

FLHY

Franklin High Yield Corporate ETF

Analyst Report

The Franklin Liberty High Yield Corporate ETF (FLHY) is an actively managed fund for investors looking to access to U.S.-dollar denominated 'junk' bonds — debt issued by borrowers with a higher risk of default. For taking on the added risk, investors are rewarded with higher yields than those offered on ultra-safe U.S. Treasuries or investment-grade debt issued by the most creditworthy companies. FLHY may invest assets in high-yield corporate debt, convertible securities, bank loans, corporate loans, and other instruments. Bonds have been one of the bright spots for active managers, and many bond ETFs manage to outperform their benchmarks — something stock pickers often fail to achieve. An investment in FLHY is ultimately a bet on the manager's ability to beat the market. FLHY's management fee is competitive when compared with passive rivals like the SPDR Bloomberg Barclays High-Yield Bond ETF (JNK) or the iShares iBoxx USD High Yield Corporate Bond ETF (HYG). The ETF marketplace offers quite a few high-yield variations, including active management, so-called 'smart' indexing, and even an ETF that screens junk debt based on environmental, social, and government criteria.

ESG Themes and Scores

5.22/10

ESG Rate

17.81%

Global Percentile

14.08%

Peer Percentile

Performance Data

| | FLHY | ETF Database Category Average | Factset Segment Average |
|---------------|-------|-------------------------------|-------------------------|
| 1 Month | 0.18% | 0.33% | 0.22% |
| 3 Month | 1.03% | 1.07% | 0.79% |
| YTD Return | 1.80% | 1.51% | 1.24% |
| 1 Year Return | 8.35% | 6.89% | 5.05% |
| 3 Year Return | 9.58% | 7.51% | 4.24% |
| 5 Year Return | 4.82% | 2.43% | 0.91% |

Top 5 Holdings

| Symbol | Holding | % Assets |
|--------|--|----------|
| INFXX | Institutional Fiduciary Trust Money Market Portfolio | 2.83% |
| Other | DaVita Inc. 4.625% 01-JUN-2030 | 0.97% |
| Other | Archrock Services, L.P. 6.0% 01-FEB-2034 | 0.93% |
| Other | PetSmart LLC 7.5% 15-SEP-2032 | 0.86% |
| Other | APLD ComputeCo LLC 9.25% 15-DEC-2030 | 0.86% |

Vitals

| | |
|---------------|--------------------|
| Issuer | Franklin Templeton |
| Brand | Franklin |
| Structure | ETF |
| Expense Ratio | 0.40% |
| Inception | May 30, 2018 |
| Index Tracked | N/A |

ETF Database Themes

| | |
|-------------------|-------------------|
| Category | High Yield Bonds |
| Asset Class | Bond |
| Asset Class Size | N/A |
| Asset Class Style | N/A |
| Region (General) | Developed Markets |
| Region (Specific) | Broad |

FactSet Classifications

| | |
|-----------|--|
| Segment | Fixed Income: Global - Corporate, Broad-based High Yield |
| Category | Corporate, Broad-based |
| Focus | High Yield |
| Niche | Broad Maturities |
| Strategy | Active |
| Weighting | Proprietary |

