

FLEH

Franklin FTSE Europe Hedged ETF

Analyst Report

The Franklin FTSE Europe Hedged ETF (FLEH) tracks an index of large and mid-size stocks in Europe while hedging out the currency exposure that an investment in international equities brings. This delivers isolated exposure to the performance of the underlying equities in local prices. Currency fluctuations can be a significant driver of gains and losses, and some investors may prefer the potential diversification benefit of exposure to non-U.S. dollar investments. FLEH delivers hedged exposure at an extremely reasonable price, but it trails competitors like the Xtrackers MSCI Europe Hedged Equity Fund (DBEU) in assets and liquidity.

FLEH maintains broadly similar sector exposure to the unhedged iShares Core MSCI Europe ETF (IEUR), but IEUR has a deeper portfolio with a larger allocation to mid- and small-cap stocks. FLEH's currency hedges means the performance of the two will be substantially different. Investors who expect the U.S. dollar to appreciate relative to the euro might prefer this fund to bet on the performance of European stocks. FLEH should outperform IEUR when the U.S. currency strengthens. Those expecting the dollar to lose value relative to the euro will probably prefer to leave currency exposure unhedged, utilizing a fund such as IEUR instead. Those investors without a strong view in either direction might use a mix of both hedged and unhedged European equity ETFs (e.g., 50% FLEH and 50% IEUR).

ESG Themes and Scores

7.89/10

ESG Rate

95.58%

Global Percentile

47.24%

Peer Percentile

Performance Data

	FLEH	ETF Database Category Average	Factset Segment Average
1 Month	3.37%	3.42%	4.49%
3 Month	2.03%	1.55%	2.65%
YTD Return	14.77%	14.07%	15.57%
1 Year Return	17.02%	18.13%	18.38%
3 Year Return	12.82%	8.00%	8.47%
5 Year Return	8.18%	3.86%	4.56%

Top 5 Holdings

Symbol	Holding	% Assets
NESN	Nestle S.A.	3.06%
ASML	ASML Holding NV	2.53%
NOVO.B	Novo Nordisk A/S Class B	2.32%
MC	LVMH Moet Hennessy Louis Vuitton SE	2.08%
ROG	Roche Holding Ltd Dividend Right Cert.	2.04%

Vitals

Issuer	Franklin Templeton
Brand	Franklin
Structure	ETF
Expense Ratio	0.09%
Inception	Nov 02, 2017
Index Tracked	FTSE Developed Europe RIC Capped Index

ETF Database Themes

Category	Europe Equities
Asset Class	Equity
Asset Class Size	Large-Cap
Asset Class Style	Blend
Region (General)	Developed Europe
Region (Specific)	Broad

FactSet Classifications

Segment	Equity: Developed Europe - Total Market
Category	Size and Style
Focus	Total Market
Niche	Broad-based
Strategy	Vanilla
Weighting	Market Cap

