

Franklin LibertyShares ICAV

Franklin LibertyQ European Equity UCITS ETF

30 June 2020

(A sub-fund of Franklin LibertyShares 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 30 June 2020 (the “Prospectus”) in relation to Franklin LibertyShares 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 LibertyQ European Equity 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.

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.

Base Currency	Euro.
Business Day	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.
Dealing Day	As stated in the Prospectus, every Business Day excluding, for each Sub-Fund, any day on which a market on which securities included in the relevant Index are listed or traded is closed and as a result of which 25% or more of the Index may not be traded, 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 (provided that a list of such closed market days in respect of the Sub-Fund will be available to Shareholders upon request from the Administrator) and/or such other day or days as the Directors may determine and notify to the Administrator and to Shareholders in advance, provided there shall be at least one Dealing Day per fortnight.
Dealing Deadline	For cash subscriptions and redemptions, 2pm (Irish time) on each Dealing Day. For in-kind subscriptions and redemptions, 2pm (Irish time) on each Dealing Day.
Dealing NAV	The Net Asset Value per Share calculated as at the Valuation Point on the relevant Dealing Day.
Distributions	It is not the current intention of the Directors to declare a dividend in respect of the Accumulation Shares
Index	LibertyQ Europe Equity Index.
Index Provider	MSCI
Investment Manager	Franklin Advisory Services LLC and Franklin Templeton Investment Management Limited.
ISIN	IE00BFWXDW46
Settlement Deadline	For cash and in kind subscriptions, appropriate cleared subscription monies/securities must be received by the second 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.
Shares Available	Currently one class of ETF Shares is available for subscription.
TER	Up to 0.25% per annum of the Net Asset Value. Further information is set out in the " <i>Fees and Expenses</i> " section of the Prospectus.
Valuation	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 4pm London FX rate.

Valuation Point	The Sub-Fund calculates its Net Asset Value at 4pm New York time on each Business Day.
Website	www.franklintempleton.com

INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective. The objective of the Sub-Fund is to provide exposure to large and mid-capitalisation stocks in Europe.

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 systematic, rules-based proprietary index that is owned and calculated by MSCI and is comprised of stocks selected from the MSCI Europe Index which captures large and mid-companies from developed markets in Europe.

The Index is comprised of large and mid-capitalisation stocks which have been selected from the MSCI Europe Index on the basis of four investment style factors, including a lower level of risk and higher risk-adjusted performance, relative to the MSCI Europe Index over the long term. The Index rules achieve this by using a multi-factor selection process that applies four investment style factors (quality, value, momentum and low volatility) and selecting the top quartile number of stocks rated the highest across these factors, which typically results in the Index having approximately 125 components.

The factors are common characteristics that the Investment Manager believes are important in explaining the returns and risks of those securities. The "quality" factor includes aspects such as return on equity, earnings variability, cash return on assets and leverage. The "value" factor includes aspects such as price to earnings ratio, price to forward earnings ratio, price to book value ratio and dividend yield. The "momentum" factor includes aspects such as 6-month risk-adjusted price momentum and 12-month risk-adjusted price momentum. The "low volatility" factor measures historical beta, which is a measure of the volatility of a security relative to that of the market overall.

The Index is rebalanced semi-annually and, at the time of each rebalancing, no Index Security shall comprise more than 2% of the Index. The Index is designed with this constraint in order to seek to ensure diversification and minimise security level concentrations. Further information in respect of the Index, including its rules, components and performance, is available at <https://www.msci.com/libertyq-indexes>.

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, where full replication of the Index is not reasonably possible (for example as a result of the number of securities or the illiquidity of certain securities within the Index), the Sub-Fund will use the optimisation methodology to select Index Securities in order to build a representative portfolio that provides a return that is comparable to that of the Index but which may not track the Index with the same degree of accuracy as an investment vehicle replicating the entire Index may. Consequently, the Sub-Fund may, over certain periods, only hold a sub-set of the Index Securities. Further information

on the use of the replication methodology can be found under “*Index Tracking Sub-Funds*” in the “*Investment Techniques*” section of the Prospectus.

Where such securities provide similar exposure (with similar risk profiles) to certain Index Securities, the Sub-Fund may hold the securities of the following types which are not constituents of the Index: (i) equities (such as common stock or preferred stock); and (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), which will not embed derivatives or leverage. Such securities, which are not Index Securities, are 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.

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), index futures, currency futures, stock 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 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 will 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 0.5% 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%.

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 “*Principal 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:

Specific Risks relevant to the Sub-Fund:

Counterparty Risk.

Currency Risk.

Europe and Eurozone Risk.

Foreign Exchange Hedging Risk.

Futures Contracts and Other Exchange-Traded Derivatives Risk.

Index-Related Risk.

Index Licence Risk.

Index Tracking Risk.

Over-the-Counter Derivatives Risk.

Passive Investment Risk.

Regional 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 the markets covered by the Index by way of an exchange traded fund.

SUBSCRIPTIONS – PRIMARY MARKET

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

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 two 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, the Borsa Italiana and the SIX Swiss Exchange.

INDEX DISCLAIMERS

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