

LEGG MASON SMALL-CAP QUALITY VALUE ETF

Investment overview

Legg Mason Small-Cap Quality Value ETF (SQLV) seeks to provide capital appreciation by tracking the investment results of an index composed of small-cap stocks trading in the United States that have relatively low valuations.

- SQLV is designed for investors seeking growth of capital through strategic multi-factor, small-cap exposure in an ETF wrapper.

Strategy Differentiators

- Focuses on high quality, US-traded small-cap stocks with relatively low valuations
- Uses a proprietary, multi-factor scoring system that emphasizes high profitability companies (Quality) selling at attractive valuations (Value)
- Thoughtfully combines strategic factors—based on decades of insights from highly-regarded small-cap practitioners—all in an ETF wrapper

Investment Overview

- Uses a strategic, multi-factor approach that generally favors small-cap stocks with lower than average valuation, higher than average profitability and higher than average debt coverage.
- Fundamental weighting aims to add value by relying on more efficient estimations of the companies' true economic value than those provided by market capitalization. Targets lower exposure to overvalued companies, while still maintaining broad diversification.
- Based on Royce's decades of experience managing small-cap stocks as well as academic research on the favorable attributes of certain stock factors.

Sector allocation (%) as of Dec. 31, 2018

Financials	17.4
Industrials	17.0
Information Technology	16.0
Consumer Discretionary	15.6
Health Care	14.8
Materials	6.2
Energy	4.4
Communication Services	3.2
Real Estate	1.7
Consumer Staples	1.6
Utilities	1.5
Cash	0.5

Fund Data as of Dec. 31, 2018

NASDAQ Symbol	SQLV
Listing Exchange	NASDAQ
Expense Ratio (gross/net)	0.60/0.60
CUSIP	52468L877
IOPV / IIV ¹	SQLV/IV
Net Asset Value (NAV) ²	\$24.33
Market Price ²	\$24.32
Premium/Discount ³	-.0%
Net Assets	\$6.1M
Fund Benchmark	Royce Small-Cap Quality Value Index (TR)
Fund Benchmark Ticker	RSQLV
Market Index	Russell 2000 Index
Market Index Ticker	RTY
Fund Benchmark Rebalance Frequency	Quarterly
Inception Date	07/12/17
Fiscal Year End	Jul
Distribution Frequency, if any	Annual
Lipper Category	Small-Cap Value Funds
Morningstar Category	Small Blend

Statistics as of Dec. 31, 2018

Weighted Average Market Cap	\$1.2B
Price/book ratio ⁴	2.5
Harmonic P/E ratio (trailing 12 months) ⁵	9.2
Harmonic P/E ratio (forecasted 12 months) ⁶	9.4
Number of holdings	235
30-day SEC yield ⁷	1.03%

Market Capitalization (%) as of Dec. 31, 2018

\$3-10 billion	0.7
\$0-3 billion	99.3

¹ The **Indicative Optimized Portfolio Value (IOPV)** represents the underlying basket of securities plus the cash component and it is updated every 15 seconds through the trading day.

² **Net Asset Value (NAV)** is total assets less total liabilities divided by the number of shares outstanding. **Market Price**, determined by supply and demand, is the price an investor purchases or sells the fund. The Market Price may differ from a fund's NAV.

³ Shareholders may pay more than net asset value when they buy Fund shares and receive less than net asset value when they sell those shares, because shares are bought and sold at current market prices.

⁴ The **price book ratio (P/B)** of a fund is the weighted average of the price book ratios of all stocks in a fund. The price-to-book (P/B) ratio is a stock's price divided by the stock's per share book value.

⁵ **Harmonic P/E ratio trailing 12 months:** The harmonic average is the inverse of the average of the inverse of each data point. In other words, it is the reciprocal of the average of the reciprocals. Data points with a value of zero and NA are excluded from the calculation. The price earnings ratio of a fund is the weighted average of the price earnings ratios of the stocks in a fund.

⁶ **Harmonic P/E ratio forecasted 12 months:** The harmonic average is the inverse of the average of the inverse of each data point. In other words, it is the reciprocal of the average of the reciprocals. Data points with a value of zero and NA are excluded from the calculation. **The P/E ratio** is arrived at by dividing the stock or share price by the earnings per share (profit after tax and interest divided by the number of ordinary shares in issue).

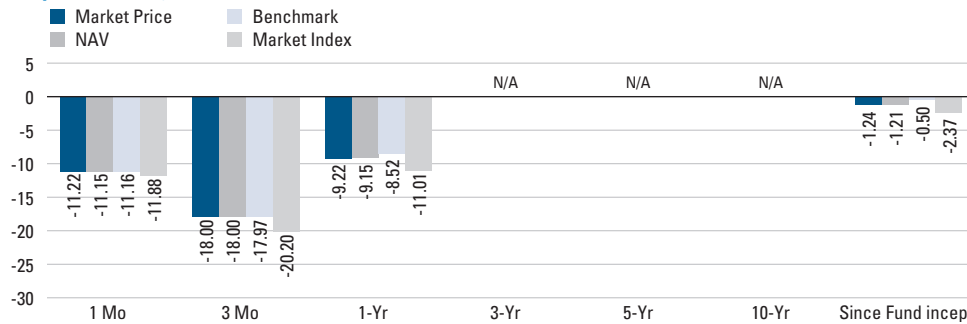
⁷ The **30-day SEC yield** is based on dividends accrued by the Fund's investments over a 30-day period, and not on the dividends paid by the fund, which may differ and are subject to change.

Percentages are based on total portfolio as of quarter-end and are subject to change at any time. For informational purposes only and not to be considered a recommendation to purchase or sell any security. Negative allocations and allocations in excess of 100% are primarily due to the Fund's unsettled trade activity.

LEGG MASON SMALL-CAP QUALITY VALUE ETF

Average Annual Total Returns (%) as of Dec. 31, 2018

Inception Date: July 12, 2017



Cumulative Total Returns (%) as of Dec. 31, 2018

	YTD	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Market Price	-9.22	-9.22	-	-	-	-	-	-	-	-	-
NAV	-9.15	-9.15	-	-	-	-	-	-	-	-	-
Benchmark	-8.52	-8.52	-	-	-	-	-	-	-	-	-
Market Index	-11.01	-11.01	-	-	-	-	-	-	-	-	-

Performance shown represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so shares, when redeemed, may be worth more or less than the original cost. Retail investors buy and sell shares of ETFs at market price (not NAV) in the secondary market throughout the trading day. These shares are not individually available for purchase or redemption directly from the ETF. Market price returns are typically based upon the mid-point between the bid and ask on the fund's principal trading market when the fund's NAV is determined, which is typically 4 pm eastern time (US). These returns will not represent your returns had you traded shares at other times. YTD is calculated from January 1 of the reporting year. For the most recent month-end information, please visit www.leggmason.com. Return figures for periods over one year are annualized. Effective April 30th, 2018 the fund changed its end-of-day market price calculation methodology. Subsequently, all prior periods have been restated as well. As a result, data shown using market price (including market price returns and premiums/discounts) may be higher or lower than previously shown.

Fund Benchmark:

The **Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. Investors cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

If you are neither a resident nor a citizen of the United States or if you are a non-U.S. entity, the ETF's ordinary income dividends (which include distributions of net short-term capital gains) will generally be subject to a 30% U.S. federal withholding tax, unless a lower treaty rate applies. For further information, please see the ETF's prospectus which is available on the website www.leggmason.com. Redemption payments will be effected within the specified number of calendar days following the date on which a request for redemption in proper form is made. For more information, please see the ETF's statement of additional information (SAI) which can be found on www.leggmason.com.

Any information, statement or opinion set forth herein is general in nature, is not directed to or based on the financial situation or needs of any particular investor, and does not constitute, and should not be construed as, investment advice, forecast of future events, a guarantee of future results, or a recommendation with respect to any particular security or investment strategy or type of retirement account. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional.

Legg Mason, Inc., its affiliates, and its employees are not in the business of providing tax or legal advice to taxpayers. These materials and any tax-related statements are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties or complying with any applicable tax laws or regulations. Tax-related statements, if any, may have been written in connection with the "promotion or marketing" of the transaction(s) or matter(s) addressed by these materials, to the extent allowed by applicable law. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

© Legg Mason Investor Services, LLC, member FINRA, SIPC. Legg Mason Investor Services, LLC and Royce & Associates, LP are subsidiaries of Legg Mason, Inc.

Before investing, carefully consider a Fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, which is available at www.leggmason.com. Please read it carefully.

Portfolio management

George Necakov, CFA, (industry since 1994) has been the Portfolio Manager, and Michael Connors (industry since 2003) has been the Assistant Portfolio Manager of the fund since its inception. Royce & Associates, established in 1972, is dedicated to managing portfolios of small- and micro-cap US companies. Based in New York and with over four decades of small-cap investment experience, the firm uses a disciplined value approach to portfolio management. Legg Mason's unique structure provides you with access to this specialized expertise. We offer a powerful portfolio of solutions through our independent investment management firms.

What should I know before investing?

The Fund is newly organized, with a limited history of operations. Equity securities are subject to price fluctuation and possible loss of principal. The Fund invests primarily in small-cap stocks, which may involve considerably more risk than investing in larger-cap stocks. The Fund has significant exposure to U.S. issuers. A decrease in imports or exports, changes in trade regulations and/or an economic recession in the United States may have a material adverse effect on the U.S. economy and the securities listed on U.S. exchanges. There is no guarantee that the Fund will achieve a high degree of correlation to the index it seeks to track. The Fund does not seek to outperform the index it tracks, and does not seek temporary defensive positions when markets decline or appear overvalued. The Fund may focus its investments in certain industries, increasing its vulnerability to market volatility. Diversification does not ensure gains or protect against market declines.

Where can I find more information?

Online you'll find the most current performance data, commentary, prospectus and more information on each of our managers and products. Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, and summary prospectus, if available, at www.leggmason.com. Please read the prospectus carefully.