and that distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid. The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations”.

See “Distribution Policy”.

Termination: The Franklin ETFs do not have a fixed termination date but may be terminated by the Manager upon not less than 60 days’ written notice to Unitholders.

See “Termination of the Franklin ETFs”.

Documents Incorporated by Reference:

Additional information about each Franklin ETF is available in the most recently filed ETF Facts, in the most recently filed annual financial statements, if any, any interim financial statements filed after those annual financial statements, the most recently filed annual MRFP, if any, and any interim MRFP filed after that annual MRFP. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. These documents are publicly available on the Manager’s website at www.franklintempleton.ca and may be obtained upon request, at no cost, by calling 1.800.387.0830 or by contacting a registered dealer. These documents and other information about the Franklin ETFs are also publicly available at www.sedar.com.

See “Documents Incorporated by Reference”.

Eligibility for Investment:

The Units of a Franklin ETF will be a qualified investment under the Tax Act for a Registered Plan at any time that the Franklin ETF qualifies or is deemed to qualify as a “mutual fund trust” under the Tax Act or that the Units are listed on the TSX.

Unitholders should consult their own tax advisers for advice on whether Units of a Franklin ETF would be a “prohibited investment” under the Tax Act for their Registered Plan.

See “Income Tax Considerations – Status of the Franklin ETFs”.

ORGANIZATION AND MANAGEMENT OF THE FRANKLIN ETFs

Manager:

Franklin Templeton Investments Corp. is the manager of the Franklin ETFs and is responsible for managing the overall business of each of the Franklin ETFs, including selecting the portfolio management team for each Franklin ETF’s portfolio, providing each Franklin ETF with accounting and administration services and promoting sales of each Franklin ETF’s securities through financial advisers in each province and territory of Canada. The head office of the Franklin ETFs and the Manager is located at 200 King Street West, Suite 1500, Toronto, Ontario M5H 3T4. The Manager carries on business under the name Franklin Templeton Investments.

See “Organization and Management Details of the Franklin ETFs – Manager of the Franklin ETFs”.

Trustee:

Franklin Templeton Investments Corp. is the trustee of each Franklin ETF pursuant to the Declaration of Trust and holds title to the assets of each Franklin ETF in trust for the Unitholders.

See “Organization and Management Details of the Franklin ETFs – Trustee”.

Portfolio Advisors:

Each of the entities set out below (each a “**Portfolio Advisor**”) acts as portfolio advisor to the Franklin ETF(s) set opposite its name and provides investment management services to such Franklin ETF(s).

Portfolio Advisors	Franklin ETFs
Franklin Bissett Investment Management, part of the Manager	Franklin Liberty Canadian Investment Grade Corporate ETF Franklin Liberty Core Balanced ETF Franklin Liberty Risk Managed Canadian Equity ETF
Franklin Templeton Investment Management Limited	Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)
Franklin Templeton Institutional, LLC	Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)
Franklin Advisers, Inc.	Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) Franklin Liberty Senior Loan ETF (CAD-Hedged)

Each of Franklin Templeton Institutional, LLC and Franklin Advisers, Inc. is located in the U.S. and is registered as an investment advisor with the U.S. Securities and Exchange Commission (“**SEC**”). Franklin Templeton Investment Management Limited is located in the United Kingdom and is regulated by the U.K. Financial Conduct Authority and is registered as an investment advisor with the SEC. As each of these Portfolio Advisors is located outside of Canada, it may be difficult to enforce legal rights against them. Each of these Portfolio Advisors is an affiliate of the Manager.

See “Organization and Management Details of the Franklin ETFs – Portfolio Advisors”.

Promoter:

Franklin Templeton Investments Corp. has taken the initiative in founding and organizing the Franklin ETFs and is, accordingly, the promoter of the Franklin ETFs within the meaning of securities legislation of certain provinces and territories of Canada.

See “Organization and Management Details of the Franklin ETFs – Promoter”.

Custodian:

The Manager has retained the services of State Street Trust Company Canada, at its principal offices in Toronto, Ontario, to act as the Custodian of the assets of the Franklin ETFs and to hold those assets in safekeeping. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Franklin ETFs.

See “Organization and Management Details of the Franklin ETFs – Custodian”.

Securities Lending Agent:

The Manager may retain the services of State Street Bank and Trust Company, a sub-custodian of the Franklin ETFs, to act as the Securities Lending Agent of the Franklin ETFs.

See “Organization and Management Details of the Franklin ETFs – Securities Lending Agent”.

Registrar and Transfer Agent:

The Manager has retained the services of State Street Trust Company Canada, at its principal offices in Toronto, Ontario, to act as the registrar and transfer agent for the Units of the Franklin ETFs and to maintain the register of registered Unitholders. The register of the Franklin ETFs is kept in Toronto, Ontario.

See “Organization and Management Details of the Franklin ETFs – Registrar and Transfer Agent”.

Auditor:

PricewaterhouseCoopers LLP, at its principal offices in Toronto, Ontario, is the auditor of the Franklin ETFs. The auditor audits each Franklin ETF’s annual financial statements and provides an opinion as to whether they present fairly the Franklin ETF’s financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (“IFRS”). The auditor is independent of the Manager.

See “Organization and Management Details of the Franklin ETFs – Auditor”.

**Fund
Administrator:**

The Manager has retained the services of State Street Fund Services Toronto Inc., at its principal offices in Toronto, Ontario, to act as the Fund Administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Franklin ETFs, including NAV calculations, accounting for net income and net realized capital gains of the Franklin ETFs and maintaining books and records with respect to each Franklin ETF.

See “Organization and Management Details of the Franklin ETFs – Fund Administrator”.

SUMMARY OF FEES AND EXPENSES

This table lists the fees and expenses that a Unitholder may have to pay if the Unitholder invests in the Franklin ETFs. A Unitholder may have to pay some of these fees and expenses directly. The Franklin ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Franklin ETFs.

See “Fees and Expenses”.

Fees and Expenses Payable by the Franklin ETFs

Type of Fee

Amount and Description

Management Fee:

Each Franklin ETF pays a management fee, plus applicable taxes, to the Manager based on the annual rate set forth in the table below and the NAV of the Units of the Franklin ETF. This management fee is calculated and accrued daily and paid monthly and is subject to applicable taxes such as HST. This management fee covers the Manager and the Portfolio Advisor’s fees and costs associated with acting as the manager and the portfolio advisor, respectively, of the applicable Franklin ETF and other fees and expenses payable by the Manager in connection with each Franklin ETF, which include the custody and safekeeping fees payable to the Custodian and the fees payable to the Registrar and Transfer Agent, the Fund Administrator, the auditor and other service providers retained by the Manager as described under “Organization and Management Details of the Franklin ETFs – Manager of the Franklin ETFs – Duties and Services to be Provided by the Manager”.

Franklin ETF	Management fee (annual rate)
Franklin Liberty Canadian Investment Grade Corporate ETF	0.40% (0.35%)* of NAV
Franklin Liberty Core Balanced ETF	0.45% of NAV
Franklin Liberty Risk Managed Canadian Equity ETF	0.30% of NAV
Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)	0.35% of NAV
Franklin Liberty Senior Loan ETF (CAD-Hedged)	0.45% of NAV
Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)	0.35% of NAV

* effective May 1, 2018

Certain Operating Expenses:

In addition to the applicable management fee, the only operating expenses payable by each Franklin ETF are: (i) borrowing and interest costs; (ii) brokerage expenses and related transaction fees, including transaction-related fees payable to the Custodian or its agents; (iii) the fees under any derivative instrument used by the applicable Franklin ETF; (iv) investor meeting costs (as permitted by Canadian securities regulation); (v) the fees and expenses relating to the operation of the IRC; (vi) any costs and expenses associated with litigation for the benefit of a Franklin ETF or brought to pursue rights on behalf of a Franklin ETF; (vii) the costs of complying with governmental or regulatory requirements introduced after the creation of the applicable Franklin ETF, including, without limitation, any new fees or increases in fees, or the costs of complying with any material change to existing governmental or regulatory requirements introduced after the creation of the applicable Franklin ETF, including, without limitation, extraordinary increases to regulatory filing fees; (viii) the fees related to external services that are not commonly charged in the Canadian exchange-traded fund industry as of the creation of the applicable Franklin ETF; (ix) any costs associated with the termination of a Franklin ETF that may be allocated by the Manager to the Franklin ETF; (x) any extraordinary

expenses; and (xi) any applicable taxes, including income, withholding or other taxes and also including goods and services or harmonized sales taxes on expenses.

The Manager may decide, in its discretion, to pay for some of these operating expenses that are otherwise payable by a Franklin ETF, rather than having the Franklin ETF incur such operating expenses. The Manager is under no obligation to do so and, if any operating expenses are reimbursed by the Manager, it may discontinue this practice at any time.

Fund of Funds:

A Franklin ETF may, in accordance with applicable securities laws and, if applicable, exemptive relief obtained by the Franklin Templeton mutual funds, including the Franklin ETFs, invest in other Franklin Templeton exchange-traded funds, other investment funds managed by the Manager or its affiliates and other exchange-traded funds managed by third parties. With respect to such investments, no management or incentive fees are payable by the Franklin ETF that, to a reasonable person, would duplicate a fee payable by the other investment funds for the same service. Where a Franklin ETF invests in another exchange-traded fund or other investment fund managed by the Manager or its affiliates and such other fund pays a management fee to the Manager or its affiliates that is higher than the management fee payable by the Franklin ETF, the Manager will adjust the management fee payable by the Franklin ETF to ensure that the total annual fees paid directly or indirectly to the Manager by the Franklin ETF does not exceed the annual management fee set out above for the Franklin ETF. Where a Franklin ETF invests in an exchange-traded fund that is not managed by the Manager or its affiliates, the fees and expenses payable in connection with the management of that exchange-traded fund, including management and incentive fees, are not duplicative and are in addition to those payable by the Franklin ETF. No sales or redemption fees are payable by the Franklin ETF in relation to any purchase or redemption of the securities of such investment funds. Commissions may apply to the purchase or sale of exchange-traded fund securities.

Fees and Expenses Payable Directly by Unitholders

Type of Fee

Amount and Description

Other Charges:

An amount may be charged to the Designated Broker or a Dealer to offset certain transaction and other costs associated with the listing, issue, exchange and/or redemption of Units of a Franklin ETF. This charge, which is payable to the applicable Franklin ETF, does not apply to Unitholders who buy and sell their Units through the facilities of the TSX or another exchange or marketplace. See “Purchase of Units” and “Redemption of Units”.

See “Fees and Expenses”.

OVERVIEW OF THE LEGAL STRUCTURE OF THE FRANKLIN ETFS

The Franklin ETFs are exchange-traded funds established as trusts under the laws of the Province of Ontario. The Franklin ETFs have been established pursuant to the Declaration of Trust. The Franklin ETFs are a part of a group of exchange-traded funds referred to as the Franklin LibertyShares offered by the Manager and its affiliates.

While each Franklin ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, each Franklin ETF has obtained exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. See “Exemptions and Approvals”.

The head office and the registered office of each of the Franklin ETFs and the Manager is 200 King Street West, Suite 1500, Toronto, Ontario M5H 3T4.

INVESTMENT OBJECTIVES

Franklin Liberty Canadian Investment Grade Corporate ETF

Franklin Liberty Canadian Investment Grade Corporate ETF seeks to provide long-term capital growth and current income, by investing primarily in investment grade corporate debt issued by Canadian corporations.

Franklin Liberty Core Balanced ETF

Franklin Liberty Core Balanced ETF seeks to provide a balance of long-term capital appreciation and current income by investing primarily in a diversified portfolio of North American equity and fixed income securities.

Franklin Liberty Risk Managed Canadian Equity ETF

Franklin Liberty Risk Managed Canadian Equity ETF seeks to provide long-term capital appreciation with reduced volatility relative to the broad Canadian equity market by investing primarily in a diversified portfolio of Canadian equities.

Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)

Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged) seeks to maximize, consistent with prudent investment management, total investment return, consisting of a combination of interest income and capital appreciation by investing primarily in investment grade fixed or floating-rate debt securities issued by governments, government related entities (including supranational organizations supported by several national governments) and corporations worldwide.

Franklin Liberty Senior Loan ETF (CAD-Hedged)

Franklin Liberty Senior Loan ETF (CAD-Hedged) seeks to provide a high level of current income while seeking preservation of capital by investing primarily in senior secured income-producing floating rate corporate loans made to, and corporate debt securities issued by, U.S. and non-U.S. entities.

Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)

Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) seeks to provide a high level of current income while seeking preservation of capital by investing primarily in U.S. dollar denominated investment grade corporate debt securities issued by U.S. and non-U.S. entities.

INVESTMENT STRATEGIES

Investment Strategies

Franklin Liberty Canadian Investment Grade Corporate ETF

In seeking to achieve its investment objective, Franklin Liberty Canadian Investment Grade Corporate ETF:

- invests primarily in investment grade Canadian debt securities rated investment grade by at least one credit rating agency. Debt securities will include all varieties of fixed income and floating rate securities issued by Canadian corporations and the duration exposure will be actively managed;
- may continue to hold sub-investment grade debt securities following a credit downgrade;
- may have a small portion of its assets invested in Canadian dollar denominated debt issued by foreign corporations;
- may invest in asset-backed or mortgage-backed securities;
- may, to the extent permitted by securities regulations, invest in credit derivatives, such as credit default swaps, credit-linked securities and credit-linked notes, for non-hedging purposes to obtain exposure to companies or financial markets, and for hedging purposes to reduce the risk position of the Franklin ETF;
- may invest in interest rate derivatives, for hedging and non-hedging purposes, to facilitate changes in portfolio duration and/or interest rate/yield curve exposures;
- may engage in securities lending transactions, repurchase transactions and reverse repurchase transactions; and
- may hold a portion of its assets in cash while seeking investment opportunities.

Franklin Liberty Core Balanced ETF

In seeking to achieve its investment objective, Franklin Liberty Core Balanced ETF:

- invests in a balanced allocation of equity and fixed income securities of issuers located primarily in North America. The equity to fixed income allocation may change based on changes in market valuation or the portfolio manager's view on market conditions;
- invests in equities that are carefully selected based on a rules-based model. This model incorporates a mix of various historical and projected financial and stock market data and is designed to identify measurable factors identifying quality, valuation, volatility and momentum trends;
- invests in debt securities, including all varieties of fixed income and floating rate securities, government and corporate bonds, and bonds backed by mortgages and other assets;
- may, to the extent permitted by securities regulations, invest in credit derivatives, such as credit default swaps, credit-linked securities and credit-linked notes, for non-hedging purposes to obtain exposure to companies or financial markets, and for hedging purposes to reduce the risk position of the Franklin ETF;
- may engage, from time to time, in currency management strategies to hedge the risk of changes in currency exchange rates;
- may invest in interest rate derivatives, for hedging and non-hedging purposes, to facilitate changes in portfolio duration and/or interest rate/yield curve exposures;
- may engage in securities lending transactions, repurchase transactions and reverse repurchase transactions; and
- may hold a portion of its assets in cash while seeking investment opportunities.

Franklin Liberty Risk Managed Canadian Equity ETF

In seeking to achieve its investment objective, Franklin Liberty Risk Managed Canadian Equity ETF:

- invests primarily in Canadian equities and income trusts, that are selected on a market capitalization-weighted rules based model. This model incorporates a mix of historical and projected financial and stock market data and is designed to identify factors measuring growth, value, risk and momentum;
- may, to the extent permitted by securities regulations, purchase put options on equity indices and exchange-traded funds, as well as implement put option spreads on equity indices and exchange-traded funds for hedging purposes;

- may engage in securities lending transactions, repurchase transactions and reverse repurchase transactions; and
- may hold a portion of its assets in cash, while seeking investment opportunities.

Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)

In seeking to achieve its investment objective, Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged):

- invests primarily in investment grade debt securities, but may invest up to 20% of its net assets in non-investment grade debt securities and may also invest in emerging market debt;
- seeks to be between 90-100% hedged to the Canadian dollar;
- may, in addition, invest in credit-linked securities or other structured products (such as mortgage- and asset-backed securities, including collateralized debt obligations) that derive their value from an index, security or currency;
- may invest in securities other than debt securities including, but not limited to, government and corporate bonds, bonds backed by mortgages and other assets, and bonds convertible into common stock, preferred stock and warrants;
- may, to the extent permitted by securities regulations, invest in credit derivatives, such as credit default swaps, credit-linked securities and credit-linked notes for non-hedging purposes to obtain exposure to companies or financial markets, and for hedging purposes to reduce the risk position of the Franklin ETF;
- may invest in interest rate derivatives, for hedging and non-hedging purposes, to facilitate changes in portfolio duration and/or interest rate/yield curve exposures;
- may engage in securities lending transactions, repurchase transactions and reverse repurchase transactions; and
- may hold a portion of its assets in cash while seeking investment opportunities.

Franklin Liberty Senior Loan ETF (CAD-Hedged)

In seeking to achieve its investment objective, Franklin Liberty Senior Loan ETF (CAD-Hedged):

- normally invests between 80-95% of its net assets in senior secured income-producing floating rate corporate loans made to, and corporate debt securities issued by, U.S. and non-U.S. entities;
- seeks to be between 90-100% hedged to the Canadian dollar;
- may invest in companies whose financial condition is troubled or uncertain and that may be involved in bankruptcy proceedings, reorganizations or financial restructurings;
- invests, under normal market conditions, at least 75% of its net assets in floating rate investments that are rated B or higher at the time of purchase by a nationally recognized statistical rating organization (NRSRO) or, if unrated, are determined to be of comparable quality by the Portfolio Advisor;
- may, under normal market conditions, invest up to 25% of its net assets in floating rate investments that are rated below B by an NRSRO or, if unrated, are determined to be of comparable quality by the Portfolio Advisor;
- may invest in “covenant lite” loans and debt securities, which may have tranches that contain fewer or no restrictive covenants. The tranche of the covenant lite loan or debt security that has fewer restrictions typically does not include the legal clauses which allow an investor to monitor the performance of the borrower/issuer. Certain financial institutions may define “covenant lite” loans differently;
- currently limits its investments in loan and debt obligations of non-U.S. entities to no more than 25% of its total assets;
- currently invests primarily in debt obligations that are U.S. dollar denominated or otherwise provide for payment in U.S. dollars;
- currently does not intend to invest more than 25% of its net assets in the debt obligations of borrowers in any single industry, except that, under normal market conditions, the Franklin ETF may invest more than 25% of its net assets in debt obligations of companies operating in the industry group consisting of financial institutions and their holding companies, including commercial banks, thrift institutions, insurance companies and finance companies. These firms, or “agent banks”, may serve as administrators of corporate loans issued by other companies. For the purposes of this restriction, the Franklin ETF currently considers such companies to include the borrower, the agent bank and any intermediate participant;
- may invest up to 90% of its net assets in loans where firms in such industry group are borrowers, agent banks or intermediate participants;

- may invest up to 20% of its net assets in secured, second lien, subordinated or unsecured corporate loans and corporate debt securities, and fixed rate obligations of U.S. and non-U.S. entities;
- may, to the extent permitted by securities regulations, invest in credit derivatives, such as credit default swaps, credit-linked securities and credit-linked notes, for non-hedging purposes to obtain exposure to companies or financial markets, and for hedging purposes to reduce the risk position of the Franklin ETF;
- may invest in interest rate derivatives, for hedging and non-hedging purposes, to facilitate changes in portfolio duration and/or interest rate/yield curve exposures;
- may engage in securities lending transactions, repurchase transactions and reverse repurchase transactions; and
- generally expects to invest a portion of its assets in cash, cash equivalents and high quality money market securities, including commercial paper, repurchase agreements and affiliated or unaffiliated money market funds, to manage liquidity and while seeking investment opportunities.

Floating interest rate corporate loans and debt securities, also called bank loans or senior floating rate interests (collectively, floating rate investments), generally have credit ratings below investment grade and may be subject to restrictions on resale.

The Franklin ETF's floating rate investments typically hold the most senior position in the capitalization structure of an issuer and are generally secured by specific collateral. Such senior position means that, in case the issuer becomes insolvent, the lenders or security holders in a senior position, like the Franklin ETF's position, will typically be paid before other unsecured or subordinated creditors of the issuer from the assets of the issuer.

The Franklin ETF typically invests in a corporate loan or corporate debt security if the Portfolio Advisor judges that the borrower can meet the scheduled payments on the obligation. The Portfolio Advisor performs its own independent credit analysis of each borrower/issuer and of the collateral structure securing the Franklin ETF's investment. The Portfolio Advisor also considers the nature of the industry in which the borrower operates, the nature of the borrower's assets, and the general quality and creditworthiness of the borrower.

The Franklin ETF may treat all of the tranches of a loan with a covenant lite tranche as covenant lite, regardless of what tranche the Franklin ETF owns. Covenant lite loans and debt securities also generally give the borrower/issuer more flexibility if they have met certain loan terms and provide fewer investor protections if certain criteria are breached.

Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)

In seeking to achieve its investment objective, Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged):

- under normal market conditions, invests at least 80% of its net assets in investment grade corporate debt securities. Investment grade debt securities are securities that are rated at the time of purchase in the top four ratings categories by one or more independent rating organizations such as Standard & Poor's (S&P®) (rated BBB- or better) or Moody's Investors Service (Moody's) (rated Baa3 or higher) or, if unrated, are determined to be of comparable quality by the Portfolio Advisor. Corporate issuers may include corporate or other business entities in which a sovereign or governmental agency or entity may have, indirectly or directly, an interest, including a majority or greater ownership interest;
- invests primarily in U.S. dollar denominated corporate debt securities issued by U.S. and non-U.S. entities;
- seeks to be between 90-100% hedged to the Canadian dollar;
- may invest in debt securities of any maturity or duration. The Franklin ETF's focus on the credit quality of its portfolio is intended to reduce credit risk and help to preserve the Franklin ETF's capital;
- may also invest a portion of its assets in convertible securities, preferred securities, U.S. Treasury securities and derivatives whose reference securities are investment grade corporate debt;
- may invest up to 40% of its net assets in securities of non-U.S. issuers, including those in developing markets, and up to 15% of its net assets in non-U.S. dollar denominated securities;
- may invest up to 15% of its net assets in collateralized debt obligations ("CDOs"), including collateralized loan obligations ("CLOs");

- may, to the extent permitted by securities regulations, invest in credit derivatives, such as credit default swaps, credit-linked securities and credit-linked notes, for non-hedging purposes to obtain exposure to companies or financial markets. and for hedging purposes to reduce the risk position of the Franklin ETF;
- may engage, from time to time, in currency management strategies to hedge the risk of changes in currency exchange rates;
- may invest in interest rate derivatives, for hedging and non-hedging purposes, to facilitate changes in portfolio duration and/or interest rate/yield curve exposures;
- may engage in securities lending transactions, repurchase transactions and reverse repurchase transactions; and
- generally expects to invest a portion of its assets in cash, cash equivalents and high quality money market securities, including commercial paper, repurchase agreements and affiliated or unaffiliated money market funds, to manage liquidity and while seeking investment opportunities.

In choosing investments, the Portfolio Advisor selects securities in various market sectors based on its assessment of changing economic, market, industry and issuer conditions. The Portfolio Advisor uses a “top-down” analysis of macroeconomic trends, combined with a “bottom-up” fundamental analysis of market sectors, industries and issuers, to try to take advantage of varying sector reactions to economic events. The Franklin ETF’s portfolio is constructed by taking into account the Portfolio Advisor’s desired duration and yield curve exposure, total return potential, as well as the appropriate diversification and risk profile at the issue, company and industry level.

The Portfolio Advisor may seek to sell a security if: (i) the security has moved beyond the Portfolio Advisor’s fair value target and there has been no meaningful positive change in the company’s fundamental outlook; (ii) there has been a negative fundamental change in the issuer’s credit outlook that changes the Portfolio Advisor’s view of the appropriate valuation; or (iii) the Portfolio Advisor’s views on macroeconomic or sector trends or valuations have changed, making that particular issuer (or that issuer’s industry) less attractive for the Franklin ETF’s portfolio. In addition, the Portfolio Advisor may sell a security that still meets the Portfolio Advisor’s buy criteria if another security becomes available in the new issue or secondary market that the Portfolio Advisor believes has better return potential or improves the Franklin ETF’s risk profile.

Use of Derivative Instruments

A Franklin ETF may use derivative instruments from time to time for hedging or investment purposes. Any use of derivative instruments by a Franklin ETF must be in compliance with NI 81-102 and any exemptive relief obtained by the Franklin ETF from the requirements of NI 81-102 and must be consistent with the investment objectives and investment strategies of the Franklin ETF.

For example, a Franklin ETF may use futures or other derivative instruments to gain exposure to a particular security or to a class of securities in circumstances where the Portfolio Advisor has determined that synthetic exposure would be preferable to a direct investment. Derivatives also may be used for a variety of purposes that do not constitute speculation, such as risk management, seeking to stay fully invested, seeking to equitize any cash and dividend receivables, seeking to reduce transaction costs, seeking to simulate investment in equity securities or other investments, seeking to add value by using derivatives to more efficiently implement portfolio positions when derivatives are favourably priced relative to equity securities or other investments and for other purposes. In connection with its use of derivatives, a Franklin ETF may purchase or hold cash and/or fixed-income and other instruments that it may pledge or transfer as collateral or margin to its counterparties or futures commission merchants.

The derivatives most likely to be used by the Franklin ETFs are options, forwards, futures or swaps. If a Franklin ETF purchases an option, it has the right, but not the obligation, to buy or sell the underlying interest at an agreed price within a certain time period. A purchased call option gives the Franklin ETF the right to buy; a purchased put option gives the Franklin ETF the right to sell. If a Franklin ETF writes an option, it has the obligation, at the election of the holder of the option, to buy or sell the underlying interest at an agreed price within a certain time period. A written call option obliges the Franklin ETF to sell if the option is exercised; a written put option obliges the Franklin ETF to purchase if the option is exercised. A forward is a commitment to buy or sell the underlying interest for an agreed price on a future date. A future is similar to a forward, except that futures are traded on exchanges. A swap is a commitment to exchange one set of payments for another set of payments.

Securities Lending and Repurchase and Reverse Repurchase Transactions

A Franklin ETF may, in compliance with NI 81-102, lend securities to securities borrowers acceptable to it pursuant to the terms of a securities lending agreement between the Franklin ETF's securities lending agent and any such borrower under which: (i) the borrower will pay to the Franklin ETF a negotiated securities lending fee and will make compensation payments to the Franklin ETF equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the Franklin ETF will receive collateral security.

Securities lending transactions may be utilized by a Franklin ETF to provide incremental return to the Franklin ETF or to generate income for the purposes of meeting its current obligations. Any securities lending transaction entered into by a Franklin ETF must be consistent with the investment objectives of the Franklin ETF.

Under applicable securities legislation, the collateral posted by the securities borrower is required to have an aggregate value of not less than 102% of the market value of the loaned securities. The total value of the securities loaned by a Franklin ETF at any time is not permitted to exceed 50% of the net asset value of the Franklin ETF (excluding any collateral received from securities lending activities). Any cash collateral acquired by a Franklin ETF may be invested only in the securities permitted under NI 81-102 that have a remaining term to maturity of no longer than 90 days. The securities lending agent is responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

A Franklin ETF may also enter into repurchase and reverse repurchase transactions. In a repurchase transaction, a Franklin ETF sells its securities for cash through an authorized agent, while, at the same time, it assumes an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, a Franklin ETF buys securities for cash while at the same time it agrees to resell the same securities for cash (usually at a higher price) at a later date. Any such transactions must be in compliance with the requirements of NI 81-102.

Surplus Cash Management

From time to time, a Franklin ETF may receive or hold surplus cash. The Franklin ETF may temporarily hold this cash or invest it in money market instruments or other cash management investment vehicles managed by the Manager or an affiliate of the Manager. Alternatively, the Franklin ETF may use the cash to pay those operating expenses that the Franklin ETF is responsible for paying, to purchase additional securities or to increase the notional amount under its derivative instruments, as applicable.

OVERVIEW OF THE SECTORS IN WHICH THE FRANKLIN ETFS INVEST

Franklin Liberty Canadian Investment Grade Corporate ETF

Franklin Liberty Canadian Investment Grade Corporate ETF invests in investment grade corporate debt issued by Canadian corporations and Canadian dollar denominated bonds issued by foreign corporations. It may continue to hold sub-investment grade following a credit downgrade. It may also invest in asset-backed or mortgage-backed securities issued by Canadian corporations. These investments may include debt securities with different maturity dates, methodologies for interest payments (such as fixed or floating) and other attributes. Depending upon their assessment of various factors, rating agencies and other market actors may deem the securities to have varying credit qualities and thus varying risks of default.

Franklin Liberty Core Balanced ETF

Franklin Liberty Core Balanced ETF invests in Canadian, and to a lesser extent foreign, investment grade corporate and government debt. It may continue to hold sub-investment grade following a credit downgrade. It may also invest in asset-backed or mortgage-backed securities issued by Canadian corporations. These investments may include debt securities with different maturity dates, methodologies for interest payments (such as fixed or floating) and other attributes. Depending upon their assessment of various factors, rating agencies and other market actors may deem the securities to have varying credit qualities and thus varying risks of default.

The Franklin ETF also invests in Canadian, U.S. and international equities. There are many factors that can impact the market price of an equity security. These factors include specific developments relating to the company that issued the securities, conditions in the market where the securities are traded, and general economic, financial and political conditions in the country or countries where the company operates. The value of equity securities generally tends to change more frequently and varies more widely than the value of fixed-income securities.

Franklin Liberty Risk Managed Canadian Equity ETF

Franklin Liberty Risk Managed Canadian Equity ETF invests in large- and mid-capitalization equity securities as well as small-capitalization equity securities. There are many factors that can impact the market price of an equity security. These factors include specific developments relating to the company that issued the securities, conditions in the market where the securities are traded, and general economic, financial and political conditions in the country or countries where the company operates. The value of equity securities generally tends to change more frequently and varies more widely than the value of fixed-income securities.

There is a chance that returns from large- and mid-capitalization companies will trail returns from the overall stock market. Large- and mid-capitalization companies tend to go through cycles of doing better - or worse - than the stock market in general. These periods have, in the past, lasted for several years.

Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)

Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged) invests in debt securities issued by governments, government related entities (including supranational organisations supported by several national governments) and corporations worldwide. The Franklin ETF invests mainly in investment grade securities, but may invest up to 20% in non-investment grade securities and may also invest in emerging market debt securities.

There are many factors that can impact the market price of a debt security, such as interest rate fluctuations, changes in the financial condition of the issuer, market liquidity conditions and other market circumstances.

Franklin Liberty Senior Loan ETF (CAD-Hedged)

Franklin Liberty Senior Loan ETF (CAD-Hedged) normally invests between 80-95% of its net assets in senior secured income-producing floating rate corporate loans made to, and corporate debt securities or issued by, U.S. and non-U.S. entities. Senior loans typically are of below investment grade quality and have below investment grade credit ratings. These loans, compared to equivalently rated unsecured high yield bonds, typically offer a much higher recovery rate because of the added protection offered by their secured nature.

There are many factors that can impact the market price of a loan or debt security, such as interest rate fluctuations, changes in the financial condition of the issuer, market liquidity conditions and other market circumstances.

Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)

Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) invests in U.S. dollar denominated investment grade corporate debt securities issued by U.S. and non-U.S. entities. Corporate issuers may include corporate or other business entities in which a sovereign or governmental agency or entity may have, indirectly or directly, an interest, including a majority or greater ownership interest.

There are many factors that can impact the market price of a debt security, such as interest rate fluctuations, changes in the financial condition of the issuer, market liquidity conditions and other market circumstances.

The Franklin ETF is expected to have a broad allocation and will be typically exposed to a variety of sectors.

INVESTMENT RESTRICTIONS

The Franklin ETFs are subject to certain restrictions and practices contained in securities legislation, including NI 81-102. The Franklin ETFs are managed in accordance with these restrictions and practices, except as otherwise permitted

by exemptions obtained from the Canadian securities regulatory authorities (see “Exemptions and Approvals”). A change to the investment objective of a Franklin ETF would require the approval of the Unitholders of the Franklin ETF. Please see “Unitholder Matters – Matters Requiring Unitholders Approval”.

Each Franklin ETF is also restricted from making an investment or undertaking an activity that would result in such Franklin ETF failing to qualify as a “mutual fund trust” for the purposes of the Tax Act. In addition, no Franklin ETF may invest in any property or engage in any undertaking that would cause the Franklin ETF to be a SIFT trust (as defined in the Tax Act).

Exemptions and Approvals

The Franklin ETFs have obtained exemptive relief from the Canadian securities regulatory authorities to permit:

- (i) the purchase by a Unitholder of more than 20% of the Units of any Franklin ETF through purchases on the TSX or another marketplace without regard to the takeover bid requirements of applicable Canadian securities legislation;
- (ii) a Franklin ETF to borrow cash in an amount not exceeding 5% of the net assets of the Franklin ETF for a period not longer than 45 days and, if required by the lender, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distribution payable to Unitholders that represents amounts that have not yet been received by the Franklin ETF; and
- (iii) a Franklin ETF to invest in another Franklin ETF or another exchange-traded fund managed by the Manager or one of its affiliates.

Franklin Liberty Senior Loan ETF (CAD-Hedged) has obtained exemptive relief from the Canadian securities regulatory authorities to permit the Franklin ETF to borrow cash in an amount not to exceed 10% of the net assets of the Franklin ETF as a temporary measure to accommodate requests for redemptions of Units of the Franklin ETF.

In addition, each Franklin ETF has obtained exemptive relief from the Canadian securities regulatory authorities from the requirement to include in the prospectus a certificate of an underwriter.

FEES AND EXPENSES

This section details the fees and expenses that a Unitholder may have to pay if the Unitholder invests in the Franklin ETFs. A Unitholder may have to pay some of these fees and expenses directly. The Franklin ETFs may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the Franklin ETFs.

Fees and Expenses Payable by the Franklin ETFs

Management Fee

Each Franklin ETF pays a management fee to the Manager based on the annual rate set forth in the table below and the NAV of the Units of the Franklin ETF. This management fee is calculated and accrued daily and paid monthly and is subject to applicable taxes such as HST. This management fee covers the Manager’s and Portfolio Advisor’s fees and costs associated with acting as the manager and the portfolio advisor, respectively, of the applicable Franklin ETF and other fees and expenses payable by the Manager in connection with each Franklin ETF, which include the custody and safekeeping fees payable to the Custodian and the fees payable to the Registrar and Transfer Agent, the Fund Administrator, the auditor and other service providers retained by the Manager as described under “Organization and Management Details of the Franklin ETFs – Manager of the Franklin ETFs – Duties and Services to be Provided by the Manager”.

Franklin ETF	Management fee (annual rate)
Franklin Liberty Canadian Investment Grade Corporate ETF	0.40% (0.35%)* of NAV
Franklin Liberty Core Balanced ETF	0.45% of NAV
Franklin Liberty Risk Managed Canadian Equity ETF	0.30% of NAV
Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)	0.35% of NAV

Franklin Liberty Senior Loan ETF (CAD-Hedged)	0.45% of NAV
Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)	0.35% of NAV

* effective May 1, 2018

Management Fee Distributions

In respect of large investments in a Franklin ETF by a particular Unitholder or for other purposes, the Manager may, in its discretion, agree to charge the Franklin ETF a reduced management fee as compared to the management fee that it otherwise would be entitled to receive, provided that an amount equal to the reduction in the management fee is distributed periodically by the Franklin ETF to the Unitholder as a management fee distribution. The availability and amount of these management fee distributions is determined by the Manager in its sole discretion. The Manager reserves the right to discontinue or change this management fee distribution program at any time. Management fee distributions are paid first out of income and capital gains of the Franklin ETF, and then out of capital. The tax consequences of a management fee distribution will generally be borne by the Unitholder who receives the distribution.

Certain Operating Expenses

In addition to the applicable management fee, the operating expenses payable by each Franklin ETF are: (i) borrowing and interest costs; (ii) brokerage expenses and related transaction fees, including transaction-related fees payable to the Custodian or its agents; (iii) the fees under any derivative instrument used by the applicable Franklin ETF; (iv) investor meeting costs (as permitted by Canadian securities regulation); (v) the fees and expenses relating to the operation of the IRC; (vi) any costs and expenses associated with litigation for the benefit of a Franklin ETF or brought to pursue rights on behalf of a Franklin ETF; (vii) the costs of complying with governmental or regulatory requirements introduced after the creation of the applicable Franklin ETF, including, without limitation, any new fees or increases in fees, or the costs of complying with any material change to existing governmental or regulatory requirements introduced after the creation of the applicable Franklin ETF, including, without limitation, extraordinary increases to regulatory filing fees; (viii) the fees related to external services that are not commonly charged in the Canadian exchange-traded fund industry as of the creation of the applicable Franklin ETF; (ix) any costs associated with the termination of a Franklin ETF that may be allocated by the Manager to the Franklin ETF; (x) any extraordinary expenses; and (xi) any applicable taxes, including income, withholding or other taxes and also including goods and services or harmonized sales taxes on expenses.

The Manager may decide, in its discretion, to pay for some of these operating expenses that are otherwise payable by a Franklin ETF, rather than having the Franklin ETF incur such operating expenses. The Manager is under no obligation to do so and, if any operating expenses are reimbursed by the Manager, it may discontinue this practice at any time.

Fund of Funds

A Franklin ETF may, in accordance with applicable securities laws and, if applicable, exemptive relief obtained by the Franklin Templeton mutual funds, including the Franklin ETFs, invest in other Franklin Templeton exchange-traded funds, other investment funds managed by the Manager or its affiliates and other exchange-traded funds managed by third parties. With respect to such investments, no management or incentive fees are payable by the Franklin ETF that, to a reasonable person, would duplicate a fee payable by the other investment funds for the same service. Where a Franklin ETF invests in another exchange-traded fund or other investment fund managed by the Manager or its affiliates and such other fund pays a management fee to the Manager that is higher than the management fee payable by the Franklin ETF, the Manager will adjust the management fee payable by the Franklin ETF to ensure that the total annual fees paid directly or indirectly to the Manager by the Franklin ETF does not exceed the annual management fee set out above for the Franklin ETF. Where a Franklin ETF invests in an exchange-traded fund that is not managed by the Manager or its affiliate, the fees and expenses payable in connection with the management of that exchange-traded fund, including management and incentive fees, are not duplicative and are in addition to those payable by the Franklin ETF. No sales or redemption fees are payable by the Franklin ETF in relation to any purchase or redemption of the securities of such investment funds. Commissions may apply to the purchase or sale of exchange-traded fund securities.

Fees and Expenses Payable Directly by Unitholders

Other Charges

An amount may be charged to the Designated Broker or a Dealer to offset certain transaction and other costs associated with the listing, issue, exchange and/or redemption of Units of a Franklin ETF. This charge, which is payable to the applicable Franklin ETF, does not apply to Unitholders who buy and sell their Units through the facilities of the TSX or another exchange or marketplace. See “Purchase of Units” and “Redemption of Units”.

ANNUAL RETURNS, MANAGEMENT EXPENSE RATIOS AND TRADING EXPENSE RATIOS

The indicated rates of return below are historical total returns. These returns assume the reinvestment of distributions which increases returns, but do not take into account customary brokerage commissions for buying or selling Units on the TSX, administrative fees or income taxes payable by any Unitholder that would have reduced the returns. Where a Franklin ETF was in distribution for less than a full financial year, the management expense ratio indicated has been annualized.

The New Franklin ETFs and Franklin Liberty Core Balanced ETF have not been included in this table because they have not yet filed an annual MRFP. The returns and management expense ratio information for the New Franklin ETFs and Franklin Liberty Core Balanced ETF will be disclosed in their semi-annual MRFPs filed after the date of this prospectus.

The management expense ratio is calculated based on the total expenses of the Franklin ETF (including goods and services tax, harmonized sales tax and interest, but excluding brokerage commissions and other portfolio transaction costs), and, if applicable, the Franklin ETF allocated percentage of any underlying fund’s expenses, and is expressed as an annualized percentage of daily average NAV of the Franklin ETF during the period.

The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV of the Franklin ETF during the period, and relates to the Franklin ETF as a whole. Fixed-income investments are generally traded on a net basis and do not normally involve brokerage commissions.

Franklin Canadian Investment Grade Corporate ETF	
	2017
Annual returns on NAV ⁽¹⁾	-2.30%
Management Expense Ratio	0.45%
Trading Expense Ratio	0.00%

Franklin Liberty Risk Managed Canadian Equity ETF	
	2017
Annual returns on NAV ⁽¹⁾	0.80%
Management Expense Ratio	0.34%
Trading Expense Ratio	0.09%

⁽¹⁾ Returns for the period April 18, 2017 to September 30, 2017

RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units.

Risks Relating to an Investment in the Franklin ETFs

Large Transaction Risk

Units may be bought by other mutual funds, investment funds or segregated funds, including mutual funds managed by the Manager, financial institutions in connection with other investment offerings and/or investors who participate

in an asset allocation program or model portfolio program. Independently or collectively, these other parties may, from time to time, purchase, hold or sell a large proportion of a Franklin ETF's Units. A large purchase of a Franklin ETF's Units could result in a subscription of additional Units by a Designated Broker or Dealer, which could create a relatively large cash position in that Franklin ETF's portfolio. The presence of this cash position may adversely impact the performance of the Franklin ETF. The investment of this cash position may also result in significant incremental trading costs, although these costs are generally borne by the applicable Dealer. Conversely, a large sale of a Franklin ETF's Units could result in a large redemption of Units by a Designated Broker or Dealer, which may require the Franklin ETF to sell portfolio investments so that it can pay the redemption proceeds. This sale may impact the market value of those portfolio investments and it may accelerate or increase the payment of capital gains distributions or capital gains dividends to these investors. In addition, this sale may result in significant incremental trading costs, although these costs are generally borne by the applicable Dealer.

Portfolio Management Risk

All actively managed mutual funds are dependent on their portfolio advisor(s) to select individual securities or other investments and, therefore, are subject to the risk that poor security selection or market allocation will cause a mutual fund to underperform relative to its benchmark or other mutual funds with similar investment objectives.

Derivatives Risk

The Franklin ETFs may use derivatives to pursue their investment objectives. Generally, a derivative is a contract between two parties whose value is determined with reference to the market price of an asset, such as a currency, commodity or stock, or the value of an index or an economic indicator, such as a stock market index or a specified interest rate (the "**underlying interest**").

Some derivatives are settled by one party's delivery of the underlying interest to the other party; others are settled by a cash payment representing the value of the contract.

The use of derivatives carries several risks, including: (i) there is no guarantee that a market will exist for some derivatives, which could prevent a Franklin ETF from selling or exiting the derivative prior to the maturity of the contract. The risk may restrict a Franklin ETF's ability to realize its profits or limit its losses; (ii) it is possible that the other party to the derivative contract ("**counterparty**") will fail to perform its obligations under the contract, resulting in a loss to the Franklin ETF; (iii) when entering into a derivative contract, the Franklin ETF may be required to provide margin or collateral to the counterparty. If the counterparty becomes insolvent, the Franklin ETF could lose its margin or its collateral or incur expenses to recover it; (iv) some Franklin ETFs may use derivatives to reduce certain risks associated with investments in foreign markets, currencies or specific securities. Using derivatives for these purposes is called hedging. Hedging may not be effective in preventing losses. Hedging may also reduce the opportunity for gain if the value of the hedged investment rises, because the derivative could incur an offsetting loss. Hedging may also be costly or difficult to implement; and (v) securities and commodities exchanges could set daily trading limits on options and futures. Such rule changes could prevent a Franklin ETF from completing a futures or options transaction, causing the Franklin ETF to realize a loss because it cannot hedge properly or limit a loss.

Trading Price of Units Risk

Units of the Franklin ETFs may trade in the market at a premium or a discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV per Unit. The trading price of the Units will fluctuate in accordance with changes in a Franklin ETF's NAV, as well as market supply and demand on the TSX or another exchange or marketplace. Thus, you may pay more (or less) than NAV when you buy Units of a Franklin ETF in the secondary market, and you may receive less (or more) than NAV when you sell those Units in the secondary market. The Manager cannot predict whether Units will trade above (premium), below (discount) or at NAV. However, as the Designated Broker and Dealers subscribe for and exchange Prescribed Number of Units of a Franklin ETF at the NAV per Unit, large discounts or premiums to NAV should not be sustained.

Designated Broker and Dealer Concentration Risk

Only the Designated Broker and Dealers may engage in subscription or redemption transactions for Prescribed Number of Units directly with a Franklin ETF. Each Franklin ETF has a limited number of institutions that act as the

Designated Broker and as Dealers. To the extent that these institutions exit the business or are unable to proceed with subscription and/or redemption orders for Prescribed Number of Units with respect to the Franklin ETF and no other Designated Broker or Dealers are able to step forward to subscribe for or redeem a Prescribed Number of Units, the Units of the Franklin ETF may trade at a discount to NAV and possibly face trading halts and/or delisting. This risk may be more pronounced in volatile markets, potentially where there are significant redemptions in ETFs generally.

Illiquidity Risk

A security is illiquid if it cannot be sold at an amount that at least approximates the amount at which the security is valued. Illiquidity can occur if the securities have sale restrictions, if the securities do not trade through normal market facilities, if there is simply a shortage of buyers or for other reasons. In highly volatile markets, such as in periods of sudden interest rate changes or severe market disruptions, securities that were previously liquid may suddenly and unexpectedly become illiquid. Illiquid securities are more difficult to sell, and a Franklin ETF may be forced to accept a discounted price.

Absence of Active Market and Performance Risk

The New Franklin ETFs are newly organized exchange-traded funds with no previous operating history. Although the Franklin ETFs are, or will be, listed on the TSX, there can be no assurance that an active public market for the Units will develop or be sustained. A Franklin ETF's past performance (before and after taxes) is not necessarily an indication of how the Franklin ETF will perform in the future.

Halted Trading of Units Risk

Trading of Units on the TSX may be halted by the activation of individual or market-wide "circuit breakers" (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). Trading of Units may also be halted if: (i) the Units are delisted from the TSX without first being listed on another exchange; or (ii) TSX officials determine that such action is appropriate in the interest of a fair and orderly market or to protect Unitholders.

Cyber Security Risk

As the use of technology has become more prevalent in the course of business, the Franklin ETFs have become potentially more susceptible to operational risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause a Franklin ETF to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause the Franklin ETF to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Cyber security breaches may involve unauthorized access to a Franklin ETF's digital information systems (e.g., through "hacking" or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cyber security breaches of a Franklin ETF's third party service providers (e.g., Custodian, Fund Administrator and Securities Lending Agent) or issuers that the Franklin ETF invests in can also subject the Franklin ETF to many of the same risks associated with direct cyber security breaches. Like with operational risk in general, the Manager has established risk management systems designed to reduce the risks associated with cyber security. However, there is no guarantee that such efforts will succeed, especially since the Manager does not directly control the cyber security systems of issuers or third party service providers.

Taxation Risk

The Franklin ETFs will be subject to certain tax risks generally applicable to Canadian investment funds, including the following.

Each Franklin ETF is expected to qualify or be deemed to qualify at all material times as a mutual fund trust under the Tax Act. If a Franklin ETF does not qualify or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Income Tax Considerations" could be materially and adversely different in some respects.

There can be no assurance that the CRA will agree with the tax treatment adopted by a Franklin ETF in filing its tax return. The CRA could reassess a Franklin ETF on a basis that results in tax being payable by the Franklin ETF or in an increase in the taxable component of distributions considered to have been paid to Unitholders. A reassessment by the CRA may result in a Franklin ETF being liable for unremitted withholding tax on prior distributions to non-resident Unitholders. Such liability may reduce the NAV of, or trading prices of, Units of the Franklin ETF.

A Franklin ETF would be a SIFT trust (as defined in the Tax Act) if it held a “non-portfolio property” (as defined in the Tax Act). A Franklin ETF that is a SIFT trust will generally be subject to tax at rates applicable to a Canadian corporation on income from a non-portfolio property and net taxable capital gains realized on the disposition of a non-portfolio property. Unitholders who receive distributions from a Franklin ETF of this type of income and capital gains are deemed to receive an eligible dividend from a Canadian corporation for tax purposes. The total of the tax payable by a Franklin ETF on its non-portfolio earnings and the tax payable by a Unitholder on the distribution of those earnings will generally be more than the tax that would have been payable in the absence of the tax rules that apply to a SIFT trust. The Declaration of Trust requires each Franklin ETF to restrict its investments and activities so that it will not be a SIFT trust (as defined in the Tax Act).

Legislation Risk

Securities, tax or other regulators make changes to legislation, rules and administrative practice. Those changes may have an adverse impact on the value of a Franklin ETF.

Securities Lending Transaction, Repurchase Transaction and Reverse Repurchase Transaction Risk

The Franklin ETFs are eligible to enter into securities lending transactions, repurchase transactions and reverse repurchase transactions. In a securities lending transaction, a Franklin ETF lends its securities through an authorized agent to another party in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, a Franklin ETF sells a security at one price and simultaneously agrees to buy it back at a fixed price. In a reverse repurchase transaction, a Franklin ETF buys a security at one price and simultaneously agreeing to sell it back at a higher price. Some of the general risks associated with these transactions include: (i) when entering into these transactions, a Franklin ETF is subject to the credit risk that the other party to the transaction may go bankrupt or may default under the agreement and the Franklin ETF would be forced to make a claim in order to recover its investment; (ii) in the case of a securities lending transaction, when recovering its investment on a default, a Franklin ETF could incur a loss if the value of the securities loaned has increased in value relative to the value of the collateral held by the Franklin ETF; and (iii) in the case of a repurchase transaction or a reverse repurchase transaction, the value of the purchased securities may drop or the value of the sold securities may rise between the time the other party becomes insolvent and the time the Franklin ETF recovers its investment.

Series Risk

Each Franklin ETF may offer more than one series of units. If one series of units of a Franklin ETF is unable to pay its expenses or satisfy its liabilities, then the assets of the other series of that Franklin ETF will be used to pay the expenses or satisfy the liability. This could lower the investment returns of the other series.

Borrowing Risk

From time to time, a Franklin ETF may borrow cash as a temporary measure to fund the portion of a distribution payable to its Unitholders that represents amounts that have not yet been received by the Franklin ETF. Each Franklin ETF is limited to borrowing up to the amount of the unpaid distribution and, in any event, not more than 5% of the net assets of that Franklin ETF. There is a risk that a Franklin ETF will not be able to repay the borrowed amount because it is unable to collect the distribution from the applicable issuer. Under these circumstances, the Franklin ETF would repay the borrowed amount by disposing of portfolio assets.

Franklin Liberty Senior Loan ETF (CAD-Hedged) has received exemptive relief from the Canadian securities regulatory authorities in order to utilize a credit facility to accommodate requests for the exchange or redemption of its Units while the Franklin ETF settles portfolio transactions initiated to satisfy such requests. Franklin Liberty Senior Loan ETF (CAD-Hedged) may utilize such credit facility so long as, among other requirements, the amount of all borrowings of the Franklin ETF does not exceed 10% of its net asset value at the time of borrowing. Such indebtedness

will be secured by the assets of Franklin Liberty Senior Loan ETF (CAD-Hedged). Additionally, there will be interest expense and banking fees incurred in respect of the credit facility.

Fluctuations in NAV Risk

The NAV per Unit of a Franklin ETF will vary according to, among other things, the value of the securities held by the Franklin ETF. The Manager and the Franklin ETF have no control over the factors that affect the value of the securities held by the Franklin ETF, including factors that affect the equity markets generally, such as general economic and political conditions and factors unique to each issuer of the securities held by the Franklin ETF, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

Additional Risks Relating to an Investment in one or more Franklin ETFs

In addition to the above risk factors, the following additional risk factors are inherent in an investment in one or more of the Franklin ETFs as indicated in the table below. A description of each of these risks, listed in alphabetical order, follows the table.

Franklin ETF	Additional Risks
Franklin Liberty Canadian Investment Grade Corporate ETF	asset-backed and mortgage-backed securities risk; credit risk; interest rate risk; reinvestment risk
Franklin Liberty Core Balanced ETF	asset-backed and mortgage-backed securities risk; credit risk; foreign investment risk; interest rate risk; market risk; reinvestment risk; small company risk
Franklin Liberty Risk Managed Canadian Equity ETF	dividend-oriented companies risk; market risk; small company risk
Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)	asset-backed and mortgage-backed securities risk; credit risk; foreign currency hedging risk; foreign investment risk; interest rate risk; reinvestment risk
Franklin Liberty Senior Loan ETF (CAD-Hedged)	asset-backed and mortgage backed securities risk; covenant lite loan risk; credit risk; foreign currency hedging risk; interest rate risk; reinvestment risk; senior loans risk; loan assignments and participations risk; when issued and delayed delivery transactions risk; senior loans settlement risk
Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)	asset-backed and mortgage-backed securities risk; credit risk; foreign currency hedging risk; interest rate risk; reinvestment risk

Asset-Backed and Mortgage-Backed Securities Risk

Asset-backed securities are debt obligations that are backed by pools of consumer or business loans. Some asset-backed securities are short-term debt obligations, called asset-backed commercial paper (“**ABCP**”). Mortgage-backed securities are debt obligations backed by pools of mortgages on commercial or residential real estate. If there are changes in the market perception of the issuers of these types of securities, or in the creditworthiness of the parties involved, then the value of the securities may be affected. In addition, for ABCP, there is a risk that there may be a mismatch in timing between the cash flow of the underlying assets backing the security and the repayment obligation of the security upon maturity. In the use of mortgage-backed securities, there is also a risk that there may be a drop in the interest rates charged on the mortgages, a mortgagor may default on its obligations under a mortgage or there may be a drop in the value of the property secured by the mortgage.

Covenant Lite Loan Risk

Franklin Liberty Senior Loan ETF (CAD-Hedged) may experience relatively greater realized or unrealized losses or delays in enforcing its rights on its holdings of certain covenant lite loans and debt securities than its holdings of loans or securities with the usual covenants.

Credit Risk

This is the risk that an issuer of a bond or other fixed income security will not be able to pay interest or repay the principal when it is due. This risk is generally lower if the issuer has a high credit rating from an independent credit rating agency while it is generally higher if the issuer has a low credit rating or no credit rating. The prices of securities with lower credit ratings tend to fluctuate more than prices of securities with higher credit ratings.

Dividend-Oriented Companies Risk

Companies that have historically paid regular dividends to shareholders may decrease or eliminate dividend payments in the future. A decrease in dividend payments by an issuer may result in a decrease in the value of the issuer's securities and less available income for the Franklin ETF.

Foreign Currency Hedging Risk

Certain Franklin ETFs will invest in derivatives, such as forward contracts, to attempt to eliminate the effect of changes in exchange rates, however there is no guarantee that attempts to hedge currency risk will be successful and no hedging strategy can eliminate currency risk entirely. There may be an imperfect historical correlation between the behavior of the derivative instrument and the currency being hedged. Any historical correlation may not continue for the period during which the hedge is in place. In addition, the inability to close out derivative positions could prevent a Franklin ETF from investing in derivatives to effectively hedge its currency exposure. Should a hedging strategy be incomplete or unsuccessful, the value of that Franklin ETF's assets and income can remain vulnerable to fluctuations in currency exchange rates. There may be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the relevant Franklin ETF.

Foreign Investment Risk

The value of foreign securities may be influenced by the policies of foreign governments and by political, economic or social instability. There may be less information about foreign companies than North American firms and there may be lower standards of government supervision and regulation in foreign financial markets. The legal systems of some foreign countries may not adequately protect Unitholders' rights. Some or all of these factors could make a foreign investment more or less volatile than a North American investment. If a Franklin ETF holds these securities, it may have difficulty enforcing legal rights in jurisdictions outside Canada.

Interest Rate Risk

The interest rate on a bond is set when it is issued. When interest rates fall, the price of existing bonds will rise because existing bonds pay higher rates than new bonds, and are therefore worth more. On the other hand, when interest rates rise, the price of existing bonds will fall. The value of a Franklin ETF that invests in bonds will be affected by changes in interest rates. The value of debt securities that pay a floating or variable rate of interest are generally less price sensitive to interest rate changes.

Franklin ETFs that invest in convertible securities also carry interest rate risk. These securities provide a fixed income stream, so their value varies inversely with interest rates, just like bond prices. However, because they can be converted into common shares, convertible securities are less affected by interest rate fluctuations than bonds.

Market Risk

There are risks associated with being invested in the equity markets generally. The market value of a Franklin ETF's investments will rise and fall based on specific company developments and broader equity market conditions. Market value will also vary with changes in the general economic and financial conditions in countries where the investments are based. When there are more sellers than buyers, prices tend to fall. Likewise, when there are more buyers than sellers, prices tend to rise. Stock prices tend to go up and down more dramatically than those of debt securities. A slower-growth or recessionary economic environment could have an adverse effect on the prices of the various stocks held by a Franklin ETF.

Reinvestment Risk

A Franklin ETF that invests in bonds and other fixed income securities may carry the risk that interest income or principal repayments from the Franklin ETF's investments will be reinvested at lower interest rates in the event of a declining rate environment.

Senior Loans Risk

Franklin Liberty Senior Loan ETF (CAD-Hedged) invests in senior loans. The senior loans in which the Franklin ETF invests are usually rated below investment grade. There is less readily available, reliable information about most senior loans than is the case for many other types of securities. An economic downturn generally leads to a higher non-payment rate, and a senior loan may lose significant value before a default occurs. Moreover, any specific collateral used to secure a senior loan may decline in value or become illiquid, which would adversely affect the senior loan's value. Furthermore, increases in interest rates may result in greater volatility of senior loans and average duration may fluctuate with fluctuations in interest rates. No active trading market may exist for certain senior loans, which may impair the ability of the Franklin ETF to realize full value in the event of the need to sell a senior loan and which may make it difficult to value senior loans. Although senior loans in which the Franklin ETF will invest generally will be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal or that such collateral could be readily liquidated. To the extent that a senior loan is collateralized by stock in the borrower or its subsidiaries, such stock may lose all of its value in the event of the bankruptcy of the borrower. In addition, if the loan is foreclosed, the Franklin ETF could become part owner of any collateral and could bear the costs and liabilities of owning and disposing of the collateral. Uncollateralized senior loans involve a greater risk of loss.

Loan Assignments and Participations Risk

Franklin Liberty Senior Loan ETF (CAD-Hedged) may acquire a direct interest in a loan from the agent or another lender by assignment or an indirect interest in a loan as a participation in another lender's portion of a loan. The Franklin ETF may sell loans it holds by way of an assignment, or may sell participation interests in such loans.

As the purchaser of an assignment, Franklin Liberty Senior Loan ETF (CAD-Hedged) typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation. As the purchaser of an assignment, the Franklin ETF may not be able to unilaterally enforce all rights and remedies under the loan and with regard to any associated collateral. Because assignments may be arranged through private negotiations between potential assignees and potential assignors, the rights and obligations acquired by the Franklin ETF as the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender. The Franklin ETF may be required to pass along to a purchaser that buys a loan from the Franklin ETF by way of assignment a portion of any fees to which the Franklin ETF is entitled under the loan. In connection with purchasing participations, the Franklin ETF generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the Franklin ETF may not directly benefit from any collateral supporting the loan in which it has purchased the participation. As a result, the Franklin ETF will be subject to the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, the Franklin ETF may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

When Issued and Delayed Delivery Transactions Risk

Franklin Liberty Senior Loan ETF (CAD-Hedged) may purchase and sell interests in senior loans and other portfolio securities on a when issued and delayed delivery basis. No income accrues to the Franklin ETF on such interests or securities in connection with such purchase transactions prior to the date that the Franklin ETF actually takes delivery of such interests or securities. These transactions are subject to market fluctuation; the value of the interests in senior loans and other portfolio debt securities at delivery may be more or less than their purchase price and yields generally available on such interests or securities when delivery occurs may be higher or lower than yields on the interests or securities obtained pursuant to such transactions. Because the Franklin ETF relies on the buyer or seller, as the case may be, to consummate the transaction, failure by the other party to complete the transaction may result in the Franklin ETF missing the opportunity of obtaining a price or yield considered to be advantageous. When the Franklin ETF is the buyer in such a transaction, however, it will maintain, in a segregated account with its custodian, cash, liquid

securities or liquid senior loans having an aggregate value at least equal to the amount of such purchase commitments until payment is made. The Franklin ETF will make commitments to purchase such interests or securities on such basis only with the intention of actually acquiring these interests or securities, but the Franklin ETF may sell such interests or securities prior to the settlement date if such sale is considered to be advisable. To the extent the Franklin ETF engages in when issued and delayed delivery transactions, it will do so for the purpose of acquiring interests or securities for the Franklin ETF's portfolio consistent with the Franklin ETF's investment objective and policies and not for the purpose of investment leverage. No specific limitation exists as to the percentage of the Franklin ETF's assets that may be used to acquire securities on a when issued or delayed delivery basis.

Senior Loans Settlement Risk

Portfolio transactions in senior loans take an approximate average of 7 days to settle, and in some cases much longer. Unlike the equity markets, there is no central clearinghouse for loan trades, and the loan market has not established enforceable settlement standards or remedies for failure to settle. This potentially longer settlement timeline may create a mismatch between the settlement time for a senior loan and the time in which an investment fund holding the senior loan as an investment must settle redemption requests from its investors.

Small Company Risk

A Franklin ETF may invest in securities issued by small capitalization companies. Securities issued by small companies may be more volatile in price than those of larger companies, involve substantial risks and should be considered speculative. Such risks may include greater sensitivity to economic conditions, less certain growth prospects, lack of depth of management and funds for growth and development, and limited or less developed product lines and markets. In addition, small companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans.

RISK CLASSIFICATION METHODOLOGY

The investment risk level of each Franklin ETF is required to be determined in accordance with a standardized risk classification methodology that is based on the historical volatility of the Franklin ETF, as measured by the 10-year standard deviation of the returns of the Franklin ETF. As the New Franklin ETFs are new and the Existing Franklin ETFs have less than 10 years of performance history, the Manager calculates the investment risk level of each Franklin ETF using a reference index that is expected to reasonably approximate the standard deviation of the Franklin ETF. Once a Franklin ETF has 10 years of performance history, the methodology will calculate the standard deviation of the Franklin ETF using the return history of the Franklin ETF rather than that of the reference index. In each case, the Franklin ETFs are assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

The following chart sets out a description of the reference index used for each Franklin ETF:

Franklin ETF	Reference Index
Franklin Liberty Canadian Investment Grade Corporate ETF	FTSE TMX Canada Corporate Bond Index – comprises primarily semi-annual payment fixed rate corporate bonds issued domestically in Canada and denominated in Canadian dollars, with an investment grade rating and a remaining effective term to maturity of at least one year.
Franklin Liberty Core Balanced ETF	<ul style="list-style-type: none"> • 45% FTSE TMX Canada Universe Bond Index • 27.5% S&P/TSX Composite TRI • 27.5% S&P 500 TRI (Unhedged CAD) <p>This is a blended benchmark comprised of broad indices representing the fixed income and equity markets in Canada and equity market in the U.S. The weight of each index within the blended benchmark is a reflection of the neutral allocation of each corresponding component of the portfolio.</p>
Franklin Liberty Risk Managed Canadian Equity ETF	S&P/TSX Composite Total Return Index – measures the total return (dividends are reinvested) of the largest Canadian companies, in terms of three-year average quoted market value, listed on the TSX.

Franklin ETF	Reference Index
Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)	Bloomberg Barclays Global Aggregate (100% Hedged into CAD) Index – measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.
Franklin Liberty Senior Loan ETF (CAD-Hedged)	Credit Suisse Leveraged Loan Index – tracks the investable market of the U.S. dollar denominated leveraged loan market. It consists of issues rated “5B” or lower, meaning that the highest rated issues included in this index are Moody’s/S&P ratings of Baa1/BB+ or Ba1/BBB+. All loans are funded term loans with a tenor of at least one year and are made by issuers domiciled in developed countries.
Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)	Bloomberg Barclays U.S. Corporate (CAD) Hedged Index – measures the investment grade, fixed-rate, taxable corporate bond market. It includes U.S. dollar denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Unitholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk ratings of the Franklin ETFs set out below are reviewed annually and anytime they are no longer reasonable in the circumstances. A more detailed explanation of the risk classification methodology used to identify the risk ratings of the Franklin ETFs is available on request, at no cost, by calling toll-free 1-800-387-0830 or by writing to Franklin Templeton Investments Corp., 200 King Street West, Suite 1500, Toronto, Ontario, M5H 3T4.

Franklin ETF	Risk Rating
Franklin Liberty Canadian Investment Grade Corporate ETF	low
Franklin Liberty Core Balanced ETF	low to medium
Franklin Liberty Risk Managed Canadian Equity ETF	medium
Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)	low
Franklin Liberty Senior Loan ETF (CAD-Hedged)	low to medium
Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)	medium

DISTRIBUTION POLICY

Distributions

Cash distributions on Units of Franklin Liberty Canadian Investment Grade Corporate ETF, Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged), Franklin Liberty Senior Loan ETF (CAD-Hedged) and Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) will be paid on a monthly basis. Cash distributions on Units of Franklin Liberty Core Balanced ETF and Franklin Liberty Risk Managed Canadian Equity ETF will be paid on a quarterly basis. The Manager may, in its discretion, change the frequency of cash distributions, and will issue a press release if such a change is made or the Manager may make additional distributions if determined to be appropriate.

Cash distributions from Franklin Liberty Canadian Investment Grade Corporate ETF, Franklin Liberty Core Balanced ETF, Franklin Liberty Core Balanced ETF, Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged), Franklin Liberty Senior Loan ETF (CAD-Hedged) and Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) are expected to consist primarily of income but may include capital gains and/or returns of capital. Cash distributions from Franklin Liberty Risk Managed Canadian Equity ETF are expected to consist primarily of income and capital gains but may include returns of capital. Distributions are not fixed or guaranteed.

Each Franklin ETF distributes a sufficient amount of its net income and net realized capital gains to Unitholders for each taxation year so that the Franklin ETF will not be liable for ordinary income tax. To the extent that a Franklin ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, it will pay a distribution to Unitholders at the end of the year and that distribution will be automatically reinvested in additional Units. Immediately following such reinvestment, the number of Units outstanding will be consolidated so that the

NAV per Unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

A Unitholder that subscribes for Units during the period that is one business day before a distribution record date until that distribution record date will not be entitled to receive the applicable distribution in respect of those Units. Income and/or capital gains of a Franklin ETF may be distributed to a Unitholder as part of the price paid to the Unitholder on the exchange or redemption of Units.

Management fee distributions, if any, will be paid generally first out of the net income and net realized capital gains of a Franklin ETF and then out of capital.

The tax treatment to Unitholders of distributions is discussed under the heading “Income Tax Considerations”.

PURCHASES OF UNITS

Continuous Distribution

Units of the Franklin ETFs are being offered on a continuous basis and there is no maximum number of Units that may be issued.

Initial Investment in the New Franklin ETFs

In compliance with NI 81-102, a New Franklin ETF will not issue Units to the public until subscriptions aggregating not less than \$500,000 have been received by the New Franklin ETF from Unitholders, other than persons or companies related to the Manager or its affiliates and have been accepted by the New Franklin ETF.

Designated Brokers

The Manager, on behalf of each Franklin ETF, has entered into a designated broker agreement with a Designated Broker pursuant to which the Designated Broker has agreed to perform certain duties relating to the Franklin ETF including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the TSX’s original listing requirements; (ii) to subscribe for Units when cash redemptions of Units occur as described under “Redemption of Units”; and (iii) to post a liquid two-way market for the trading of Units on the TSX.

In accordance with the designated broker agreement, the Manager may from time to time require the Designated Broker to subscribe for Units of a Franklin ETF for cash.

Issuance of Units

To Designated Brokers and Dealers

Generally, all orders to purchase Units directly from a Franklin ETF must be placed by the Designated Broker or a Dealer. Each Franklin ETF reserves the absolute right to reject any subscription order placed by the Designated Broker or a Dealer. No fees will be payable by a Franklin ETF to the Designated Broker or a Dealer in connection with the issuance of Units. On the issuance of Units of a Franklin ETF, an amount may be charged to the Designated Broker or a Dealer to offset the expenses incurred in issuing the Units.

After the initial issuance of Units to the Designated Broker to satisfy the TSX’s original listing requirements, on any Trading Day, a Dealer (who may also be a Designated Broker) may place a subscription order for a Prescribed Number of Units (and any additional multiple thereof) of a Franklin ETF. If a subscription order is received by the Franklin ETF by the applicable Cut-Off Time on a Trading Day, the Franklin ETF will issue to the Dealer a Prescribed Number of Units (and any additional multiple thereof) based on the NAV per Unit determined on the applicable Trading Day. If a subscription order is not received by the applicable Cut-Off Time on a Trading Day, subject to the discretion of the Manager, the subscription order will be deemed to be received only on the next Trading Day.

For each Prescribed Number of Units issued, a Dealer must deliver payment consisting of, depending on the terms of the agreement with the Dealer or in the Manager’s discretion: (i) one Basket of Securities and cash in an amount

sufficient so that the value of the securities and the cash received is equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order; or (ii) cash in an amount equal to the aggregate NAV per Unit of the Prescribed Number of Units next determined following the receipt of the subscription order.

The Manager will make available to the Designated Brokers and the Dealers information as to the Prescribed Number of Units and any Basket of Securities for each Franklin ETF for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

To Designated Brokers in Special Circumstances

Units may also be issued by a Franklin ETF to the Designated Broker in certain special circumstances, including when cash redemptions of Units occur as described under “Redemption of Units – Redemption of Units for Cash”.

To Unitholders

Units may be issued by a Franklin ETF to Unitholders on the automatic reinvestment of certain distributions as described under “Distribution Policy – Distributions”, and “Income Tax Considerations — Taxation of the Franklin ETFs”.

Buying and Selling Units

The Units of the Existing Franklin ETFs are listed on the TSX and a Unitholder may buy or sell Units of the Existing Franklin ETFs on the TSX or another exchange or marketplace through registered brokers and dealers in the province or territory where the Unitholder resides.

The Manager, on behalf of each of the New Franklin ETFs, has applied to list the Units of the New Franklin ETFs on the TSX. The TSX has conditionally approved the listing of the Units and subject to satisfying the TSX’s original listing requirements by March 12, 2019, the Units of the New Franklin ETFs will be listed on the TSX and a Unitholder will be able to buy or sell the Units of the New Franklin ETFs on the TSX or another exchange or marketplace through registered brokers and dealers in the province or territory where the Unitholder resides.

Unitholders may incur customary brokerage commissions in buying or selling Units. No fees are paid by a Unitholder to the Manager or the Franklin ETFs in connection with the buying or selling of Units on the TSX or another exchange or marketplace. Unitholder may trade Units in the same way as other securities listed on the TSX, including by using market orders and limit orders.

Units may not be purchased by nor transferred to U.S. Persons, as defined in Regulation S under the United States Securities Act of 1933, as amended.

Special Considerations for Unitholders

The provisions of the so-called “early warning” reporting requirements in Canadian securities legislation do not apply if a person or company acquires 10% or more of the Units of a Franklin ETF. The Franklin ETFs have obtained exemptive relief to permit Unitholders to acquire more than 20% of the Units of any Franklin ETF through purchases on the TSX or another marketplace without regard to the takeover bid requirements of applicable Canadian securities legislation. In addition, the Franklin ETFs have obtained relief to permit a Franklin ETF to borrow cash in an amount not exceeding 5% of the net assets of the Franklin ETF for a period not longer than 45 days and, if required by the lender, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distribution payable to Unitholders that represents amounts that have not yet been received by the Franklin ETF. In addition, Franklin Liberty Senior Loan ETF (CAD-Hedged) has obtained exemptive relief from the Canadian securities regulatory authorities to permit the Franklin ETF to borrow cash in an amount not to exceed 10% of the net assets of the Franklin ETF as a temporary measure to accommodate requests for redemptions of Units of the Franklin ETF.

Non-Resident Unitholders

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of a Franklin ETF at any time during which more than 10% of the property of the Franklin ETF consists of certain “taxable Canadian property” (as defined in the Tax Act). The Manager shall inform the Registrar and Transfer Agent of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of a Franklin ETF then outstanding are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of such Units are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may, on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager reasonably determines that the failure to take any such action would not adversely impact the status of the Franklin ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Franklin ETF as a mutual fund trust for purposes of the Tax Act. Such action may include, without limitation, causing the Franklin ETF to redeem the Units of that Unitholder for a redemption price equal to their net asset value on the redemption date.

Registration and Transfer through CDS

Registration of interests in, and transfers of, the Units will be made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. All distributions and redemption proceeds in respect of Units will be made or paid initially to CDS, which payments will be forwarded by CDS to the CDS Participants and, thereafter, by such CDS Participants to the applicable Unitholders. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the Franklin ETFs nor the Manager will have any liability for: (i) any aspect of the records maintained by CDS relating to the beneficial interests in the Units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS, whether contained in this prospectus or otherwise, or made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and persons, other than CDS Participants, having an interest in the Units must look solely to CDS Participants for payment made by the Franklin ETFs to CDS.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner’s interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Franklin ETFs have the option to terminate registration of the Units through the book-entry only system, in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

REDEMPTION OF UNITS

Redemption of Units in any Number for Cash

On any Trading Day, Unitholders may redeem Units of any Franklin ETF in any number for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per Unit. Because Unitholders will generally be able to sell Units at the market price on the TSX or another exchange or marketplace through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their Units for cash.

For such cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered through a CDS Participant by 9:00 a.m. (Toronto time) on that day to the applicable Franklin ETF at its head office or as the Manager may otherwise direct. If a cash redemption request is received after 9:00 a.m. (Toronto time) on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Payment of the redemption price will be made by no later than the second Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from the Manager.

A Unitholder that exercises this cash redemption right during the period that is two business days before a distribution record date until that distribution record date will be entitled to receive the applicable distribution in respect of those Units.

In connection with the redemption of Units, a Franklin ETF will generally dispose of securities or other assets in order to fund the required redemption proceeds. The redemption price paid to a Unitholder may include income and/or capital gains realized by the Franklin ETF. The remaining portion of the exchange or redemption price will be proceeds of redemption.

The Manager reserves the right to cause a Franklin ETF to redeem the Units held by a Unitholder at a price equal to the NAV per Unit on the effective date of such redemption if the Manager believes it is in the best interests of the Franklin ETF to do so.

Exchange of Prescribed Number of Units

On any Trading Day, Unitholders may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for cash or, with the consent of the Manager, Baskets of Securities and cash. To effect an exchange of Units, a Unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the applicable Franklin ETF at its head office or as the Manager may otherwise direct by the applicable Cut-Off Time on a Trading Day. The exchange price will be equal to the aggregate NAV per Unit of the Prescribed Number of Units on the effective day of the exchange request, payable by delivery of cash or, with the consent of the Manager, Baskets of Securities (constituted prior to the receipt of the exchange request) and cash. On an exchange, the Manager may, in its discretion, require the Unitholder to pay or reimburse the applicable Franklin ETF for the trading expenses incurred or expected to be incurred by the Franklin ETF in connection with the sale by such Franklin ETF of securities in order to obtain the necessary cash to fund the exchange price. On an exchange, the applicable Units will be redeemed.

If an exchange request is not received by the applicable Cut-Off Time on a Trading Day, subject to the discretion of the Manager, the exchange request will be deemed to be received only on the next Trading Day. Settlement of exchanges for Baskets of Securities and cash or only cash, as the case may be, will be made by no later than the second Trading Day after the effective day of the exchange request.

The Manager will make available to the Designated Broker and the Dealers information as to the Prescribed Number of Units and any Basket of Securities for each Franklin ETF for each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

A Unitholder that exchanges or redeems Units during the period that is one business day before a distribution record date until that distribution record date will be entitled to receive the applicable distribution in respect of those Units.

If securities held in the portfolio of a Franklin ETF are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a Unitholder on an exchange may be postponed until such time as the transfer of the securities is permitted by law.

Characterization of Redemption or Exchange Amount

The exchange or redemption price paid to a Unitholder may include income and/or capital gains realized by the Franklin ETF. The remaining portion of the exchange or redemption price will be proceeds of disposition.

Suspension of Exchanges and Redemptions

The Manager may suspend the exchange and/or redemption of Units or the payment of the exchange or redemption price of a Franklin ETF: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Franklin ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Franklin ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Franklin ETF; or (ii) with the prior permission of the securities regulatory authorities. The suspension shall apply to all requests for exchange or redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the exchange or redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have, and shall be advised that they have, the right to withdraw their requests for exchange or redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with the official rules and regulations promulgated by any government body having jurisdiction over the Franklin ETFs, any declaration of suspension made by the Manager shall be conclusive.

Exchange and Redemption of Units through CDS Participants

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold Units sufficiently in advance of the cut-off times set by CDS Participants to allow such CDS Participants to notify the Manager or as the Manager may direct prior to the relevant cut-off time.

Short-Term Trading

The Manager does not believe that it is necessary to impose any short-term trading restrictions on the Franklin ETFs at this time, as the Franklin ETFs are exchange-traded funds that are primarily traded in the secondary market.

TRADING PRICE AND VOLUME

The following tables set forth the market price range and trading volume of the Units of the Existing Franklin ETFs for the periods indicated. The greatest volume of trading of the Existing Franklin ETFs generally occurs on the TSX.

Franklin Liberty Canadian Investment Grade Corporate ETF				Franklin Liberty Core Balanced ETF			
	Price				Price		
2017	High	Low	Volume	2017	High	Low	Volume
May	n/a	n/a	n/a	May	n/a	n/a	n/a
June	n/a	n/a	170	June	n/a	n/a	n/a
July	19.85	19.61	12,250	July	n/a	n/a	n/a
August	19.76	19.76	1,110	August	n/a	n/a	n/a
September	19.67	19.34	203,900	September	n/a	n/a	n/a
October	19.60	19.46	50,045	October	n/a	n/a	n/a
November	19.79	19.63	43,908	November	n/a	n/a	n/a

December	19.80	19.63	37,945	December	n/a	n/a	n/a
2018				2018			
January	19.58	19.45	24,041	January	n/a	n/a	n/a
February	19.38	19.26	14,072	February	19.59	19.21	327
Franklin Liberty Risk Managed Canadian Equity ETF							
	Price						
2017	High	Low	Volume				
May	20.11	20.09	420				
June	20.25	20.08	6,750				
July	20.41	19.71	14,020				
August	20.00	19.65	5,605				
September	20.00	19.71	4,869				
October	21.21	20.13	51,650				
November	21.35	20.53	17,950				
December	21.30	20.27	54,640				
2018							
January	21.00	20.50	16,740				
February	20.38	19.64	36,482				

INCOME TAX CONSIDERATIONS

In the opinion of Borden Ladner Gervais LLP, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the Franklin ETFs and for a prospective Unitholder in a Franklin ETF who is an individual (other than a trust) and who, for the purpose of the Tax Act, is resident in Canada, holds Units of the Franklin ETF either directly as capital property or in a Registered Plan, is not affiliated with the Franklin ETF and deals at arm's length with the Franklin ETF. This summary is based on the current provisions of the Tax Act and regulations thereunder, the Tax Proposals and counsel's understanding of the current published administrative policies and assessing practices of the CRA. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective Unitholders should therefore consult their own tax advisers about their individual circumstances.

This summary is based on the assumption that each Franklin ETF will: (i) qualify or be deemed to qualify as a "mutual fund trust" under the Tax Act at all material times; (ii) not be a "SIFT trust" as defined in section 122.1 of the Tax Act at any time; (iii) not invest in any "offshore investment fund property" as defined in section 94.1 of the Tax Act; (iv) not invest 10% or more in an "exempt foreign trust" as described in section 94.2 of the Tax Act; (v) not invest in securities of an issuer that would be treated as a "foreign affiliate" or a "controlled foreign affiliate" of the Franklin ETFs; and (vi) not enter into any arrangement where the result would be a dividend rental arrangement under the Tax Act. The Manager expects this to be the case and that these assumptions are reasonable.

Status of the Franklin ETFs

This summary is based on the assumption that each Franklin ETF will qualify as a "mutual fund trust" under the Tax Act effective from the date of its creation and at all times thereafter. If a Franklin ETF were not to so qualify the tax considerations would differ materially from those described below.

The Units of a Franklin ETF will be a qualified investment for Registered Plans at any time that the Franklin ETF qualifies or is deemed to qualify as a "mutual fund trust" under the Tax Act or that the Units are listed on the TSX.

A Unit of a Franklin ETF that is a qualified investment may nevertheless be a prohibited investment for a Registered Plan that is a tax-free savings account, registered retirement savings plan, registered retirement income fund, registered disability savings plan or registered education savings plan. Generally, the Units of a Franklin ETF will not be a

prohibited investment under the Tax Act for such Registered Plan unless the holder/annuitant/subscriber of the Registered Plan (together with non-arm's length persons and partnerships) directly or indirectly holds Units having a fair market value of 10% or more of all the Units of the Franklin ETF. However, the Units of the Franklin ETFs also will not be a prohibited investment under the Tax Act for such a Registered Plan at any time during the first 24 months of existence if the Franklin ETF is a "mutual fund trust" under the Tax Act and remains in substantial compliance with the requirements of NI 81-102. In addition, Units of the Franklin ETFs will not be prohibited investments if the Units are otherwise "excluded property" under the Tax Act. Unitholders should consult their own tax advisers for advice on whether or not Units would be prohibited investments for their Registered Plans.

In the case of an exchange of Units of a Franklin ETF by a Registered Plan for a Basket of Securities of the Franklin ETF or a distribution in specie on the termination of the Franklin ETF, the Registered Plan will receive securities. The securities so received may or may not be qualified investments for the Registered Plan and may or may not be prohibited investments for the Registered Plan. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments and not prohibited investments for their Registered Plans.

Taxation of the Franklin ETFs

Each Franklin ETF is subject to tax under Part I of the Tax Act on its net income, including net taxable capital gains, as calculated under the Tax Act for a taxation year (after deducting available loss carryforwards) to the extent that it is not paid or payable to Unitholders. A Franklin ETF is entitled to a refund ("**capital gains refund**") of its tax liability on its net realized capital gains equal to an amount determined by formula under the Tax Act based on the redemption of Units during the year and accrued gains on the Franklin ETF's assets. The Declaration of Trust requires each Franklin ETF to distribute a sufficient amount of its net income and net realized capital gains, if any, for each taxation year to Unitholders so that the Franklin ETF will not be liable in any taxation year for income tax under Part I of the Tax Act after taking into account any entitlement to a capital gains refund.

Each Franklin ETF is required to calculate its net income, including net taxable capital gains, for each taxation year according to the rules in the Tax Act. Net income, including net taxable capital gains, is affected by fluctuations in the value of the Canadian dollar relative to foreign currency where amounts of income, expense, cost or proceeds of disposition are denominated in foreign currency. A Franklin ETF is generally required to include in the calculation of its income interest as it accrues, dividends when they are received and capital gains and losses when they are realized. Foreign source income received by a Franklin ETF is generally received net of any taxes withheld in the foreign jurisdiction. The foreign taxes so withheld are included in the calculation of the Franklin ETF's income. Trust income that is paid or becomes payable to a Franklin ETF in a calendar year is generally included in income for the taxation year of the Franklin ETF that ends in the calendar year. Trust income paid or payable to a Franklin ETF by a Canadian-resident trust may have the character of ordinary property income, foreign source income, dividends received from a taxable Canadian corporation or capital gains.

Gains or losses realized by a Franklin ETF on the disposition of securities held as capital property constitute capital gains or capital losses. Securities will generally be considered to be held by a Franklin ETF as capital property unless the Franklin ETF is considered to be trading or dealing in securities, or otherwise carrying on a business of buying and selling securities, or has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. Each Franklin ETF purchases securities (other than derivative instruments) with the objective of earning income thereon and takes the position that gains and losses realized on the disposition of these securities are capital gains and capital losses. Generally, a gain or loss from a cash settled option, futures contract, forward contract, total return swap and other derivative instrument is treated on account of income rather than as a capital gain or loss unless the derivative is used by a Franklin ETF as a hedge to limit its gain or loss on a specific capital asset or group of capital assets held by the Franklin ETF.

A Franklin ETF that invests in foreign denominated securities must calculate its adjusted cost base and proceeds of disposition in Canadian dollars based on the conversion rate on the date the securities were purchased and sold, as applicable. Capital gains realized during a taxation year are reduced by capital losses realized during the year. In certain circumstances, a capital loss realized by a Franklin ETF may be denied or suspended and, therefore, may not be available to offset capital gains. For example, a capital loss realized by a Franklin ETF will be suspended if, during the period that begins 30 days before and ends 30 days after the date on which the capital loss was realized, the Franklin ETF (or a person affiliated with the Franklin ETF for the purposes of the Tax Act) acquires a property that

is the same as or is identical to the particular property on which the loss was realized and owns that property at the end of the period.

A trust is generally subject to a “loss restriction event” for the purposes of the Tax Act each time a person or partnership becomes a “majority-interest beneficiary” of the trust for the purposes of the Tax Act. Generally, a majority-interest means more than 50% of the fair market value of the trust held by the person or partnership and affiliates. However, no person or partnership will be or become a “majority-interest beneficiary” of a Franklin ETF if the Franklin ETF satisfies certain requirements and qualifies as an “investment fund” under the relevant rules in the Tax Act. No assurance can be given that a Franklin ETF will satisfy these requirements. If a Franklin ETF experiences a loss restriction event, the taxation year of the Franklin ETF will be deemed to end and the Franklin ETF will be deemed to realize its capital losses. The Franklin ETF may elect to realize capital gains in order to offset its capital losses and non-capital losses, including undeducted losses from prior years. Any undeducted losses will generally expire and may not be deducted by the Franklin ETF in future years. The Declaration of Trust provides for the automatic distribution to Unitholders of a sufficient amount of income and capital gains of the Franklin ETF for each taxation year (including a taxation year that is deemed to end by virtue of a loss restriction event) so that the Franklin ETF will not be liable for ordinary income tax. The Declaration of Trust provides that any such distribution is automatically reinvested in Units of a Franklin ETF and the Units of the Franklin ETF are immediately consolidated to the pre-distribution NAV.

Taxation of Unitholders (other than Registered Plans)

Distributions

A Unitholder (other than a Registered Plan) is required to include in computing income for tax purposes, the amount of any income and the taxable portion of any capital gains of a Franklin ETF that is paid or payable to the Unitholder in the year (including by way of management fee distribution), whether such amounts are paid in cash or reinvested in additional Units. The non-taxable portion of any capital gains of a Franklin ETF that is paid or payable to the Unitholder in the year is not included in the Unitholder’s income and, provided the Franklin ETF makes the appropriate designation on its tax return, does not reduce the adjusted cost base of the Unitholder’s Units of that Franklin ETF. Any other non-taxable distribution, such as a return of capital, reduces the Unitholder’s adjusted cost base. A Unitholder is deemed to realize a capital gain to the extent that the adjusted cost base of the Unitholder’s Units would otherwise become a negative amount and the adjusted cost base is nil immediately thereafter.

Each Franklin ETF may, and is expected to, designate to the extent permitted by the Tax Act, the portion of the net income of the Franklin ETF distributed to Unitholders that may reasonably be considered to consist of: (i) taxable dividends (including eligible dividends) received or considered to be received by the Franklin ETF on shares of taxable Canadian corporations; and (ii) net taxable capital gains realized or considered to be realized by the Franklin ETF. Any amount so designated is deemed for tax purposes to be received or realized by Unitholders in the year as a taxable dividend and as a taxable capital gain, respectively. The dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible dividends) paid by a taxable Canadian corporation applies to amounts designated as taxable dividends. Taxable capital gains so designated are subject to the general rules relating to the taxation of capital gains described below. In addition, a Franklin ETF may make designations in respect of its foreign source income so that Unitholders may be able to claim a foreign tax credit (in accordance with and subject to the general limitations under the Tax Act) for foreign taxes, paid (and not deducted) by the Franklin ETF. A loss realized by a Franklin ETF may not be allocated to, and may not be treated as a loss of, the Unitholders of the Franklin ETF.

Individuals and certain trusts may be subject to an alternative minimum tax in respect of taxable dividends (including eligible dividends) received or considered to be received from taxable Canadian corporations and realized capital gains.

Tax Implications of the Franklin ETFs’ Distribution Policy

A portion of the value of a Unit of a Franklin ETF may reflect income and capital gains accrued or realized by the Franklin ETF before the Unit was acquired by a Unitholder. In particular, this may be the case when Units are acquired shortly before a distribution or in the year a Franklin ETF is terminated. The income and taxable portion of capital

gains paid or payable to a Unitholder must be included in the calculation of the Unitholder's income in the manner described above, even if it relates to a period before the Unitholder owned the Units.

Disposition of Units

Generally, a Unitholder (other than a Registered Plan) realizes a capital gain (or loss) on the sale, redemption, exchange or other disposition of a Unit to the extent that the proceeds of disposition for the Unit exceed (or are less than) the total of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. In general, the adjusted cost base of all Units of a particular Franklin ETF held by the Unitholder at a particular time is the total amount paid for all Units of the Franklin ETF currently and previously held by the Unitholder (including brokerage commissions paid and the amount of reinvested distributions) less any distributions of capital and less the adjusted cost base of any Units of the Franklin ETF previously disposed of by the Unitholder. The adjusted cost base to a Unitholder of one Unit is the average adjusted cost base of all Units owned by the Unitholder as capital property at that time. A consolidation of Units after the reinvestment of a distribution in additional Units will not be regarded as a disposition of Units.

When a Unitholder redeems Units of a Franklin ETF, the Franklin ETF may distribute income and capital gains to the Unitholder as partial payment of the redemption price. Any income or capital gains so distributed must be included in the calculation of the Unitholder's income in the manner described above. Any amount so distributed should be deducted from the redemption price for the Units in determining the Unitholder's proceeds of disposition. Where Units of a Franklin ETF are exchanged by a Unitholder for a Basket of Securities, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the Basket of Securities, plus the amount of any cash, received by the Unitholder on the exchange, less any capital gain realized by the Franklin ETF as a result of the transfer of that Basket of Securities that has been designated by the Franklin ETF to the Unitholder. The cost of any securities acquired by the Unitholder from the Franklin ETF on the exchange of Units will generally be the fair market value of the securities at that time. Where, on an exchange of Units for a Basket of Securities, a Unitholder receives a bond with interest accrued on it, the Unitholder will generally include such interest in income in accordance with the Tax Act but will be entitled to offset such amount by a deduction for such accrued interest. The Unitholder's adjusted cost base of the bond will be reduced by the amount of the deduction. Unitholders who redeem or exchange Units are advised to confirm with the Manager the details of any distributions paid at the time of redemption and the fair market value of any securities received from the Franklin ETF, and are also advised to consult with their own tax advisers.

Taxation of Capital Gains and Capital Losses

One-half of any capital gain realized by a Unitholder (other than a Registered Plan), and the amount of any net taxable capital gains realized or considered to be realized by a Franklin ETF and designated by the Franklin ETF in respect of the Unitholder, is included in the Unitholder's income as a taxable capital gain. One-half of a capital loss may be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

International Information Reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the United States (the "IGA"), and related Canadian legislation, the Franklin ETFs and the dealers through which unitholders hold their Units are required to report certain information, including certain financial information (e.g. account balances), with respect to unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other "U.S. Persons" as defined under the IGA (excluding Registered Plans), to the Canada Revenue Agency. The Canada Revenue Agency will then exchange the information with the U.S. Internal Revenue Service pursuant to the provisions of the Canada-U.S. Tax Convention.

In addition, pursuant to rules in the Tax Act implementing the Organisation for Economic Co-operation and Development Common Reporting Standard (the "CRS Rules") a Franklin ETF and the dealer through which unitholders hold their Units will be required under Canadian legislation (effective July 1, 2017) to identify and report (commencing in May 2018) to the Canada Revenue Agency certain information, including financial information (e.g. account balances), relating to unitholders of the Franklin ETFs (other than Registered Plans) who are individual residents in a country outside Canada and the U.S. Such information would be exchanged by the Canada Revenue Agency with the countries where such unitholders are resident if those countries have adopted the CRS Rules.

Taxation of Registered Plans

A Registered Plan that holds Units of a Franklin ETF and the holder/annuitant of that Registered Plan will generally not be subject to tax on the value of the Units, income or capital gains distributed by the Franklin ETF to the Registered Plan or a gain realized by the Registered Plan on the disposition of the Units (whether payment is received in cash, by reinvestment in additional Units or *in specie*), provided the Units are qualified investments for the Registered Plan and, in the case of certain Registered Plans, not prohibited investments for the Registered Plan.

ORGANIZATION AND MANAGEMENT DETAILS OF THE FRANKLIN ETFs

Manager of the Franklin ETFs

Franklin Templeton Investments Corp., a registered portfolio manager and investment fund manager, is the trustee and manager of the Franklin ETFs. The head office and the registered office of each of the Franklin ETFs and the Manager is located at 200 King Street West, Suite 1500, Toronto, Ontario M5H 3T4. The Manager carries on business under the name Franklin Templeton Investments.

Duties and Services Provided by the Manager

Pursuant to the Management Agreement, the Manager has been appointed as the investment fund manager of the Franklin ETFs and has the exclusive authority to manage the business and affairs of the Franklin ETFs, to make all decisions regarding the business of the Franklin ETFs and to bind the Franklin ETFs. The Manager may delegate certain of its powers to its affiliates and to third parties where, in the discretion of the Manager, it would be in the best interests of the Franklin ETFs to do so.

The Manager is also responsible for providing management, administrative and portfolio advisory and investment management services to the Franklin ETFs. The Manager's duties include, without limitation:

- (i) authorizing the payment of, and paying, the operating expenses incurred on behalf of the Franklin ETFs that are the responsibility of the Franklin ETFs;
- (ii) providing office space, facilities and personnel;
- (iii) preparing financial statements, financial and accounting information and tax returns as required by the Franklin ETFs;
- (iv) ensuring that Unitholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time;
- (v) ensuring that the Franklin ETFs comply with regulatory requirements and applicable stock exchange listing requirements;
- (vi) preparing the Franklin ETFs' reports, including interim and annual MRFPs, and delivering such reports to Unitholders and the securities regulatory authorities;
- (vii) determining the amount of distributions to be made by the Franklin ETFs;
- (viii) communicating with Unitholders and calling meetings of Unitholders as required;
- (ix) ensuring that the NAV per Unit is calculated and published;
- (x) administering the purchase, exchange and redemption of Units;

- (xi) negotiating contractual agreements with third party service providers, including the Designated Brokers, the Dealers, the Custodian, the Registrar and Transfer Agent, the Fund Administrator, the auditor, legal counsel and printers; and
- (xii) providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Franklin ETFs.

Details of the Management Agreement

Pursuant to the Management Agreement, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Unitholders and each Franklin ETF and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect in any of the securities held by a Franklin ETF if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence, breach of the Manager's standard of care or any material breach or default by it of its obligations under the Management Agreement.

The Management Agreement may be terminated by any of the Franklin ETFs or by the Manager upon 60 days' prior written notice. The Manager is deemed to have resigned if it becomes bankrupt or insolvent, if its assets are seized or confiscated by a public or government authority, in the event that it ceases to be resident in Canada for purposes of the Tax Act or if it no longer holds the necessary registrations to enable it to carry out its obligations under the Management Agreement. If the Manager resigns, it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Unitholders. If the Manager is in material default of its obligations under the Management Agreement and such default has not been cured within 30 days after notice of same has been given to the Manager, the Trustee may remove the Manager and appoint a successor manager, subject to any required Unitholder approval.

The Manager is entitled to fees for its services as manager under the Management Agreement as described under "Fees and Expenses – Management Fee". The Manager and each of its directors, officers, employees and agents (the "**Indemnified Parties**") are indemnified by each Franklin ETF for all claims brought against such Indemnified Party in respect of any act or matter done or omitted in relation to the execution of the Manager's duties under the Management Agreement for that Franklin ETF and also from and against all other costs, charges and expenses any Indemnified Party may reasonably sustain or incur in relation to the performance of the Manager's duties under the Management Agreement for that Franklin ETF. However, none of the Indemnified Parties will be entitled to be indemnified under the Management Agreement if the liability results from the Manager's wilful misconduct, bad faith, negligence or breach of its obligations under the Management Agreement or if there has been a failure of the Manager or any person retained by the Manager to meet the standard of care set out in the Management Agreement.

The management services of the Manager under the Management Agreement are not exclusive and nothing in the Management Agreement prevents the Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Franklin ETFs) or from engaging in other activities. See "Conflicts of Interest" below.

Executive Officers and Directors of the Manager of the Franklin ETFs

The name and municipality of residence of each of the directors and executive officers of the Manager, and their principal occupations, are as follows:

Name and Municipality of Residence	Position and Office	Principal Business Associations During Preceding Five Years
DUANE GREEN Toronto, Ontario	Director, President and Chief Executive Officer	Director, Chairman, President and Chief Executive Officer of the Manager; Director & Chairman of FTC Investor Services Inc.; Director, President & Chief Executive Officer of Fiduciary Trust Company of Canada, Franklin Templeton Corporate Class Ltd. and Templeton Growth Fund, Ltd.; previously, Managing Director, Canada, Senior Vice-President – Head of Institutional Canada & Senior Vice-President, Institutional Services of the Manager.
ANDREW ASHTON San Mateo, California	Director	Director of the Manager; Managing Director and Head of the America’s Region of Franklin Templeton Investments; Director & Chairman of Fiduciary Trust Company of Canada, Director of Franklin Templeton Corporate Class Ltd. and Templeton Growth Fund, Ltd.; previously, Managing Director and Head of the Global Financial Institutions Group of Franklin Templeton Investments; Chief Executive Officer of Franklin Templeton Investments (ME) Ltd.; Chief Executive Officer and President & Senior Director, Franklin Templeton Global Advisory Services of Franklin Templeton Investment Trust Management Co., Ltd.; and Senior Director - Regional Head of Central Eastern Europe, Middle East and Africa of Franklin Templeton Investments Limited U.A.E.
GHION SHEWANGZAW Toronto, Ontario	Director, Senior Vice-President – Head of Canada TA	Director, Senior Vice-President – Head of Canada TA of the Manager; previously, Senior Vice-President, Investor and Dealer Services of the Manager.
BRAD BEUTTENMILLER Freelton, Ontario	Senior Associate General Counsel and Corporate Secretary	Senior Associate General Counsel and Corporate Secretary of the Manager; Vice President, Legal and Secretary of Fiduciary Trust Company of Canada; Secretary of Franklin Templeton Corporate Class Ltd., Templeton Growth Fund, Ltd. and FTC Investor Services Inc.; previously, Senior Vice-President & Chief Counsel, Canada of the Manager; Assistant Secretary of Franklin Templeton Corporate Class Ltd. and Templeton Growth Fund Ltd.
WINSTON CHEN Markham, Ontario	Chief Financial Officer	Chief Financial Officer of the Manager; Vice-President/Controller of Fiduciary Trust Company of Canada and FTC Investor Services Inc.; Controller of Franklin Templeton Corporate Class Ltd. and Templeton Growth Fund, Ltd.; previously, Vice-President, Controller of the Manager.

Name and Municipality of Residence	Position and Office	Principal Business Associations During Preceding Five Years
MICHAEL D'AGROSA Whitby, Ontario	Chief Compliance Officer, Canada	Chief Compliance Officer, Canada and Chief Anti-Money Laundering Officer of the Manager and Fiduciary Trust Company of Canada; Chief Compliance Officer and Chief Anti-Money Laundering Officer of FTC Investor Services Inc., Chief Compliance Officer of Templeton Global Advisors Limited, Templeton Investment Counsel, LLC and Franklin Templeton Investimentos (Brasil) Ltda.
DENNIS TEW Toronto, Ontario	Head of National Sales, Canada	Head of National Sales, Canada of the Manager; Director, President & Chief Executive Officer of FTC Investor Services Inc.; previously, Senior Vice-President, Head of Sales Compliance and Business Operations – North America, Vice-President, Head of Compliance and Business Services – North America and Senior Vice-President & Chief Financial Officer of the Manager; Controller of Templeton Growth Fund, Ltd. & Franklin Templeton Corporate Class Ltd.; Senior Vice-President & Chief Financial Officer of Fiduciary Trust Company of Canada & FTC Investor Services Inc.

Portfolio Advisors

Franklin Bissett Investment Management

Franklin Bissett Investment Management, part of Franklin Templeton Investments Corp., provides all portfolio management services in respect of the Existing Franklin ETFs pursuant to the Management Agreement. The Portfolio Advisor, as part of Franklin Templeton Investments Corp., is a registered portfolio manager with offices based in Calgary, Alberta.

The individuals principally responsible for providing advice to the Existing Franklin ETFs on behalf of the Portfolio Advisor are as follows:

Name and Title	Franklin ETF	With the Portfolio Advisor Since	Principal Occupation Within Preceding Five Years
DARCY BRIGGS Vice-President, Portfolio Manager	Franklin Liberty Canadian Investment Grade Corporate ETF	1997	Vice-President, Portfolio Manager
BRIAN CALDER Vice-President/Senior Trader/ Portfolio Manager	Franklin Liberty Core Balanced ETF	2001	Vice-President/Senior Trader/Portfolio Manager
TIM CAULFIELD Vice-President/Director of Equity Research	Franklin Liberty Core Balanced ETF Franklin Liberty Risk Managed Canadian Equity ETF	2007	Vice-President/Director of Equity Research
IZABEL FLIS Vice-President/Portfolio Manager	Franklin Liberty Core Balanced ETF	2001	Vice-President/Portfolio Manager

Name and Title	Franklin ETF	With the Portfolio Advisor Since	Principal Occupation Within Preceding Five Years
JASON HORNETT Vice-President, Portfolio Manager	Franklin Liberty Core Balanced ETF Franklin Liberty Risk Managed Canadian Equity ETF	1997	Vice-President, Portfolio Manager
ADRIENNE YOUNG Vice President/Director of Credit Research/ Portfolio Manager	Franklin Liberty Canadian Investment Grade Corporate ETF Franklin Liberty Core Balanced ETF	2014	Vice President/Director of Credit Research/ Portfolio Manager; prior thereto associated with DBRS Limited (Senior Vice President, Consumer, Communications & Telecom and Oil and Gas groups) from 2012-2014

Franklin Templeton Investment Management Limited

Franklin Templeton Investment Management Limited has been retained by the Manager pursuant to a Portfolio Advisory Agreement to provide all portfolio management services to the Manager in respect of Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged). The Portfolio Advisor's offices are located in London, England. The Portfolio Advisor is an authorized person, for the purposes of the English Financial Services and Markets Act 2000, to conduct investment business and is regulated by the Financial Conduct Authority. The Portfolio Advisor is also a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). The Portfolio Advisor also serves as an investment advisor to other mutual funds, pooled investment vehicles and other accounts. The Portfolio Advisor is an affiliate of the Manager. Because the Portfolio Advisor is located in England with all or substantially all of its assets situated outside of Canada, there may be difficulty enforcing any legal rights against it.

The individual principally responsible for providing advice to Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged) on behalf of the Portfolio Advisor is as follows:

Name and Title	Franklin ETF	With the Portfolio Advisor Since	Principal Occupation Within Preceding Five Years
JOHN BECK Global and European Fixed Income Portfolio Manager	Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)	1990	Global and European Fixed Income Portfolio Manager

Franklin Templeton Institutional, LLC

Franklin Templeton Institutional, LLC has been retained by the Manager pursuant to a Portfolio Advisory Agreement to provide portfolio management services to the Manager in respect of a portion of the portfolio of Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) and Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged). The Portfolio Advisor is a registered investment advisor with the SEC with offices based in New York, New York. The Portfolio Advisor also serves as an investment advisor to other mutual funds, pooled investment vehicles and other accounts. The Portfolio Advisor is an affiliate of the Manager. Because the Portfolio Advisor is located in the U.S. with all or substantially all of its assets situated outside of Canada, there may be difficulty enforcing any legal rights against it.

The individual principally responsible for providing advice to Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) and Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged) on behalf of the Portfolio Advisor is as follows:

Name and Title	Franklin ETF	With the Portfolio Advisor Since	Principal Occupation Within Preceding Five Years
MARC KREMER Investment Grade Credit Portfolio Manager and Investment Grade Credit Research Analyst	Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)	2003	Investment Grade Credit Portfolio Manager and Investment Grade Credit Research Analyst
WARREN KEYSER Portfolio Manager, Fixed Income	Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)	1986	Senior Vice President, Portfolio Manager

Franklin Advisers, Inc.

Franklin Advisers, Inc. has been retained by the Manager pursuant to a Portfolio Advisory Agreement to provide portfolio management services to the Manager in respect of a portion of the portfolio of Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) and all portfolio management services in respect of Franklin Liberty Senior Loan ETF (CAD-Hedged). The Portfolio Advisor is a registered investment advisor with the SEC with offices based in San Mateo, California. The Portfolio Advisor also serves as an investment advisor to the Franklin LibertyQ family of U.S. ETFs, as well as other mutual funds, pooled investment vehicles and other accounts. The Portfolio Advisor is an affiliate of the Manager. Because the Portfolio Advisor is located in the U.S. with all or substantially all of its assets situated outside of Canada, there may be difficulty enforcing any legal rights against it.

The individuals principally responsible for providing advice to Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) and Franklin Liberty Senior Loan ETF (CAD-Hedged) on behalf of the Portfolio Advisor are as follows:

Name and Title	Franklin ETF	With the Portfolio Advisor Since	Principal Occupation Within Preceding Five Years
SHAWN LYONS Investment Grade Credit Portfolio Manager and Investment Grade Credit Research Analyst	Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)	1996	Vice President, Portfolio Manager
MARK BOYADJIAN Senior Loan Portfolio Manager	Franklin Liberty Senior Loan ETF (CAD-Hedged)	1998	Senior Loan Portfolio Manager
JUSTIN MA Senior Loan Portfolio Manager and Research Analyst	Franklin Liberty Senior Loan ETF (CAD-Hedged)	2006	Senior Loan Portfolio Manager and Research Analyst
MADÉLINE LAM Senior Loan Portfolio Manager	Franklin Liberty Senior Loan ETF (CAD-Hedged)	1998	Senior Loan Portfolio Manager

Brokerage Arrangements

Investment portfolio brokerage transactions for the Franklin ETFs are arranged by the Portfolio Advisors through a large number of brokerage firms.

Selection Criteria for Brokers and Dealers

In selecting brokers to effect portfolio transactions, each Portfolio Advisor will attempt to obtain the best combination of low commission rates relative to the quality of brokerage and research services received with the view towards maximizing value for the Portfolio Advisor's clients.

The single most significant consideration in brokerage selection is the quality of the execution of the transaction. In assessing execution quality, the following factors, among others, may be considered:

- Market impact cost/willingness of a broker to work an order
- Order size/liquidity considerations
- Willingness to commit capital
- Ability to get best price
- Knowledge of and access to natural contra side
- Commission rate
- Timeliness and quality of looks and reports on markets
- Ability to handle certain trading styles or strategies
- Knowledge of and access to potential market participants
- Block trading and arbitrage capabilities
- Specialized expertise
- Consistency
- Promptness of execution
- Responsiveness
- Back office capabilities/quality of confirmations and account statements
- Sophistication of trading facilities
- Ability and willingness to correct errors
- Confidentiality
- Trustworthiness/reputation
- Experience/past execution history
- Financial condition of broker

When appropriate under its discretionary authority, consistent with its duty to obtain "best execution", and in compliance with the Portfolio Advisor's client commission policy, a Portfolio Advisor may consider the receipt of research and order execution goods and services from brokers when directing brokerage transactions for client accounts.

For most transactions in equity securities, the amount of commissions paid is negotiated between a Portfolio Advisor's trading department and the broker executing the transaction. Each Portfolio Advisor endeavours to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of its accounts. However, a Portfolio Advisor will not select brokers solely on the basis of purported or "posted" commission rates nor generally seek in advance competitive bidding for the most favourable commission rate applicable to any particular portfolio transaction. Although each Portfolio Advisor generally seeks competitive commission rates, it does not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and would thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

A Portfolio Advisor may place orders to buy and sell equity securities where the broker is acting on a principal rather than agency basis if the Portfolio Advisor's traders believe that trading on a principal basis will provide best execution.

A Portfolio Advisor may also effect transactions that are placed pursuant to a negotiated agreement with a counterparty, including but not limited to swaps, futures, forwards, options and repurchase agreements. Due to the negotiated nature and limited number of such arrangements, the Portfolio Advisor's ability to achieve and/or demonstrate it has achieved best execution in such transactions may be limited.

To the extent consistent with its duty to seek best execution, a Portfolio Advisor may effect transactions through brokers that have or are expected to refer private account clients to the Portfolio Advisor or an affiliate. To the extent that these practices result in an increase in assets under management, the Portfolio Advisor or its affiliates will benefit.

The Portfolio Advisor does not consider the sale of mutual funds in selecting brokers to execute portfolio transactions.

For clients who retain a Portfolio Advisor to provide investment management services through a “wrap fee” or separately managed account program of a dealer sponsor, the Portfolio Advisor may, subject to its and such brokers policies and procedures, execute trades in securities with such broker sponsor without obtaining client’s consent to principal transactions where the Portfolio Advisor determines that such broker did not recommend, select, or play a role in the Portfolio Advisor’s selection of such securities.

The Portfolio Advisors do not effect portfolio transactions with any related brokers.

Nature of Arrangements for Order Execution and Research Goods and Services

Brokers typically provide a bundle of services including research and order execution. The research provided can be either proprietary (created and provided by the executing broker, including tangible research products as well as access to analysts and traders) or third-party (created by a third-party but provided by the executing broker). To the extent permitted by applicable law, a Portfolio Advisor may use client commissions to obtain both proprietary and third party research as well as certain brokerage products and services. The receipt of research in exchange for client commissions benefits the Portfolio Advisor by allowing the Portfolio Advisor to supplement its own analyses and also gain access to specialists with expertise on certain companies, industries, areas of the economy, and market factors. Each Portfolio Advisor believes that such research benefits its clients.

A Portfolio Advisor on behalf of its client may obtain research and order execution goods and services by sending trade instructions and paying trade commissions to brokers (“**CCA broker-dealers**”) who both execute the trades and provide the Portfolio Advisor with research services in the following forms: (1) research reports generated by the broker-dealer, (2) conferences with representatives of issuers, and/or (3) client commission credits that can be used to obtain research reports or services from others. A list of the CCA broker-dealers used in the last year will be available upon request.

If a good or service obtained by a Portfolio Advisor provides both research and non-research benefits, the Portfolio Advisor will generally treat the product or service as a “mixed use” item and will pay for the non-research portion with hard dollars (i.e., cash from its own resources) rather than client commissions. When acquiring a mixed use item, a Portfolio Advisor will allocate the cost of the product between client commissions and hard dollars according to its anticipated use of the product, i.e., how the product or service will be used and by whom. Although the allocation between client commissions and hard dollars will not always be a precise calculation, each Portfolio Advisor will make a good faith effort to reasonably allocate such services. To the extent that any such “mixed use” services/products are obtained, records will be prepared detailing the research, services and products obtained and the allocation between the research and non-research portions, including payments made by client commissions and hard dollars.

While a Portfolio Advisor may negotiate commission rates and prices with certain brokers with the expectation that such brokers will be providing brokerage or research services, the Portfolio Advisor will not enter into any agreement or understanding with any broker that would obligate the Portfolio Advisor to direct a specific amount of brokerage transactions or commissions in return for such services. The provision of research services, however, may be considered as a factor in determining the amount of commissions to be allocated to a specific broker. Also, certain brokers may state in advance the amount of brokerage commissions they require for certain services. If a Portfolio Advisor does not meet the amount required to obtain a particular desired product, it may direct excess research commissions as part of a client commission arrangement with an executing broker to pay the research provider or the Portfolio Advisor may pay hard dollars to make up the difference.

In connection with the purchase of securities in certain fixed-price offerings, a Portfolio Advisor may designate that a portion of the selling concession be paid to a broker that provides research services to the Portfolio Advisor.

To the extent consistent with its duty to seek best execution, a Portfolio Advisor may direct trades to a broker with the instruction that the broker-dealer execute the transaction and that another broker or research provider provide client commission products/services, so long as this broker also performs one or more functions that constitute “effecting” a trade, in accordance with applicable regulations. This type of “commission sharing” arrangement permits the Portfolio Advisor to use a broker that provides best execution to execute the trade while paying part of the commissions on the trade to another broker from which the Portfolio Advisor receives research or other services.

Types of Goods and Services

Research and order execution goods and services acquired with client commissions may include:

- reports, statistical data, publications and other information on the economy, industries, sectors, individual companies or issuers, which may include research provided by proxy voting services;
- software and communications services related to the execution, clearing and settlement of securities transactions;
- quantitative analytical software;
- software that provides analyses of securities portfolios;
- statistical trade analysis;
- accounting and tax law interpretations;
- reports on legal developments affecting portfolio securities;
- registration fees for conferences and seminars;
- consultation with analysts, including research conference calls and access to financial models;
- investment risk analyses, including political and credit risk;
- investment risk measurement systems and software;
- analyses of corporate responsibility issues; and
- market data services, such as those which provide price quotes, last sale prices and trading volumes.

Examples of specific products and services include those provided by Bloomberg, Thomson Reuters, FactSet, Omgeo, MSCI/Barra and Standard and Poor's Indexes.

Determination of Reasonable Benefit

It is often not possible to place an exact dollar value on the research and order execution goods and services a Portfolio Advisor receives from brokers effecting transactions in portfolio securities. However, each Portfolio Advisor makes a good faith determination that client accounts will receive a reasonable benefit from these goods and services, considering both the use of the goods and services and the amount of commissions paid.

The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based to a large degree on the professional opinions and judgments of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type.

Research and order execution goods and services obtained with client commissions may not always be utilized by a Portfolio Advisor for the specific account that generated the client commissions. A Portfolio Advisor does not attempt to allocate the relative costs or benefits of research and order execution goods and services among client accounts because it believes that, in the aggregate, the goods and services it receives assist the Portfolio Advisor in fulfilling its overall duty to its clients. Research and order execution goods and services obtained with client commissions generated by a Portfolio Advisor's clients may be shared with the Portfolio Advisor's advisory affiliates. Similarly, a Portfolio Advisor's client accounts may benefit from research and order execution goods and services obtained with client commissions generated by client accounts of other advisers within Franklin Templeton Investments.

Other sales incentives

The Manager may pay for marketing materials the Manager provides to Dealers to help support the sale of the Franklin ETFs. These materials may include reports and commentaries on the financial markets, securities in general or on the Franklin ETFs themselves. In addition, the Manager may organize and present educational conferences for Dealers to attend or pay the registration costs for Dealers to attend conferences hosted by third parties.

The Manager may share with Dealers some of the costs they incur in publishing and distributing sales communications for investors, organizing and presenting seminars to educate investors about mutual funds or organizing and presenting conferences or seminars that Dealers may attend.

The Manager may pay a fee to Dealers and others who we have entered into agreements with to introduce the Manager to clients for its discretionary investment management services.

Conflicts of Interest

The management services of the Manager under the Management Agreement are not exclusive and nothing in the Management Agreement prevents the Manager from providing similar management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Franklin ETFs) or from engaging in other activities.

The portfolio management services of each Portfolio Advisor under the Management Agreement or each Portfolio Advisory Agreement, as the case may be, are not exclusive and nothing in such agreement prevents the Portfolio Advisor from providing similar portfolio management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Franklin ETFs) or from engaging in other activities.

Investments in securities purchased by a Portfolio Advisor on behalf of a Franklin ETF will be aggregated with orders to purchase securities on behalf of other investment funds or other accounts managed by the Portfolio Advisor and will be allocated to the Franklin ETF and such other investment funds and accounts on a *pro rata* basis according to the size of the order and the applicable investment restrictions and policies of the Franklin ETF and the other investment funds and accounts.

Directors and officers of the Manager and each Portfolio Advisor must obtain the prior approval of an executive committee member of Franklin Resources, Inc. (“**FRI**”) in order to engage in any outside business activities. One of the activities that requires approval is acting as a director or officer of another company (an “**Issuer**”). A Franklin ETF may invest in an Issuer if this transaction is permitted by law and the Portfolio Advisor’s trading desk compliance has approved this transaction. This approval will be given only if the Portfolio Advisor’s trading desk compliance is satisfied that there has been proper resolution of any potential conflicts of interest.

The Management Agreement acknowledges that the Manager may provide services to the Franklin ETFs in other capacities, provided that the terms of any such arrangement are no less favourable to the Franklin ETFs than those that would be obtained from parties that are at arm’s length for comparable services.

No Designated Broker or Dealer has been involved in the preparation of this prospectus nor have they performed any review of the contents of this prospectus and, as such, the Designated Brokers and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Franklin ETFs of their Units under this prospectus. Units of a Franklin ETF do not represent an interest or an obligation of any Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by a Franklin ETF to such Designated Brokers or Dealers.

One or more registered dealers act or may act as a Designated Broker, a Dealer and/or a market maker. These relationships may create actual or perceived conflicts of interest that Unitholders should consider in relation to an investment in a Franklin ETF. In particular, by virtue of these relationships, these registered dealers may profit from the sale and trading of Units. The Designated Broker, as market maker of a Franklin ETF in the secondary market, may therefore have economic interests that differ from, and may be adverse to, those of Unitholders. Any such registered dealer and its affiliates may, at present or in the future, engage in business with a Franklin ETF, with the issuers of securities making up the investment portfolio of a Franklin ETF or with the Manager or any funds sponsored by the Manager or its affiliates, including by making loans, entering into derivative transactions or providing advisory or agency services. In addition, the relationship between any such registered dealer and its affiliates and the Manager and its affiliates may extend to other activities, such as being part of a distribution syndicate for other funds sponsored by the Manager or its affiliates.

Independent Review Committee

As required by NI 81-107, the Manager has established an IRC to review all conflicts of interest matters identified and referred to the IRC by the Manager relating to the investment funds managed by the Manager, including the Franklin ETFs. The IRC reviews and gives its recommendations or approval as to the conflict of interests matters

referred to it. A conflict of interest matter is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that conflicts with the Manager's ability to act in good faith and in the best interest of the Franklin ETFs. The IRC is also required to approve certain mergers involving the Franklin ETFs and any change of the auditor of the Franklin ETFs.

The IRC must have all independent members. The Manager considers that an individual is independent if the individual is not a director, officer or employee of any of the Manager or an affiliate of the Manager. In addition, the individual must be independent of management and free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the individual's ability to act with the view to the best interest of the Franklin ETFs.

The members of the IRC are:

Gary Norton (Chair of the IRC)
Stuart Douglas
Bruce Galloway

The IRC has a written charter that sets out its powers, duties and responsibilities. Additionally, pursuant to NI 81-107, the IRC assesses, at least annually, the adequacy and effectiveness of the following:

- (i) the Manager's policies and procedures regarding conflict of interest matters;
- (ii) any standing instructions that the IRC gave to the Manager for conflict of interest matters related to the Franklin ETFs;
- (iii) the compliance of the Manager and each Franklin ETF with any conditions imposed by the IRC in a recommendation or approval it has provided to the Manager; and
- (iv) the independence and compensation of its members, the IRC's effectiveness as a committee and the contribution of each member to the IRC.

The IRC prepares a report for Unitholders, at least annually, of its activities. Such report is made available on the Manager's website at www.franklintempleton.ca or, at the request of a Unitholder and at no cost, by contacting the Manager at 200 King Street West, Suite 1500, Toronto, Ontario, M5H 3T4, or by sending an e-mail to service@franklintempleton.ca.

Each member of the IRC receives an annual retainer of \$30,000 (\$40,000 for the Chair) plus a fixed fee of \$1,500 and expenses for each meeting of the IRC that the member attends. The costs of the IRC are allocated among the investment funds managed by the Manager, including the Franklin ETFs, in a manner that is considered to be fair and reasonable to the funds.

Trustee

Pursuant to the Declaration of Trust, the Manager is also the trustee of the Franklin ETFs.

The trustee may resign upon 60 days' notice to Unitholders and the Manager. If the trustee resigns or if it becomes incapable of acting as trustee, the trustee may appoint a successor trustee and its resignation shall become effective upon the acceptance of such appointment by its successor. If no successor has been appointed within 60 days, the Franklin ETFs will be terminated.

The Declaration of Trust provides that the trustee shall act honestly, in good faith and in the best interests of each Franklin ETF and shall perform its duties to the standard of care that a reasonably prudent person would exercise in the circumstances. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the trustee and indemnifying the trustee in respect of certain liabilities incurred by it in carrying out the trustee's duties.

At any time during which the Manager is the trustee, the Manager will receive no fee in respect of the provision of services as trustee.

Custodian

State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is Custodian of the assets of the Franklin ETFs pursuant to the Custodian Agreement. The Custodian has a qualified foreign sub-custodian in each jurisdiction in which the Franklin ETFs have securities. The initial term of the Custodian Agreement is three years, and after the expiry of the initial term, the Custodian Agreement renews for successive one-year terms unless a written notice of non-renewal is delivered by the non-renewing party no later than sixty (60) days prior to the expiration of the initial term or any renewal term, as the case may be.

The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the Franklin ETFs.

Securities Lending Agent

The Manager, on behalf of the Franklin ETFs, may enter into a securities lending authorization agreement with State Street Bank and Trust Company, a sub-custodian of the Franklin ETFs (the “**Securities Lending Agreement**”). The Securities Lending Agreement will appoint and authorize State Street Bank and Trust Company to act as agent for securities lending transactions for those Franklin ETFs that engage in securities lending and to execute, in the applicable Franklin ETF’s name and on its behalf, securities lending agreements with borrowers in accordance with NI 81-102. The Securities Lending Agreement will require that the collateral received by a Franklin ETF in a securities lending transaction must not have a market value of less than 102% of the value of the securities loaned. Under the Securities Lending Agreement, State Street Bank and Trust Company will agree to indemnify the Franklin ETFs from certain losses incurred in connection with its failure to perform any of its obligations under the agreement. The Securities Lending Agreement will permit either party to terminate the agreement at any time upon providing the prescribed advance notice to the other party.

Auditor

The auditor of the Franklin ETFs is PricewaterhouseCoopers LLP, Chartered Accountants, PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario M5J 0B2.

Registrar and Transfer Agent

State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is the registrar and transfer agent for the Units of the Franklin ETFs. The register of the Franklin ETFs is kept in Toronto, Ontario.

Promoter

The Manager has taken the initiative in founding and organizing the Franklin ETFs and is, accordingly, the promoter of the Franklin ETFs within the meaning of securities legislation of certain provinces and territories of Canada. The Manager, in its capacity as manager of the Franklin ETFs, receives compensation from the Franklin ETFs. See “Fees and Expenses”.

Fund Administrator

State Street Fund Services Toronto Inc., at its principal offices in Toronto, Ontario, is the Fund Administrator. The Fund Administrator is responsible for certain aspects of the day-to-day administration of the Franklin ETFs, including NAV calculations, accounting for net income and net realized capital gains of the Franklin ETFs and maintaining books and records with respect to each Franklin ETF.

CALCULATION OF NET ASSET VALUE

The NAV of the Units and the NAV per Unit of a Franklin ETF are calculated by the Fund Administrator as of the Valuation Time on each Valuation Date. The NAV of a Franklin ETF as a whole on a particular date is equal to the aggregate of the market value of that Franklin ETF’s assets less its liabilities. If a Franklin ETF offers more than one series of Units, a separate net asset value is determined for each series. The NAV of the Units is calculated by adding

up the Units' proportionate share of the cash, portfolio securities and other assets of the Franklin ETF, subtracting the liabilities applicable to the Units and dividing the net assets by the total number of Units owned by Unitholders.

The NAV per Unit will generally increase or decrease on each trading day as a result of changes in the value of the portfolio securities owned by the Franklin ETF. When distributions (other than management expense distributions) are declared on the Units, the NAV per Unit will decrease by the per Unit amount of the distributions on the distribution payment date.

Valuation Policies and Procedures of the Franklin ETFs

The value of the portfolio securities and other assets of each Franklin ETF is determined by applying the following rules:

- (i) the value of any cash or its equivalent on hand, on deposit or on call, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and interest accrued and not yet received will be its face amount, unless the Manager determines that another value is more appropriate and such deemed value is approved by the board of directors of the Manager;
- (ii) the value of any security or interest in a security which is listed or dealt in upon a stock exchange will be determined by:
 - (a) in the case of a security traded on the day as of which the NAV is being determined, the closing sale price on the principal exchange on which it is traded;
 - (b) in the case of a security not traded on the day as of which the NAV is being determined because such exchange is closed for business on such day, unless decided otherwise by the board of directors of the Manager, the most recent closing sale price; and
 - (c) in the case of any other security not traded on such exchange on the day as of which the NAV is being determined, a price estimated to be the true value thereof by the Manager on such basis and in such manner as may be approved by the board of directors of the Manager, such price being between the closing ask and bid prices for the security or interest therein as reported by any report in common use or authorized as official by a stock exchange;
- (iii) the value of any security or interest therein which is not listed or dealt in upon any stock exchange will be determined as nearly as may be possible in the manner described in paragraph (ii) above, except that there may be used, for the purpose of determining the sale price or the asked and bid prices, any public quotations in common use which may be available;
- (iv) in the case of any security or property for which no price quotations are available as provided above, the value thereof will be determined from time to time by the Manager on such basis and in such manner as may be approved by the board of directors of the Manager;
- (v) if an asset cannot be valued under the above rules or under any valuation rules set out in securities legislation or if any of the valuation rules adopted by the Manager but not set out in securities legislation are at any time considered by the Manager to be inappropriate in the circumstances then the Manager shall use a valuation that it considers to be fair in the circumstances;
- (vi) where a Franklin ETF owns securities issued by another investment fund, the securities of the other investment fund are valued at either the price calculated by the manager of the other investment fund for the applicable series of securities of the other investment fund for that Valuation Date in accordance with the constating documents of the other investment fund if such securities are acquired by the Franklin ETF from the other investment fund or at their close price or last sale price reported before the Valuation Time on a Valuation Date if such securities are acquired by the Franklin ETF on a public stock exchange;
- (vii) long positions in options, debt-like securities and warrants are valued at the current market value of their positions;

- (viii) where an option is written by a Franklin ETF, the premium received by the Franklin ETF for the option is reflected as a deferred credit. The deferred credit is valued at an amount equal to the current market value of the option which would have the effect of closing the position. Any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in calculating the net asset value of the Franklin ETF. The Franklin ETF's portfolio securities which are the subject of a written option shall continue to be valued at the current market value as determined by the Manager;
- (ix) foreign currency hedging contracts are valued at their current market value on a Valuation Date, with any difference resulting from revaluation being treated as an unrealized gain or loss on investment;
- (x) the value of a forward contract or swap is the gain or loss on the contract that would be realized if, on that Valuation Date, the position in the forward contract or the swap were to be closed out;
- (xi) the value of a standardized future is: (a) if daily limits imposed by the futures exchange through which the standardized future was issued are not in effect, the gain or loss on the standardized future that would be realized if, on a Valuation Date, the position in the standardized future was closed out; or (b) if daily limits imposed by the futures exchange through which the standardized future was issued are in effect, based on the current market value of the underlying interest of the standardized future;
- (xii) margin paid or deposited on standardized futures or forward contracts is reflected as an account receivable, and margin consisting of assets other than cash is noted as held as margin;
- (xiii) portfolio securities that are quoted in foreign currencies are converted to Canadian dollars using the prevailing rate of exchange as determined by the Manager on the Valuation Date;
- (xiv) portfolio securities, the resale of which are restricted or limited by means of a representation, undertaking or agreement by a Franklin ETF or its predecessor in title or by law, are valued at the lesser of: (a) their value based upon reported quotations in common use on a Valuation Date; (b) that percentage of the market value of portfolio securities of the same class or series of a class, the resale of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage of the Franklin ETF's acquisition cost of the market value of the securities at the time of acquisition, but taking into account, if appropriate, the amount of time remaining until the restricted securities will cease to be restricted securities; and
- (xv) notwithstanding the forgoing, portfolio securities and other assets for which market quotations are, in the opinion of the Manager, inaccurate, unreliable, not reflective of all available material information or not readily available, are valued at their fair value as determined by the Manager.

If a portfolio security cannot be valued under the forgoing rules or under any other valuation rules adopted under applicable securities laws, or if any rule the Manager has adopted is not set out under applicable securities laws but at any time is considered by the Manager to be inappropriate under the circumstances, then the Manager shall use a valuation that the Manager considers to be fair, reasonable and in the interest of Unitholders. In those circumstances, the Manager would typically review current press releases concerning the portfolio security, discuss an appropriate valuation with other portfolio managers and analysts and consult other industry sources to set an appropriate fair valuation. If at any time the foregoing rules conflict with the valuation rules required under applicable securities laws, the Manager will follow the valuation rules required under applicable securities laws.

The constating documents of each of the Franklin ETFs contain details of the liabilities to be included in calculating the NAV for the Units. The liabilities of a Franklin ETF include, without limitation, all bills, notes and accounts payable, all management fees and fund costs payable or accrued, all contractual obligations for the payment of money or property, all allowances authorized or approved by the Manager for taxes (if any) or contingencies and all other liabilities of the Franklin ETF.

Reporting of Net Asset Value

Following the Valuation Time on each Valuation Date, the aggregate net asset value of each Franklin ETF and the NAV per Unit will be available to the public on the Manager's website at www.franklintempleton.ca.

ATTRIBUTES OF THE UNITS

Description of the Securities Distributed

Each Franklin ETF is authorized to issue an unlimited number of Units in an unlimited number of series, each of which represents an equal, undivided interest in the Units' proportionate share of the series net assets of the Franklin ETF.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of Ontario. Each Franklin ETF is a reporting issuer under the *Securities Act* (Ontario) and each Franklin ETF is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

Certain Provisions of the Units

Each Unit entitles the owner to one vote at all meetings of Unitholders and is entitled to participate equally with all other Units with respect to all distributions made by the Franklin ETF to Unitholders, other than management fee distributions and amounts paid on the exchange or redemption of Units. Units are issued only as fully paid and are non-assessable.

Exchange of Units for Cash or Baskets of Securities

On any Trading Day, Unitholders may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) for cash or, with the consent of the Manager, Baskets of Securities and cash. See "Redemption of Units – Exchange of Prescribed Number of Units".

Redemption of Units for Cash

On any Trading Day, Unitholders may redeem Units in any number for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per unit. See "Redemption of Units – Redemption of Units in any Number for Cash".

Modification of Terms

All rights attached to the Units may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See "Unitholder Matters – Amendments to the Declaration of Trust".

The Manager may amend the Declaration of Trust from time to time to redesignate the name of a Franklin ETF or to create a new class or series of units of a Franklin ETF without notice to existing Unitholders, unless such amendment in some way affects the existing Unitholders' rights or the value of their investment.

UNITHOLDER MATTERS

Meeting of Unitholders

Except as otherwise required by law, meetings of Unitholders of a Franklin ETF will be held if called by the Manager upon written notice of not less than 21 days or more than 50 days before the meeting.

Matters Requiring Unitholders Approval

Under the Declaration of Trust, Unitholders are entitled to vote on any matter that pursuant to Canadian securities legislation must be submitted to Unitholders for approval. NI 81-102 requires that Unitholders of a Franklin ETF approve the following:

- (i) any change to the basis of the calculation of a fee or expense that is charged to the Franklin ETF or directly to its Unitholders if such change could result in an increase in charges to the Franklin ETF or its Unitholders, except where:
 - (a) the Franklin ETF is at arm's length with the person or company charging the fee or expense;
 - (b) the Unitholders have received at least 60 days' written notice before the effective date of the change; and
 - (c) the right to notice described in (b) is disclosed in the prospectus of the Franklin ETF;
- (ii) the introduction of a fee or expense, to be charged to the Franklin ETF or directly to its Unitholders by the Franklin ETF or the Manager in connection with the holding of Units of the Franklin ETF that could result in an increase in charges to the Franklin ETF or its Unitholders (which would not include expenses associated with complying with governmental or regulatory requirements introduced after the date the Franklin ETF was created), except where:
 - (a) the Franklin ETF is at arm's length with the person or company charging the fee or expense;
 - (b) the Unitholders have received at least 60 days' written notice before the effective date of the change; and
 - (c) the right to notice described in (b) is disclosed in the prospectus of the Franklin ETF;
- (iii) any change to the Manager, unless the new manager of the Franklin ETF is an affiliate of the Manager;
- (iv) any change to the fundamental investment objective of the Franklin ETF;
- (v) the decrease in the frequency of the calculation of the Franklin ETF's NAV per Unit;
- (vi) the undertaking by the Franklin ETF of a reorganization with, or transfer of its assets to, another issuer, if the Franklin ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the Franklin ETF becoming securityholders in the other issuer, unless:
 - (a) the IRC of the Franklin ETF has approved the change;
 - (b) the Franklin ETF is being reorganized with, or its assets are being transferred to, another mutual fund that is managed by the Manager, or an affiliate of the Manager;
 - (c) the Unitholders have received at least 60 days' written notice before the effective date of the change;
 - (d) the right to notice described in (c) is disclosed in the prospectus of the Franklin ETF; and
 - (e) the transaction complies with certain other requirements of applicable securities legislation; and
- (vii) the undertaking by the Franklin ETF of a reorganization with, or acquisition of assets from, another issuer, if the Franklin ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other issuer becoming Unitholders of the Franklin ETF and the transaction would be a material change to the Franklin ETF.

In addition, the auditor of a Franklin ETF may not be changed unless the IRC has approved the change and Unitholders have received at least 60 days' written notice before the effective date of the change.

Approval of Unitholders of a Franklin ETF of any such matter will be given if a majority of the votes cast at a meeting of Unitholders of the Franklin ETF duly called and held for the purpose of considering the same approve the related resolution.

Amendments to the Declaration of Trust

The trustee may amend the Declaration of Trust from time to time, but it may not, without the approval of a majority of the votes of Unitholders of the Franklin ETF voting at a meeting of Unitholders duly called for such purpose, make any amendment relating to any matter in respect of which NI 81-102 requires a meeting, as set out above, or any amendment that will adversely affect the voting rights of Unitholders.

Unitholders are entitled to one vote per Unit held on the record date established for voting at any meeting of Unitholders.

Accounting and Reporting to Unitholders

The fiscal year end of the Franklin ETFs is September 30. The Franklin ETFs will deliver or make available to Unitholders: (i) audited comparative annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim MRFPs. Such documents are incorporated by reference into, and form an integral part of, this prospectus. See "Documents Incorporated by Reference".

Each Unitholder will also be mailed annually, by his, her or its broker, no later than March 31, information necessary to enable such Unitholder to complete an income tax return with respect to amounts paid or payable by each Franklin ETF owned by such Unitholder in respect of the preceding taxation year of such Franklin ETF.

The Manager will ensure that each Franklin ETF complies with all applicable reporting and administrative requirements. The Manager will also ensure that adequate books and records are kept reflecting the activities of each Franklin ETF. A Unitholder or his, her or its duly authorized representative has the right to examine the books and records of the applicable Franklin ETF during normal business hours at the offices of the Fund Administrator. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Franklin ETFs.

Permitted Mergers

A Franklin ETF may, without Unitholder approval, enter into a merger or other similar transaction that has the effect of combining that Franklin ETF with any other investment fund or funds that have investment objectives, valuation procedures and fee structures that are similar to the Franklin ETF, subject to:

- (i) approval of the merger by the IRC;
- (ii) compliance with certain merger pre-approval conditions set out in section 5.6 of NI 81-102; and
- (iii) written notice being sent to Unitholders at least 60 days before the effective date of the merger.

In connection with any such merger, the merging funds will be valued at their respective net asset values and Unitholders of the Franklin ETF will be offered the right to redeem their Units for cash at the applicable NAV per Unit.

TERMINATION OF THE FRANKLIN ETFS

A Franklin ETF may be terminated by the Manager on at least 60 days' notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The Manager may also terminate a Franklin ETF if the trustee resigns or becomes incapable of acting and is not replaced. Upon such termination, the securities held by the Franklin ETF, cash and other assets remaining after paying or providing for all liabilities and obligations of the

Franklin ETF and any termination-related expenses payable by the Franklin ETF shall be distributed *pro rata* among the Unitholders of the Franklin ETF.

The rights of Unitholders to exchange and redeem Units described under “Redemption of Units” will cease as and from the date of termination of that Franklin ETF.

RELATIONSHIP BETWEEN THE FRANKLIN ETFS AND DEALERS

The Manager, on behalf of the Franklin ETFS, may enter into various continuous distribution dealer agreements with registered dealers (that may or may not be a Designated Broker) pursuant to which the Dealers may subscribe for Units of one or more of the Franklin ETFS as described under “Purchases of Units – Issuance of Units”.

No Designated Broker or Dealer has been involved in the preparation of this prospectus nor have they performed any review of the contents of this prospectus and, as such, the Designated Brokers and the Dealers do not perform many of the usual underwriting activities in connection with the distribution by the Franklin ETFS of their Units under this prospectus. The Franklin ETFS have obtained exemptive relief from the Canadian securities regulatory authorities to relieve them from the requirement that this prospectus contain a certificate of the underwriter or underwriters.

PRINCIPAL HOLDERS OF SECURITIES

CDS & Co., the nominee of CDS, is the registered holder of the Units of all of the Franklin ETFS, which it holds for various brokers and other persons on behalf of their clients and others.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The Manager has adopted each Portfolio Advisor’s proxy voting policies and procedures with respect to the securities held by a Franklin ETF managed by the Portfolio Advisor and has delegated the management and administration of the policies to the Portfolio Advisor. Each Portfolio Advisor has delegated its administrative duties with respect to voting proxies to the Proxy Group within Franklin Templeton Companies, LLC (the “**Proxy Group**”), an affiliate of the Manager and wholly owned subsidiary of FRI.

Voting Practices

The Proxy Group is fully cognizant of its responsibility to process proxies and maintain proxy records pursuant to SEC and Canadian Securities Administrators rules and regulations. In addition, each Portfolio Advisor understands its fiduciary duty to vote proxies and that proxy voting decisions may affect the value of shareholdings. Therefore, each Portfolio Advisor will attempt to process every proxy it receives for all domestic and foreign proxies. However, there may be situations in which the Portfolio Advisor cannot process proxies, for example, where a meeting notice was received too late, or sell orders preclude the ability to vote. In addition, the Portfolio Advisor may abstain from voting under certain circumstances or vote against items such as “Other Business” when the Portfolio Advisor is not given adequate information from the company.

Summary of Proxy Voting Policies

The following is a summary of the proxy voting policies of each Portfolio Advisor:

As a matter of practice, the votes with respect to most issues are cast in accordance with the position of the company's management. Each issue, however, is considered on its own merits, and the Portfolio Advisor will not support the position of the company's management in any situation where it deems that the ratification of management’s position would adversely affect the investment merits of owning that company’s shares. In keeping with its fiduciary obligations to its advisory clients, the Portfolio Advisor reviews all proposals, even those that may be considered routine matters.

The Portfolio Advisor has adopted general proxy voting guidelines that are reviewed periodically by various members of the Portfolio Advisor’s organization, including portfolio management, legal counsel and the Portfolio Advisor’s officers, and are subject to change. These guidelines cannot provide an exhaustive list of all the issues that may arise nor can the Portfolio Advisor anticipate all future situations. The guidelines cover such agenda items as the election of directors, ratification of auditors, management and director compensation, anti-takeover mechanisms, changes to

capital structure, mergers and corporate restructuring, social and corporate policy issues, and global corporate governance. The Portfolio Advisor may deviate from the general policies and procedures when it determines that the particular facts and circumstances warrant such deviation to protect the interests of advisory clients.

Conflicts of Interest

Each Portfolio Advisor votes proxies solely in the interests of the client, unitholders or, where employee benefit plan assets are involved, in the interests of plan participants and beneficiaries (collectively “**advisory clients**”). As a matter of policy, the officers, directors and employees of each Portfolio Advisor and the Proxy Group will not be influenced by outside sources whose interests conflict with the interests of advisory clients. In situations where a Portfolio Advisor perceives a material conflict of interest, the Portfolio Advisor may: disclose the conflict to the relevant advisory clients; defer to the voting recommendation of the advisory clients, Institutional Shareholder Services, Glass Lewis & Co., LLC, or those of another independent third party provider of proxy services; send the proxy directly to the relevant advisory client for a decision, or take such other action in good faith (in consultation with counsel) which would protect the interests of the advisory clients.

Proxy Voting Procedures

All proxies received by the Proxy Group will be voted based upon the applicable Portfolio Advisor’s instructions and/or policies. To assist the Portfolio Advisor in analyzing proxies, each Portfolio Advisor subscribes to Institutional Shareholder Services (“**ISS**”), an unaffiliated third party corporate governance research service that provides in-depth analyses of shareholder meeting agendas, vote recommendations, record keeping and vote disclosure services. In addition, each Portfolio Advisor subscribes to Glass Lewis & Co., LLC (“**Glass Lewis**”), an unaffiliated third party analytical research firm, to receive analyses and vote recommendations on the shareholder meetings of publicly held U.S. companies. Although ISS’ and/or Glass Lewis’ analyses are thoroughly reviewed and considered in making a final voting decision, a Portfolio Advisor does not consider recommendations from ISS, Glass Lewis, or any other third party to be determinative of the Portfolio Advisor’s ultimate decisions.

The Proxy Group is part of the Franklin Templeton Companies, LLC Corporate Legal Department and is overseen by legal counsel. For each shareholder meeting, a member of the Proxy Group will consult with the research analyst that follows the security and will provide the analyst with the meeting notice, agenda, ISS and/or Glass Lewis analyses, recommendations and any other available information. The applicable Portfolio Advisor’s research analyst(s) and relevant portfolio manager(s) are responsible for making the final voting decision based on their review of the agenda, ISS and/or Glass Lewis analyses, their knowledge of the company and any other information readily available. The Proxy Group must obtain voting instructions from the applicable Portfolio Advisor’s research analyst(s), relevant portfolio manager(s) and/or legal counsel prior to submitting the vote.

The Proxy Group is responsible for maintaining the documentation that supports each Portfolio Advisor’s voting position. The Proxy Group is also responsible for maintaining appropriate proxy voting supporting documentation and records. Such records may include, but are not limited to, a copy of all materials returned to the issuer and/or its agent, the documentation described above, listings of proxies voted by issuer and by client, and any other relevant information. The Proxy Group may use an outside service such as ISS to support this function. All files will be retained for at least five years, the first two of which will be on-site. A complete copy of the proxy voting policies and procedures will be available to clients upon request. In addition, the Proxy Group is responsible for ensuring that the proxy voting policies, procedures and records of each Portfolio Advisor are made available as required by law and is responsible for overseeing the filing of such policies and procedures with the SEC and/or other applicable regulators.

Information Requests

A copy of the policies and procedures that the Franklin ETFs follow when voting proxies relating to portfolio securities is available on request and at no cost by calling toll-free 1-800-387-0830 or by writing to 5000 Yonge Street, Suite 900, Toronto, Ontario M2N 0A7.

A proxy voting record for each of the Franklin ETFs most recent period ended June 30 of each year will be available free of charge to any Unitholder of that Franklin ETF upon request at any time after August 31 of that year and can also be found at www.franklintempleton.ca.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- (i) Declaration of Trust;
- (ii) Management Agreement;
- (iii) Custodian Agreement; and
- (iv) Portfolio Advisory Agreements.

Copies of the agreements referred to above may be inspected during business hours at the principal office of the Manager.

LEGAL AND ADMINISTRATIVE PROCEEDINGS

A motion to authorize a class action proceeding against the Manager and other mutual fund companies was filed in the Quebec Superior Court on October 25, 2004, claiming damages resulting from an alleged breach of fiduciary duty by permitting or failing to prevent certain market timing practices. The claim, as amended, proposed a class of all Quebec residents who held securities in certain mutual funds managed by the Manager between January 1, 2000 and December 31, 2003. Hearings on the class authorization motion for this claim concluded in May 2009. Before the court issued its decision on that motion, in July 2010, the Manager reached an agreement-in-principle with the plaintiffs to resolve the action (as well as the action described below), subject to certain conditions, including authorization of a class for settlement purposes. In September 2010, the court granted plaintiffs' motion for authorization for settlement purposes and, in December 2010, the court approved the settlement.

A statement of claim was filed with the Superior Court of Justice in Ontario on March 9, 2006 commencing a putative class action proceeding against the Manager and other mutual fund companies, claiming that during the period from February 1, 1999 to February 28, 2003, the Manager “permitted and/or participated in and/or failed to prevent or terminate market timing activity” in certain of its mutual funds allegedly in breach of its fiduciary duty. The class certification motion for this claim was heard in December 2009, and denied by the court in January 2010. Plaintiffs filed a notice of appeal of that decision in February 2010, and the Manager reached an agreement-in-principle with the plaintiffs to resolve the action in July 2010. In September 2010, the court granted plaintiffs' motion to certify the relevant class for settlement purposes and, in December 2010, the court approved the settlement.

The Manager and the plaintiffs' agreement to resolve both the Quebec and Ontario actions included the payment by the Manager of \$5,000,000 to certain mutual funds managed by the Manager and specified in the settlement agreement, less (i) any amounts approved by the Quebec and Ontario courts for legal fees and disbursements for Quebec and Ontario plaintiffs' counsel respectively, and (ii) disbursements incurred in connection with the implementation of the settlement.

Shares of the Canadian company, BlackPearl Resources Inc. (the “**Company**”), are held in funds and separate accounts managed by the Manager and are traded in Canada. As the shares of the Company are categorized as Canadian for reporting purposes, the shareholder reporting rules for Canada require that an Alternative Monthly Report (“**AMR**”) filed once an initial threshold of 10% is reached /exceeded. On December 8, 2014, an AMR report was filed on a timely basis with Canadian securities regulators. It was subsequently filed with the Company on December 11, 2014. The filing reported holdings at just above 10%.

On December 12, 2014, the Company notified the Manager that there are filing obligations in Sweden due to the Company's additional listing in Sweden. Although the Company is categorized as Canadian and the Manager does not hold any Swedish shares (shares traded in the NASDAQ OMX Stockholm Exchange), Swedish rules require reporting when holdings reach, exceed or fall below any of statutory threshold limits. Thus, Swedish reporting at 5% and 10% was not completed. Once made aware of the obligation to report in Sweden, a notice was promptly sent to the Financial Supervisory Authority of Sweden (“**Swedish FSA**”) and the Company on December 16, 2014 with a letter of explanation, at which point the required filing was 11 trade days late.

On April 23, 2015, the Manager received a letter from Swedish FSA of its decision to impose an administrative fee of SEK 300,000 (approximately USD\$36,000) as a result of the late filing. The Manager appealed the administrative fee to the Stockholm Administrative Court on May 15, 2015.

The Stockholm Administrative Court, in its judgment dated January, 28, 2016, dismissed the Manager's appeal of the Swedish FSA administrative fee. The Administrative Court found that the changes in shareholdings were not reported within the stipulated time frame and did not find a reason to reduce the proposed administrative fee. The Manager had until March 8, 2016 to appeal the Administrative Court decision, which it chose not to do. The decision is therefore final on March 8, 2016.

EXPERTS

Borden Ladner Gervais LLP, legal counsel to the Franklin ETFs and the Manager, has provided certain legal opinions regarding the principal Canadian federal income tax considerations that apply to an investment in the Units by a Canadian resident individual and by a Registered Plan. See "Income Tax Considerations".

PricewaterhouseCoopers LLP, Chartered Professional Accountants, the auditor of the Franklin ETFs, has consented to the use of (i) their audit report dated December 21, 2017 to the Unitholder and Trustee of the Franklin Liberty Canadian Investment Grade Corporate ETF and Franklin Liberty Risk Managed Canadian Equity ETF on the September 30, 2017 annual financial statements, which comprise the statements of financial position, comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows as at and for the period indicated in Note 1 of the financial statements and the related notes, which comprise a summary of significant accounting policies and other explanatory information; (ii) their report dated January 9, 2018 to the Unitholder and Trustee of Franklin Liberty Core Balanced ETF on the statement of financial position as at January 5, 2018 and the related notes; and (iii) their report dated April 6, 2018 to the Unitholder and Trustee of Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged), Franklin Liberty Senior Loan ETF (CAD-Hedged) and Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) on the statements of financial position as at February 22, 2018 and the related notes.

PricewaterhouseCoopers LLP has confirmed that it is independent with respect to the Franklin ETFs within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

EXEMPTIONS AND APPROVALS

Each Franklin ETF has obtained exemptive relief from the Canadian securities regulatory authorities to permit:

- (i) the purchase by a Unitholder of more than 20% of the Units of any Franklin ETF through purchases on the TSX or another marketplace without regard to the takeover bid requirements of applicable Canadian securities legislation;
- (ii) a Franklin ETF to borrow cash in an amount not exceeding 5% of the net assets of the Franklin ETF for a period not longer than 45 days and, if required by the lender, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distribution payable to Unitholders that represents amounts that have not yet been received by the Franklin ETF; and
- (iii) a Franklin ETF to invest in another Franklin ETF or another exchange-traded fund managed by the Manager or one of its affiliates.

Franklin Liberty Senior Loan ETF (CAD-Hedged) has obtained exemptive relief from the Canadian securities regulatory authorities to permit the Franklin ETF to borrow cash in an amount not to exceed 10% of the net assets of the Franklin ETF as a temporary measure to accommodate requests for redemptions of Units of the Franklin ETF.

In addition, each Franklin ETF has obtained exemptive relief from the Canadian securities regulatory authorities from the requirement to include in the prospectus a certificate of an underwriter.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase ETF securities within 48 hours after receipt of a confirmation of a purchase of such securities. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or if there is non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The Manager has obtained exemptive relief from the requirement in securities legislation to include an underwriter's certificate in the prospectus under a decision pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*. As such, purchasers of Units of the Franklin ETFs will not be able to rely on the inclusion of an underwriter's certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter's certificate.

Purchasers should refer to the applicable provisions of the securities legislation and the decisions referred to above for the particulars of their rights or consult with a legal adviser.

DOCUMENTS INCORPORATED BY REFERENCE

During the period in which the Franklin ETFs are in continuous distribution, additional information is available in:

- (i) the most recently filed ETF Facts of the Franklin ETFs;
- (ii) the most recently filed comparative annual financial statements of the Franklin ETFs, together with the accompanying report of the auditor, if any;
- (iii) any interim financial statements filed after the most recently filed comparative annual financial statements of the Franklin ETFs;
- (iv) any annual MRFP of the Franklin ETFs, if any; and
- (v) any interim MRFP of the Franklin ETFs.

These documents are incorporated by reference into the prospectus, which means that they legally form part of this document just as if they were printed as part of this document. A Unitholder can get a copy of these documents upon request and at no cost by calling 1.800.387.0830 or by contacting a registered dealer.

These documents are available on the Manager's website at www.franklintempleton.ca or by contacting the Manager at 1.800.387.0830 or via e-mail at service@franklintempleton.ca.

These documents and other information about the Franklin ETFs are available on the internet at www.sedar.com.

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the Franklin ETFs after the date of this prospectus and before the termination of the distribution of the Franklin ETFs are deemed to be incorporated by reference into this prospectus.

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April 6, 2018

INDEPENDENT AUDITOR'S REPORT

To the Unitholder and Trustee of
Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)
Franklin Liberty Senior Loan ETF (CAD-Hedged)
Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)
(collectively, "the Funds")

We have audited the accompanying statements of financial position of each of the Funds as at February 22, 2018 (together, the financial statements), which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statement

Management is responsible for the preparation and fair presentation of the financial statement of each Fund in accordance with those requirements of the International Financial Reporting Standards relevant to preparing such a statement, and for such internal control as management determines is necessary to enable the preparation of the financial statement of each Fund is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statement of each Fund based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement of each Fund is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement of each Fund. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement of each Fund, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement of each Fund in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement of each Fund.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement of each Fund presents fairly, in all material respects, the financial position of each Fund as at February 22, 2018 in accordance with International Financial Reporting Standards relevant to preparing such a statement.

(signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

**FRANKLIN LIBERTY GLOBAL AGGREGATE BOND ETF (CAD-HEDGED)
STATEMENT OF FINANCIAL POSITION**

As at February 22, 2018

Assets

Current assets

Cash	\$	100.00
Total assets	\$	<u>100.00</u>

Net assets attributable to holder of redeemable units	\$	<u>100.00</u>
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Net assets attributable to holder of redeemable units per Unit	\$	20.00
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(Issued and outstanding 5 units)

Approved on behalf of the Board of Directors of
Franklin Templeton Investments Corp., as Trustee of Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged)

“Duane Green”

Duane Green
Director

“Ghion Shewangzaw”

Ghion Shewangzaw
Director

Notes to Statement of Financial Position

1. Franklin Liberty Global Aggregate Bond ETF (CAD-Hedged) (the “**Franklin ETF**”) is an exchange-traded fund established as a trust under the laws of the Province of Ontario effective February 22, 2018. The Franklin ETF has been established pursuant to a declaration of trust. The Franklin ETF’s registered office is 200 King Street West, Suite 1500, Toronto, Ontario, Canada. This financial statement has been prepared in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a statement.
2. Franklin Templeton Investments Corp., the trustee and manager of the Franklin ETF (the “**Manager**”), has subscribed for five redeemable units of the Franklin ETF at \$20 per unit on February 22, 2018.
3. Units of the Franklin ETF are redeemable units which are puttable at the holders’ option, and entitle the holder to a proportionate share of the Franklin ETF’s Net Assets.
4. The Franklin ETF’s functional and presentation currency is the Canadian dollar, which is the currency considered to most faithfully represent the economic effects of the Franklin ETF’s underlying transactions, events and conditions taking into consideration the manner in which securities are issued and redeemed and how returns and performance by the Franklin ETF are measured.
5. The Franklin ETF pays a management fee, plus applicable taxes, to the Manager based on an annual rate of 0.35% and the net asset value of the units of the Franklin ETF. This management fee is calculated and accrued

daily and paid monthly and is subject to applicable taxes, such as HST. This management fee covers the Manager and the portfolio advisor's fees and costs associated with acting as the manager and the portfolio advisor, respectively, of the Franklin ETF and other fees and expenses payable by the Manager in connection with the Franklin ETF, which include the custody and safekeeping fees payable to the custodian and the registrar and transfer agent, State Street Trust Company Canada, the fund administrator, State Street Fund Services Toronto Inc., the auditor and other service providers retained by the Manager.

Accounting Estimates

6. The preparation of financial statements in accordance with IFRS may require the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense reported during the periods. Actual results may differ from those estimates.

Risks associated with financial instruments

7. The Franklin ETF's overall risk management program seeks to maximize the returns derived for the level of risk to which the Franklin ETF is exposed and seeks to minimize potential adverse effects on the Franklin ETF's financial performance.

Credit risk

The Franklin ETF is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at February 22, 2018, the credit risk is considered limited as the cash balance represents a deposit with an A+ rated financial institution.

Liquidity risk

Liquidity risk is the risk that the Franklin ETF will encounter difficulty in meeting obligations associated with financial liabilities. The Franklin ETF maintains sufficient cash on hand to fund anticipated redemptions.

Capital risk management

Units issued and outstanding are considered to be the capital of the Franklin ETF. The Franklin ETF does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

Classification of redeemable units

8. The Franklin ETF's outstanding redeemable units' entitlements include a contractual obligation to distribute any net income and net realized capital gains annually in cash (at the request of the unitholder) and therefore the ongoing redemption feature is not the units' only contractual obligation. Consequently, the Franklin ETF's outstanding redeemable units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 Financial Instruments: Presentation.

Net asset value per unit

9. The net asset value of the Units and the net asset value per unit of the Franklin ETF are calculated by the fund administrator as of the valuation time on each valuation date. The net asset value of the Franklin ETF as a whole on a particular date is equal to the aggregate of the market value of the Franklin ETF's assets less its liabilities. If the Franklin ETF offers more than one series of units, a separate net asset value is determined for each series. The net asset value of the units is calculated by adding up the units' proportionate share of the cash, portfolio securities and other assets of the Franklin ETF, subtracting the liabilities applicable to the units and dividing the net assets by the total number of units owned by holders of redeemable units. The net asset value per unit will generally increase or decrease on each trading day as a result of changes in the value of the portfolio securities owned by the Franklin ETF. When distributions (other than management expense distributions) are declared on the units, the net asset value per unit will decrease by the per unit amount of the distributions on the distribution payment date.

Cash policy

10. The carrying values of cash and the Franklin ETF's obligation for net assets attributable to holders of redeemable units approximate their fair values.

Investment objective

11. The Franklin ETF's investment objective is to seek to maximize, consistent with prudent investment management, total investment return, consisting of a combination of interest income and capital appreciation by investing primarily in investment grade fixed or floating-rate debt securities issued by governments, government related entities (including supranational organizations supported by several national governments) and corporations worldwide.

Redeemable units

12. The Franklin ETF is authorized to issue an unlimited number of units that rank equally and are offered for sale under one prospectus.

The capital of the Franklin ETF is comprised of its net assets attributable to holders of redeemable units. The Franklin ETF's capital is managed in accordance with the investment objectives and policies and there are no externally imposed restrictions in relation to the Franklin ETF's units. The Franklin ETF has no specific restrictions or capital requirements on the subscriptions and redemption of units, other than minimum subscription requirements. Units of the Franklin ETF are redeemable at the option of the unitholders in accordance with the provisions in the declaration of trust.

In addition to the ability to sell units on the Toronto Stock Exchange ("TSX") or other exchange or marketplace, unitholders may (i) redeem units in any number for cash for a redemption price per unit of 95% of the closing price for the units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable net asset value per unit, or (ii) exchange a minimum of a prescribed number of units (and any additional multiple thereof) for cash or, with the consent of the Manager, a group of securities selected by the portfolio advisor and cash.

Certain operating expenses

13. In addition to the applicable management fee, the only operating expenses payable by the Franklin ETF are: (i) borrowing and interest costs; (ii) brokerage expenses and related transaction fees, including transaction-related fees payable to the custodian or its agents; (iii) the fees under any derivative instrument used by the Franklin ETF; (iv) investor meeting costs (as permitted by Canadian securities regulation); (v) the fees and expenses relating to the operation of the independent review committee; (vi) any costs and expenses associated with litigation for the benefit of the Franklin ETF or brought to pursue rights on behalf of the Franklin ETF; (vii) the costs of complying with governmental or regulatory requirements introduced after the creation of the Franklin ETF, including, without limitation, any new fees or increases in fees, or the costs of complying with any material change to existing governmental or regulatory requirements introduced after the creation of the Franklin ETF, including, without limitation, extraordinary increases to regulatory filing fees; (viii) the fees related to external services that are not commonly charged in the Canadian exchange-traded fund industry as of the creation of the Franklin ETF; (ix) any costs associated with the termination of the Franklin ETF that may be allocated by the Manager to the Franklin ETF; (x) any extraordinary expenses; and (xi) any applicable taxes, including income, withholding or other taxes and also including goods and services or harmonized sales taxes on expenses.

The Manager may decide, in its discretion, to pay for some of these operating expenses that are otherwise payable by the Franklin ETF, rather than having the Franklin ETF incur such operating expenses. The Manager is under no obligation to do so and, if any operating expenses are reimbursed by the Manager, it may discontinue this practice at any time.

Fund of funds

14. The Franklin ETF may, in accordance with applicable securities laws and, if applicable, exemptive relief obtained by the Franklin Templeton mutual funds, including the Franklin ETF, invest in other Franklin Templeton exchange-traded funds, other investment funds managed by the Manager or its affiliates and other exchange-traded funds managed by third parties. With respect to such investments, no management or incentive fees are payable by the Franklin ETF that, to a reasonable person, would duplicate a fee payable by the other investment funds for the same service. Where the Franklin ETF invests in another exchange-traded fund or other investment fund managed by the Manager or its affiliates and such other fund pays a management fee to the Manager or its affiliates that is higher than the management fee payable by the

Franklin ETF, the Manager will adjust the management fee payable by the Franklin ETF to ensure that the total annual fees paid directly or indirectly to the Manager by the Franklin ETF does not exceed the annual management fee set out above for the Franklin ETF. Where the Franklin ETF invests in an exchange-traded fund that is not managed by the Manager or its affiliates, the fees and expenses payable in connection with the management of that exchange-traded fund, including management and incentive fees, are not duplicative and are in addition to those payable by the Franklin ETF. No sales or redemption fees are payable by the Franklin ETF in relation to any purchase or redemption of the securities of such investment funds. Commissions may apply to the purchase or sale of exchange-traded fund securities.

Management fee distributions

15. In respect of large investments in the Franklin ETF by a particular holder of redeemable units or for other purposes, the Manager may, in its discretion, agree to charge the Franklin ETF a reduced management fee as compared to the management fee that it otherwise would be entitled to receive, provided that an amount equal to the reduction in the management fee is distributed periodically by the Franklin ETF to the holder of redeemable units as a management fee distribution. The availability and amount of these management fee distributions is determined by the Manager in its sole discretion. The Manager reserves the right to discontinue or change this management fee distribution program at any time. Management fee distributions are paid first out of income and capital gains of the Franklin ETF, and then out of capital. The tax consequences of a management fee distribution will generally be borne by the holder of redeemable units who receives the distribution.

Distributions

16. Cash distributions on units of the Franklin ETF will be paid on a monthly basis. The Manager may, in its discretion, change the frequency of cash distributions, and will issue a press release if such a change is made or the Manager may make additional distributions if determined to be appropriate. Cash distributions are may consist of income, capital gains and/or returns of capital. Distributions are not fixed or guaranteed.

The Franklin ETF distributes a sufficient amount of its net income and net realized capital gains to holders of redeemable units for each taxation year so that the Franklin ETF will not be liable for ordinary income tax. To the extent that the Franklin ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, it will pay a distribution to holders of redeemable units at the end of the year and that distribution will be automatically reinvested in additional units. Immediately following such reinvestment, the number of units outstanding will be consolidated so that the net asset value per unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

A holder of redeemable units that subscribes for units during the period that is two business days before a distribution record date until that distribution record date will not be entitled to receive the applicable distribution in respect of those units. Income and/or capital gains of the Franklin ETF may be distributed to a holder of redeemable units as part of the price paid to the holder of redeemable units on the exchange or redemption of units.

Management fee distributions, if any, will be paid generally first out of the net income and net realized capital gains of the Franklin ETF and then out of capital.

**FRANKLIN LIBERTY SENIOR LOAN ETF (CAD-HEDGED)
STATEMENT OF FINANCIAL POSITION**

As at February 22, 2018

Assets

Current assets

Cash	\$	100.00
Total assets	\$	<u>100.00</u>
Net assets attributable to holder of redeemable units	\$	<u>100.00</u>
Net assets attributable to holder of redeemable units per Unit	\$	20.00

(Issued and outstanding 5 units)

Approved on behalf of the Board of Directors of
Franklin Templeton Investments Corp., as Trustee of Franklin Liberty Senior Loan ETF (CAD-Hedged)

"Duane Green"

Duane Green
Director

"Ghion Shewangzaw"

Ghion Shewangzaw
Director

Notes to Statement of Financial Position

1. Franklin Liberty Senior Loan ETF (CAD-Hedged) (the "**Franklin ETF**") is an exchange-traded fund established as a trust under the laws of the Province of Ontario effective February 22, 2018. The Franklin ETF has been established pursuant to a declaration of trust. The Franklin ETF's registered office is 200 King Street West, Suite 1500, Toronto, Ontario, Canada. This financial statement has been prepared in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a statement.
2. Franklin Templeton Investments Corp., the trustee and manager of the Franklin ETF (the "**Manager**"), has subscribed for five redeemable units of the Franklin ETF at \$20 per unit on February 22, 2018.
3. Units of the Franklin ETF are redeemable units which are puttable at the holders' option, and entitle the holder to a proportionate share of the Franklin ETF's Net Assets.
4. The Franklin ETF's functional and presentation currency is the Canadian dollar, which is the currency considered to most faithfully represent the economic effects of the Franklin ETF's underlying transactions, events and conditions taking into consideration the manner in which securities are issued and redeemed and how returns and performance by the Franklin ETF are measured.
5. The Franklin ETF pays a management fee, plus applicable taxes, to the Manager based on an annual rate of 0.45% and the net asset value of the units of the Franklin ETF. This management fee is calculated and accrued

daily and paid monthly and is subject to applicable taxes, such as HST. This management fee covers the Manager and the portfolio advisor's fees and costs associated with acting as the manager and the portfolio advisor, respectively, of the Franklin ETF and other fees and expenses payable by the Manager in connection with the Franklin ETF, which include the custody and safekeeping fees payable to the custodian and the registrar and transfer agent, State Street Trust Company Canada, the fund administrator, State Street Fund Services Toronto Inc., the auditor and other service providers retained by the Manager.

Accounting Estimates

6. The preparation of financial statements in accordance with IFRS may require the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense reported during the periods. Actual results may differ from those estimates.

Risks associated with financial instruments

7. The Franklin ETF's overall risk management program seeks to maximize the returns derived for the level of risk to which the Franklin ETF is exposed and seeks to minimize potential adverse effects on the Franklin ETF's financial performance.

Credit risk

The Franklin ETF is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at February 22, 2018, the credit risk is considered limited as the cash balance represents a deposit with an A+ rated financial institution.

Liquidity risk

Liquidity risk is the risk that the Franklin ETF will encounter difficulty in meeting obligations associated with financial liabilities. The Franklin ETF maintains sufficient cash on hand to fund anticipated redemptions.

Capital risk management

Units issued and outstanding are considered to be the capital of the Franklin ETF. The Franklin ETF does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

Classification of redeemable units

8. The Franklin ETF's outstanding redeemable units' entitlements include a contractual obligation to distribute any net income and net realized capital gains annually in cash (at the request of the unitholder) and therefore the ongoing redemption feature is not the units' only contractual obligation. Consequently, the Franklin ETF's outstanding redeemable units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 Financial Instruments: Presentation.

Net asset value per unit

9. The net asset value of the Units and the net asset value per unit of the Franklin ETF are calculated by the fund administrator as of the valuation time on each valuation date. The net asset value of the Franklin ETF as a whole on a particular date is equal to the aggregate of the market value of the Franklin ETF's assets less its liabilities. If the Franklin ETF offers more than one series of units, a separate net asset value is determined for each series. The net asset value of the units is calculated by adding up the units' proportionate share of the cash, portfolio securities and other assets of the Franklin ETF, subtracting the liabilities applicable to the units and dividing the net assets by the total number of units owned by holders of redeemable units. The net asset value per unit will generally increase or decrease on each trading day as a result of changes in the value of the portfolio securities owned by the Franklin ETF. When distributions (other than management expense distributions) are declared on the units, the net asset value per unit will decrease by the per unit amount of the distributions on the distribution payment date.

Cash policy

10. The carrying values of cash and the Franklin ETF's obligation for net assets attributable to holders of redeemable units approximate their fair values.

Investment objective

11. The Franklin ETF's investment objective is to seek to provide a high level of current income while seeking preservation of capital by investing primarily in senior secured income-producing floating rate corporate loans made to, and corporate debt securities issued by, U.S. and non-U.S. entities.

Redeemable units

12. The Franklin ETF is authorized to issue an unlimited number of units that rank equally and are offered for sale under one prospectus.

The capital of the Franklin ETF is comprised of its net assets attributable to holders of redeemable units. The Franklin ETF's capital is managed in accordance with the investment objectives and policies and there are no externally imposed restrictions in relation to the Franklin ETF's units. The Franklin ETF has no specific restrictions or capital requirements on the subscriptions and redemption of units, other than minimum subscription requirements. Units of the Franklin ETF are redeemable at the option of the unitholders in accordance with the provisions in the declaration of trust.

In addition to the ability to sell units on the Toronto Stock Exchange ("TSX") or other exchange or marketplace, unitholders may (i) redeem units in any number for cash for a redemption price per unit of 95% of the closing price for the units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable net asset value per unit, or (ii) exchange a minimum of a prescribed number of units (and any additional multiple thereof) for cash or, with the consent of the Manager, a group of securities selected by the portfolio advisor and cash.

Certain operating expenses

13. In addition to the applicable management fee, the only operating expenses payable by the Franklin ETF are: (i) borrowing and interest costs; (ii) brokerage expenses and related transaction fees, including transaction-related fees payable to the custodian or its agents; (iii) the fees under any derivative instrument used by the Franklin ETF; (iv) investor meeting costs (as permitted by Canadian securities regulation); (v) the fees and expenses relating to the operation of the independent review committee; (vi) any costs and expenses associated with litigation for the benefit of the Franklin ETF or brought to pursue rights on behalf of the Franklin ETF; (vii) the costs of complying with governmental or regulatory requirements introduced after the creation of the Franklin ETF, including, without limitation, any new fees or increases in fees, or the costs of complying with any material change to existing governmental or regulatory requirements introduced after the creation of the Franklin ETF, including, without limitation, extraordinary increases to regulatory filing fees; (viii) the fees related to external services that are not commonly charged in the Canadian exchange-traded fund industry as of the creation of the Franklin ETF; (ix) any costs associated with the termination of the Franklin ETF that may be allocated by the Manager to the Franklin ETF; (x) any extraordinary expenses; and (xi) any applicable taxes, including income, withholding or other taxes and also including goods and services or harmonized sales taxes on expenses.

The Manager may decide, in its discretion, to pay for some of these operating expenses that are otherwise payable by the Franklin ETF, rather than having the Franklin ETF incur such operating expenses. The Manager is under no obligation to do so and, if any operating expenses are reimbursed by the Manager, it may discontinue this practice at any time.

Fund of funds

14. The Franklin ETF may, in accordance with applicable securities laws and, if applicable, exemptive relief obtained by the Franklin Templeton mutual funds, including the Franklin ETF, invest in other Franklin Templeton exchange-traded funds, other investment funds managed by the Manager or its affiliates and other exchange-traded funds managed by third parties. With respect to such investments, no management or incentive fees are payable by the Franklin ETF that, to a reasonable person, would duplicate a fee payable by the other investment funds for the same service. Where the Franklin ETF invests in another exchange-traded fund or other investment fund managed by the Manager or its affiliates and such other fund pays a management fee to the Manager or its affiliates that is higher than the management fee payable by the Franklin ETF, the Manager will adjust the management fee payable by the Franklin ETF to ensure that the total annual fees paid directly or indirectly to the Manager by the Franklin ETF does not exceed the annual

management fee set out above for the Franklin ETF. Where the Franklin ETF invests in an exchange-traded fund that is not managed by the Manager or its affiliates, the fees and expenses payable in connection with the management of that exchange-traded fund, including management and incentive fees, are not duplicative and are in addition to those payable by the Franklin ETF. No sales or redemption fees are payable by the Franklin ETF in relation to any purchase or redemption of the securities of such investment funds. Commissions may apply to the purchase or sale of exchange-traded fund securities.

Management fee distributions

15. In respect of large investments in the Franklin ETF by a particular holder of redeemable units or for other purposes, the Manager may, in its discretion, agree to charge the Franklin ETF a reduced management fee as compared to the management fee that it otherwise would be entitled to receive, provided that an amount equal to the reduction in the management fee is distributed periodically by the Franklin ETF to the holder of redeemable units as a management fee distribution. The availability and amount of these management fee distributions is determined by the Manager in its sole discretion. The Manager reserves the right to discontinue or change this management fee distribution program at any time. Management fee distributions are paid first out of income and capital gains of the Franklin ETF, and then out of capital. The tax consequences of a management fee distribution will generally be borne by the holder of redeemable units who receives the distribution.

Distributions

16. Cash distributions on units of the Franklin ETF will be paid on a monthly basis. The Manager may, in its discretion, change the frequency of cash distributions, and will issue a press release if such a change is made or the Manager may make additional distributions if determined to be appropriate. Cash distributions are may consist of income, capital gains and/or returns of capital. Distributions are not fixed or guaranteed.

The Franklin ETF distributes a sufficient amount of its net income and net realized capital gains to holders of redeemable units for each taxation year so that the Franklin ETF will not be liable for ordinary income tax. To the extent that the Franklin ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, it will pay a distribution to holders of redeemable units at the end of the year and that distribution will be automatically reinvested in additional units. Immediately following such reinvestment, the number of units outstanding will be consolidated so that the net asset value per unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

A holder of redeemable units that subscribes for units during the period that is two business days before a distribution record date until that distribution record date will not be entitled to receive the applicable distribution in respect of those units. Income and/or capital gains of the Franklin ETF may be distributed to a holder of redeemable units as part of the price paid to the holder of redeemable units on the exchange or redemption of units.

Management fee distributions, if any, will be paid generally first out of the net income and net realized capital gains of the Franklin ETF and then out of capital.

**FRANKLIN LIBERTY U.S. INVESTMENT GRADE CORPORATE ETF (CAD-HEDGED)
STATEMENT OF FINANCIAL POSITION**

As at February 22, 2018

Assets

Current assets

Cash	\$	100.00
Total assets	\$	<u>100.00</u>

Net assets attributable to holder of redeemable units	\$	<u>100.00</u>
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Net assets attributable to holder of redeemable units per Unit	\$	20.00
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(Issued and outstanding 5 units)

Approved on behalf of the Board of Directors of
Franklin Templeton Investments Corp., as Trustee of Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged)

“Duane Green”

Duane Green
Director

“Ghion Shewangzaw”

Ghion Shewangzaw
Director

Notes to Statement of Financial Position

1. Franklin Liberty U.S. Investment Grade Corporate ETF (CAD-Hedged) (the “**Franklin ETF**”) is an exchange-traded fund established as a trust under the laws of the Province of Ontario effective February 22, 2018. The Franklin ETF has been established pursuant to a declaration of trust. The Franklin ETF’s registered office is 200 King Street West, Suite 1500, Toronto, Ontario, Canada. This financial statement has been prepared in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a statement.
2. Franklin Templeton Investments Corp., the trustee and manager of the Franklin ETF (the “**Manager**”), has subscribed for five redeemable units of the Franklin ETF at \$20 per unit on February 22, 2018.
3. Units of the Franklin ETF are redeemable units which are puttable at the holders’ option, and entitle the holder to a proportionate share of the Franklin ETF’s Net Assets.
4. The Franklin ETF’s functional and presentation currency is the Canadian dollar, which is the currency considered to most faithfully represent the economic effects of the Franklin ETF’s underlying transactions, events and conditions taking into consideration the manner in which securities are issued and redeemed and how returns and performance by the Franklin ETF are measured.

5. The Franklin ETF pays a management fee, plus applicable taxes, to the Manager based on an annual rate of 0.35% and the net asset value of the units of the Franklin ETF. This management fee is calculated and accrued daily and paid monthly and is subject to applicable taxes, such as HST. This management fee covers the Manager and the portfolio advisor's fees and costs associated with acting as the manager and the portfolio advisor, respectively, of the Franklin ETF and other fees and expenses payable by the Manager in connection with the Franklin ETF, which include the custody and safekeeping fees payable to the custodian and the registrar and transfer agent, State Street Trust Company Canada, the fund administrator, State Street Fund Services Toronto Inc., the auditor and other service providers retained by the Manager.

Accounting Estimates

6. The preparation of financial statements in accordance with IFRS may require the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense reported during the periods. Actual results may differ from those estimates.

Risks associated with financial instruments

7. The Franklin ETF's overall risk management program seeks to maximize the returns derived for the level of risk to which the Franklin ETF is exposed and seeks to minimize potential adverse effects on the Franklin ETF's financial performance.

Credit risk

The Franklin ETF is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at February 22, 2018, the credit risk is considered limited as the cash balance represents a deposit with an A+ rated financial institution.

Liquidity risk

Liquidity risk is the risk that the Franklin ETF will encounter difficulty in meeting obligations associated with financial liabilities. The Franklin ETF maintains sufficient cash on hand to fund anticipated redemptions.

Capital risk management

Units issued and outstanding are considered to be the capital of the Franklin ETF. The Franklin ETF does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements.

Classification of redeemable units

8. The Franklin ETF's outstanding redeemable units' entitlements include a contractual obligation to distribute any net income and net realized capital gains annually in cash (at the request of the unitholder) and therefore the ongoing redemption feature is not the units' only contractual obligation. Consequently, the Franklin ETF's outstanding redeemable units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 Financial Instruments: Presentation.

Net asset value per unit

9. The net asset value of the Units and the net asset value per unit of the Franklin ETF are calculated by the fund administrator as of the valuation time on each valuation date. The net asset value of the Franklin ETF as a whole on a particular date is equal to the aggregate of the market value of the Franklin ETF's assets less its liabilities. If the Franklin ETF offers more than one series of units, a separate net asset value is determined for each series. The net asset value of the units is calculated by adding up the units' proportionate share of the cash, portfolio securities and other assets of the Franklin ETF, subtracting the liabilities applicable to the units and dividing the net assets by the total number of units owned by holders of redeemable units. The net asset value per unit will generally increase or decrease on each trading day as a result of changes in the value of the portfolio securities owned by the Franklin ETF. When distributions (other than management expense distributions) are declared on the units, the net asset value per unit will decrease by the per unit amount of the distributions on the distribution payment date.

Cash policy

10. The carrying values of cash and the Franklin ETF's obligation for net assets attributable to holders of redeemable units approximate their fair values.

Investment objective

11. The Franklin ETF's investment objective is to seek to provide a high level of current income while seeking preservation of capital by investing primarily in U.S. dollar denominated investment grade corporate debt securities issued by U.S. and non-U.S. entities.

Redeemable units

12. The Franklin ETF is authorized to issue an unlimited number of units that rank equally and are offered for sale under one prospectus.

The capital of the Franklin ETF is comprised of its net assets attributable to holders of redeemable units. The Franklin ETF's capital is managed in accordance with the investment objectives and policies and there are no externally imposed restrictions in relation to the Franklin ETF's units. The Franklin ETF has no specific restrictions or capital requirements on the subscriptions and redemption of units, other than minimum subscription requirements. Units of the Franklin ETF are redeemable at the option of the unitholders in accordance with the provisions in the declaration of trust.

In addition to the ability to sell units on the Toronto Stock Exchange ("TSX") or other exchange or marketplace, unitholders may (i) redeem units in any number for cash for a redemption price per unit of 95% of the closing price for the units on the TSX on the effective day of the redemption, subject to a maximum redemption price of the applicable net asset value per unit, or (ii) exchange a minimum of a prescribed number of units (and any additional multiple thereof) for cash or, with the consent of the Manager, a group of securities selected by the portfolio advisor and cash.

Certain operating expenses

13. In addition to the applicable management fee, the only operating expenses payable by the Franklin ETF are: (i) borrowing and interest costs; (ii) brokerage expenses and related transaction fees, including transaction-related fees payable to the custodian or its agents; (iii) the fees under any derivative instrument used by the Franklin ETF; (iv) investor meeting costs (as permitted by Canadian securities regulation); (v) the fees and expenses relating to the operation of the independent review committee; (vi) any costs and expenses associated with litigation for the benefit of the Franklin ETF or brought to pursue rights on behalf of the Franklin ETF; (vii) the costs of complying with governmental or regulatory requirements introduced after the creation of the Franklin ETF, including, without limitation, any new fees or increases in fees, or the costs of complying with any material change to existing governmental or regulatory requirements introduced after the creation of the Franklin ETF, including, without limitation, extraordinary increases to regulatory filing fees; (viii) the fees related to external services that are not commonly charged in the Canadian exchange-traded fund industry as of the creation of the Franklin ETF; (ix) any costs associated with the termination of the Franklin ETF that may be allocated by the Manager to the Franklin ETF; (x) any extraordinary expenses; and (xi) any applicable taxes, including income, withholding or other taxes and also including goods and services or harmonized sales taxes on expenses.

The Manager may decide, in its discretion, to pay for some of these operating expenses that are otherwise payable by the Franklin ETF, rather than having the Franklin ETF incur such operating expenses. The Manager is under no obligation to do so and, if any operating expenses are reimbursed by the Manager, it may discontinue this practice at any time.

Fund of funds

14. The Franklin ETF may, in accordance with applicable securities laws and, if applicable, exemptive relief obtained by the Franklin Templeton mutual funds, including the Franklin ETF, invest in other Franklin Templeton exchange-traded funds, other investment funds managed by the Manager or its affiliates and other exchange-traded funds managed by third parties. With respect to such investments, no management or incentive fees are payable by the Franklin ETF that, to a reasonable person, would duplicate a fee payable by the other investment funds for the same service. Where the Franklin ETF invests in another exchange-traded

fund or other investment fund managed by the Manager or its affiliates and such other fund pays a management fee to the Manager or its affiliates that is higher than the management fee payable by the Franklin ETF, the Manager will adjust the management fee payable by the Franklin ETF to ensure that the total annual fees paid directly or indirectly to the Manager by the Franklin ETF does not exceed the annual management fee set out above for the Franklin ETF. Where the Franklin ETF invests in an exchange-traded fund that is not managed by the Manager or its affiliates, the fees and expenses payable in connection with the management of that exchange-traded fund, including management and incentive fees, are not duplicative and are in addition to those payable by the Franklin ETF. No sales or redemption fees are payable by the Franklin ETF in relation to any purchase or redemption of the securities of such investment funds. Commissions may apply to the purchase or sale of exchange-traded fund securities.

Management fee distributions

15. In respect of large investments in the Franklin ETF by a particular holder of redeemable units or for other purposes, the Manager may, in its discretion, agree to charge the Franklin ETF a reduced management fee as compared to the management fee that it otherwise would be entitled to receive, provided that an amount equal to the reduction in the management fee is distributed periodically by the Franklin ETF to the holder of redeemable units as a management fee distribution. The availability and amount of these management fee distributions is determined by the Manager in its sole discretion. The Manager reserves the right to discontinue or change this management fee distribution program at any time. Management fee distributions are paid first out of income and capital gains of the Franklin ETF, and then out of capital. The tax consequences of a management fee distribution will generally be borne by the holder of redeemable units who receives the distribution.

Distributions

16. Cash distributions on units of the Franklin ETF will be paid on a monthly basis. The Manager may, in its discretion, change the frequency of cash distributions, and will issue a press release if such a change is made or the Manager may make additional distributions if determined to be appropriate. Cash distributions are may consist of income, capital gains and/or returns of capital. Distributions are not fixed or guaranteed.

The Franklin ETF distributes a sufficient amount of its net income and net realized capital gains to holders of redeemable units for each taxation year so that the Franklin ETF will not be liable for ordinary income tax. To the extent that the Franklin ETF has not otherwise distributed a sufficient amount of its net income or net realized capital gains, it will pay a distribution to holders of redeemable units at the end of the year and that distribution will be automatically reinvested in additional units. Immediately following such reinvestment, the number of units outstanding will be consolidated so that the net asset value per unit following the distribution and reinvestment is the same as it would have been if the distribution had not been paid.

A holder of redeemable units that subscribes for units during the period that is two business days before a distribution record date until that distribution record date will not be entitled to receive the applicable distribution in respect of those units. Income and/or capital gains of the Franklin ETF may be distributed to a holder of redeemable units as part of the price paid to the holder of redeemable units on the exchange or redemption of units.

Management fee distributions, if any, will be paid generally first out of the net income and net realized capital gains of the Franklin ETF and then out of capital.

CERTIFICATE OF THE FRANKLIN ETFS, THE TRUSTEE, MANAGER AND PROMOTER

Dated: April 6, 2018

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

**FRANKLIN TEMPLETON INVESTMENTS CORP.
as Trustee and Manager of the Franklin ETFs**

(signed) "Duane Green"

Duane Green
President & Chief Executive Officer

(signed) "Winston Chen"

Winston Chen
Chief Financial Officer

On behalf of the Board of Directors of Franklin Templeton Investments Corp.

(signed) "Andrew Ashton"

Andrew Ashton
Director

(signed) "Ghion Shewangzaw"

Ghion Shewangzaw
Director

**FRANKLIN TEMPLETON INVESTMENTS CORP.
as Promoter of the Franklin ETFs**

(signed) "Duane Green"

Duane Green
President & Chief Executive Officer