

# Franklin Templeton ICAV

## Franklin FTSE Emerging ex China UCITS ETF

**10 May 2024**

(A sub-fund of Franklin Templeton ICAV, an Irish collective asset-management vehicle constituted as an umbrella fund with segregated liability between sub-funds with registered number C167746 authorised by the Central Bank of Ireland pursuant to the UCITS Regulations).

This Supplement (the “Supplement”) forms part of the Prospectus dated 1 December 2022 (the “Prospectus”) in relation to Franklin Templeton ICAV (the “Fund”) for the purposes of the UCITS Regulations. This Supplement should be read in the context of, and together with, the Prospectus and contains information relating to the Franklin FTSE Emerging ex China UCITS ETF (the “Sub-Fund”) which is a separate sub-fund of the Fund.

The Sub-Fund is an Index Tracking Sub-Fund and all Shares in this Sub-Fund are designated as ETF Shares.

Prospective investors should review this Supplement and the Prospectus carefully and in their entirety and consider the risk factors set out in the Prospectus and in this Supplement before investing in this Sub-Fund. If you are in any doubt about the contents of this Supplement, you should consult your stockbroker, bank manager, solicitor, accountant and/or financial adviser.

An investment in the Sub-Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

The Directors, as listed in the “*Management*” section of the Prospectus accept responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

Unless otherwise defined herein or unless the context otherwise requires, all defined terms used in this Supplement shall bear the same meaning as in the Prospectus.

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| <b>Base Currency</b>       | USD.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Business Day</b>        | As stated in the Prospectus, a day on which markets in the United Kingdom are open and/or such other day or days as the Directors may determine and notify in advance to Shareholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Dealing Day</b>         | <p>As stated in the Prospectus, every Business Day, excluding</p> <p>(i) any day on which a market on which securities included in the relevant Index or held by the Sub-Fund are listed or traded is closed, with an aggregate result that 25% or more of the Sub-Fund's investments may not be traded, and/or the day preceding any such day. This is to ensure that dealing in the Sub-Fund's shares will only take place when the markets on which substantially all of the Sub-Fund's investments are traded are open; and/or</p> <p>(ii) such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance</p> <p>There shall be at least one Dealing Day per fortnight.</p> <p>A list of closed market days in respect of the Sub-Fund will be available to Shareholders upon request from the Administrator.</p> |
| <b>Dealing Deadline</b>    | 4 pm (Irish time) on each Dealing Day.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Dealing NAV</b>         | The Net Asset Value per Share calculated as at the Valuation Point on the business day following the relevant Dealing Day.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Distributions</b>       | It is not the current intention of the Directors to declare a dividend in respect of the Accumulation Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Index</b>               | FTSE Emerging ex China Index NR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Index Provider</b>      | FTSE Russell                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Investment Manager</b>  | Franklin Advisory Services LLC and Franklin Templeton Investment Management Limited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>ISIN</b>                | IE0006D3PGW3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Settlement Deadline</b> | For cash and in kind subscriptions, appropriate cleared subscription monies/securities must be received by the first Business Day after the Dealing Day, or such earlier or later date as may be determined by the Fund and notified to Shareholders from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Shares Available</b>    | Currently one class of ETF Shares is available for subscription.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>TER</b>                 | Up to 0.16% per annum of the Net Asset Value. However, until 31 October 2026 the TER is subject to a fee waiver of 0.05% of the Net Asset Value, with the result that the effective TER until that date will be up to 0.11% of the Net Asset Value per annum. The waiver will expire on 31 October                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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|                        | 2026. Further information is set out in the “ <i>Fees and Expenses</i> ” section of the Prospectus.                                                                                                                                                                                                                                      |
| <b>Valuation</b>       | The Net Asset Value per Share is calculated in accordance with the “ <i>Determination of Net Asset Value</i> ” section of the Prospectus, using the official closing price published by the exchange. Equities which are not denominated in the Base Currency will be converted into the Base Currency based on the 4 pm London FX rate. |
| <b>Valuation Point</b> | The Sub-Fund calculates its Net Asset Value at 4 pm New York time on each Business Day.                                                                                                                                                                                                                                                  |
| <b>Website</b>         | <a href="http://www.franklintempleton.com">www.franklintempleton.com</a>                                                                                                                                                                                                                                                                 |

## INVESTMENT OBJECTIVE AND STRATEGY

**Investment Objective.** The objective of the Sub-Fund is to provide exposure to large and mid-capitalisation stocks in emerging market countries globally, excluding China.

**Investment Policy.** The investment policy of the Sub-Fund is to track the performance of the Index (or such other index determined by the Directors from time to time as being able to track substantially the same market as the Index and which is considered by the Directors to be an appropriate index for the Sub-Fund to track, in accordance with the Prospectus) as closely as possible, regardless of whether the Index level rises or falls, while seeking to minimise as far as possible the tracking error between the Sub-Fund's performance and that of the Index. Any determination by the Directors that the Sub-Fund should track another index at any time shall be subject to the provision of reasonable notice to Shareholders to enable any Shareholders who wish to do so to redeem their Shares prior to implementation of this change and the Supplement will be updated accordingly.

The Index is a broad free float market-capitalisation weighted index which captures large and mid-sized companies from advanced and secondary emerging markets, excluding China. The Index is derived from the FTSE Global Equity Index Series, an index which covers 98% of the world's investable market capitalisation. The Index is rebalanced quarterly in March, June, September and December.

Further information in respect of the Index, including its rules, components and performance, is available at <https://research.ftserussell.com/Analytics/FactSheets/Home/Search/>

In order to seek to achieve the Sub-Fund's investment objective, the Investment Manager will aim to replicate the Index by holding all of the Index Securities in a similar proportion to their weighting in the Index. However, in certain circumstances, full replication of the Index may not be reasonably practical (for example as a result of the illiquidity or unavailability of certain securities within the Index) or possible (for example as a result of applicable legal, regulatory or similar reasons referred to above) and in such circumstances the Sub-Fund may hold only those of the Index Securities which are available or may invest in instruments that are not included in the Index but which the Investment Manager believes will help the Sub-Fund replicate the Index, e.g. securities which provide similar price and yield performance and risk profiles to constituents of the Index. Any such securities which are not Index Securities will be (i) equities (such as common stock or preferred stock); or (ii) depositary receipts (which are securities issued by financial institutions which evidence ownership interests in a security or a pool of securities deposited with the financial institution) and will be selected by virtue of the fact that they provide substantively the same exposure by industry and by company characteristics in the case of liquidity considerations or corporate actions to certain Index Securities.

Although the Index is generally well diversified, because of the market it reflects it contains constituents issued by the same body that may represent more than 10% of the Index. In order for the Sub-Fund to track the Index accurately, the Sub-Fund will make use of the increased diversification limits available under Regulation 71 of the UCITS Regulations. These limits permit the Sub-Fund to hold positions in individual constituents of the Index issued by the same body of up to 20% of the Sub-Fund's Net Asset Value.

The Sub-Fund may concentrate its investments in a particular industry or group of industries where the Index is similarly concentrated.

The Sub-Fund may for efficient portfolio management purposes, and in accordance with the conditions and limits imposed by the Central Bank, use forward foreign currency exchange contracts (both

deliverable and non-deliverable), currency futures, equity futures, equity index futures and total return swaps for hedging or in order to gain efficient exposure to an Index or its constituents for the purpose of assisting the Sub-Fund in tracking the performance of the Index for example in managing large subscriptions. Forward foreign currency exchange contracts (both deliverable and non-deliverable) and currency futures will be used for currency hedging purposes and equity futures, equity index futures and total return swaps will be used to provide exposure to the Index and / or its constituents. Forwards, futures and total return swaps and their use for these purposes are described under “*Use of Financial Derivative Instruments*” in the “*Investment Techniques*” section of the Prospectus. The global exposure relating to FDIs will not exceed 100% of the Sub-Fund’s Net Asset Value.

The securities in which the Sub-Fund invests will be primarily listed or traded on Recognised Markets globally in accordance with the limits set out in the UCITS Regulations. The Sub-Fund may hold ancillary liquid assets (deposits and commercial paper) in accordance with the UCITS Regulations. The Sub-Fund may also invest in other regulated, open-ended collective investment schemes as described under “*Investment in Collective Investment Schemes*” in the “*Investment Techniques*” section of the Prospectus where the objectives of such funds are consistent with the objective of the Sub-Fund.

The Sub-Fund may use the replication methodology and may also invest in other regulated open-ended funds as described above in order to seek to track as closely as possible the returns of the Index after deduction of fees and expenses. It is currently anticipated that the tracking error of the Sub-Fund will be in the range of 1.00% under normal market conditions, where the tracking error is defined as the standard deviation of the delivered excess returns over an annual period. The causes of tracking error for ETFs can include but are not limited to the following: holdings/size of the Sub-Fund, cash flows, such as any delays in investing subscription proceeds into the Sub-Fund or realising investments to meet redemptions, fees, and where undertaken, any currency hedging activity and the frequency of rebalancing against the Index. For information in relation to the difficulties associated with tracking indices, please refer to “*Index Tracking Risk*” in the “*Risk Considerations*” section of the Prospectus.

The anticipated tracking error figure is an estimate only and the actual percentage may vary over time depending on various factors, such as, but not limited to, any deviation from normal market conditions.

As at the date of this Supplement, the Sub-Fund does not routinely enter into total return swaps. The expected proportion of the Net Asset Value of the Sub-Fund that could be subject to such transactions is 20%. The expected proportion is an estimate only and the actual percentage may vary over time depending on various factors such as, but not limited to, any deviation from normal market conditions. The maximum proportion of the Net Asset Value of the Sub-Fund that could be subject to such transactions is 20%.

## **SUSTAINABLE FINANCE**

The Sub-Fund’s investment policy and the nature of this global broad market capitalisation Index means that the Manager will not be able to take Sustainability Risks into account in making investment decisions, as such decisions will be driven instead by the constituents of the Index. While Sustainability Risks can lead to a significant deterioration in the financial profile, profitability or reputation of the Sub-Fund’s underlying investment, the Manager’s assessment is that the Index, as a large index of securities provides broad diversified exposure with reduced risk and exposure to any individual security. Taking Sustainability Risks into account in an investment decision process may have the effect of excluding investments that would assist the Sub-Fund in achieving its index tracking objective. However, in

accordance with its asset stewardship programme, the Manager may engage with issuers whose securities are held by Sub-Funds on sustainability matters as a shareholder, on behalf of the Sub-Fund.

For further details with respect to Sustainability Risks and ESG Integration for the Sub-Fund through which the Manager may engage with issuers of securities held by the Sub-Fund on sustainability issues, investors should refer to the “*Sustainable Finance*” section of the Prospectus

The investments underlying this fund do not take into account the EU criteria for environmentally sustainable economic activities as the Sub-Fund does not seek to promote environmental and social characteristics, within the meaning of Article 8 and does not have a sustainable objective, within the meaning of Article 9.

## **SECURITIES LENDING**

The expected proportion of the Net Asset Value of the Sub-Fund that could be subject to securities lending transactions is 25% and is subject to a maximum of 45%. The expected proportion is an estimate only and the actual percentage may vary over time depending on various factors such as, but not limited to, any deviation from normal market conditions.

## **INVESTMENT RISKS**

Investment in the Sub-Fund carries with it a degree of risk including the risks described in the “*Risk Considerations*” section of the Prospectus. The “*General Risks*” section describes the risks that relate generally to the Sub-Fund, whereas the “*Specific Risks*” section describes the risks associated with the investment strategy and techniques that may be employed by a given Sub-Fund. For this Sub-Fund, the Specific Risks that are relevant to the investment objective and strategy of this Sub-Fund include the following:

Counterparty Risk.

Currency Risk.

Emerging Markets Risk.

Foreign Exchange Hedging Risk.

Futures Contracts and Other Exchange-Traded Derivatives Risk.

Index License Risk.

Index-Related Risk.

Index Tracking Risk.

Over-the-Counter Derivatives Risk.

Passive Investment Risk.

These risks are not intended to be exhaustive and potential investors should review the Prospectus and this Supplement carefully and consult with their professional advisers before purchasing Shares.

The Sub-Fund is not expected to have an above average risk profile or high volatility as a result of its use of FDIs. For information in relation to risks associated with the use of financial derivative instruments, please refer to “*Derivatives Risk*” in the “*Risk Considerations*” section of the Prospectus.

## **INVESTOR PROFILE**

Typical investors in the Sub-Fund are expected to be institutional and retail investors who want to gain exposure to emerging market equities, excluding China, by way of an exchanged traded fund.

## **SUBSCRIPTIONS – PRIMARY MARKET**

Accumulation Shares, denominated in USD, are available in the Sub-Fund (the “**Shares**”).

Shares will be available from 9am to 5pm (Irish time) on 13 May 2024 or such earlier or later date as the Directors may determine and notify the Central Bank (the “**Initial Offer Period**”). During the Initial Offer Period Shares will be available at approximately USD 25 per Share.

Following the Initial Offer Period, Shares will be issued on each Dealing Day at the Dealing NAV with an appropriate provision for Duties and Charges in accordance with the provisions set out below and in the Prospectus. Authorised Participants may subscribe for Shares for cash or in kind on each Dealing Day by making an application by the Dealing Deadline in accordance with the requirements set out below and in the “*Purchase and Sale Information*” section of the Prospectus. Consideration, in the form of cleared subscription monies/securities, must be received by the applicable Settlement Deadline.

## **REDEMPTIONS**

Shareholders may effect a redemption of Shares on any Dealing Day at the appropriate Dealing NAV, subject to an appropriate provision for Duties and Charges, provided that a written redemption request is signed by the Shareholder and received by the Administrator by the Dealing Deadline on the relevant Dealing Day, in accordance with the provisions set out in this section and at the “*Purchase and Sale Information*” section of the Prospectus. Settlement will normally take place within three Business Days of the Dealing Day but may take longer depending on the settlement schedule of the underlying markets. In any event, settlement will not take place later than 10 Business Days from the Dealing Deadline.

## **CONVERSIONS**

Shares in the Sub-Fund may not be converted for shares in another Sub-Fund.

## **LISTING**

The Shares have been admitted to each of the Deutsche Börse, Xetra, the London Stock Exchange and the Borsa Italiana.

## **INDEX DISCLAIMERS**

The Sub-Fund has been developed solely by Franklin Templeton Investments. The Sub-Fund is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the “LSE Group”). FTSE Russell is a trading name of certain of the LSE Group companies.

All rights in the FTSE Russell Index (the "Index") vest in the relevant LSE Group company which owns the Index. "FTSE®" "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®" and "The Yield Book®," are trade mark(s) of the relevant LSE Group company and are used by any other LSE Group company under license. "TMX®" is a trade mark of TSX, Inc. and used by the LSE Group under license.

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