QS Investors
A LEGG MASON COMPANY

Legg Mason Low Volatility High Dividend ETF (Ticker: LVHD)
Legg Mason International Low Volatility High Dividend ETF (Ticker: LVHI)
Legg Mason Emerging Markets Low Volatility High Dividend (Ticker: LVHE)

STRATEGIES FOR LOW VOLATILITY AND HIGH INCOME

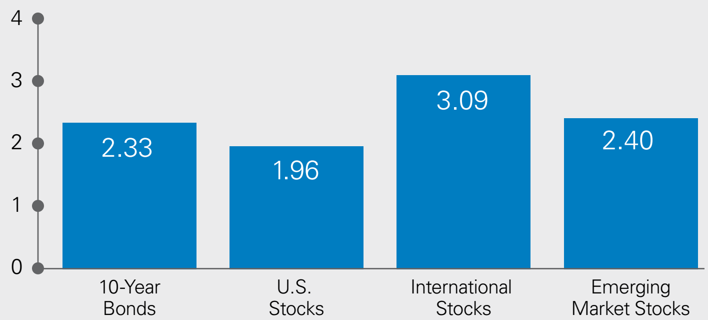
LVHD | LVHI | LVHE

With bond yields remaining near historic lows, income-seeking investors have turned to other investments, including equities, to help deliver the yield they need. Yet equities and other income-producing investments often come with the potential for heightened volatility.

This Legg Mason suite of ETFs seeks to deliver income — but without as much of the volatility that can come from traditional equity income investments.

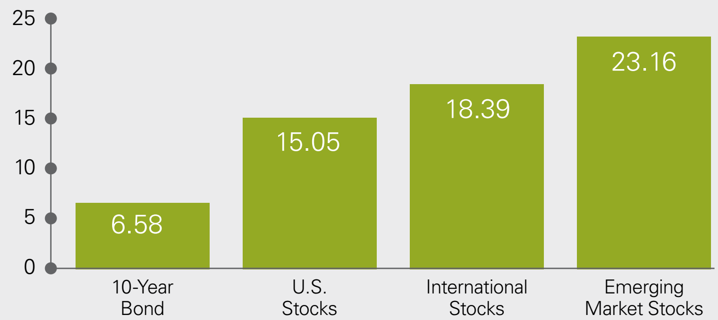
Equities can generate compelling income ...

12-month yield (%)



... but they also come with higher risk

10-year standard deviation (%)



Source: Bloomberg, as of September 30, 2017. 10-Year Bonds represented by Bloomberg Barclays U.S. Treasury Bond 10-Year Term Index. U.S. Stocks represented by S&P 500 Index. International stocks represented by MSCI World ex-U.S. Index. Emerging Market Stocks represented by MSCI Emerging Markets Index. Please see page 3 for full index definitions.
The **dividend yield** shown represents the weighted average of the underlying securities' dividend yield, which is defined as the dividends paid over the last 12 months divided by the current price. The **standard deviation** indicates the percentage by which an index's performance has varied from its average performance in any given month during the period indicated. The higher the standard deviation, the greater the range of performance, indicating greater volatility.
Past performance is no guarantee of future results.
Equity securities are subject to price fluctuation and possible loss of principal. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility.
Dividends and income are not guaranteed and will fluctuate. A company may reduce or eliminate its dividend at any time.
Fixed income securities involve interest rate, credit, inflation and reinvestment risks; and possible loss of principal. As interest rates rise, the value of fixed-income securities falls.

INNOVATIVE STRATEGIES
TO MEET INVESTORS' NEEDS

LVHD, LVHI and LVHE seek to achieve high sustainable dividends and lower-volatility equity returns using U.S., international and emerging market stocks, respectively. These strategies are built around three tenets:

1 **Low volatility**
Allows equity market participation with the potential for lower drawdowns in declining markets.

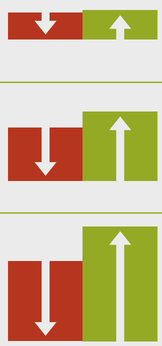
2 **Sustainable high dividends**
Seeks to provide income-generating assets while mitigating exposure to distressed companies.

3 **Complementary factors**
Selecting sustainable, higher-yielding stocks with less downside capture may be more powerful than any one attribute on its own.

1 **Volatility: Minimizing losses now can lead to greater returns later**

With a focus on lower-volatility stocks, the portfolios seek to mitigate risk and reduce drawdowns.

The power of numbers: the importance of limiting downside



When a portfolio falls **10%**, it has to rise **11%** to return to initial level

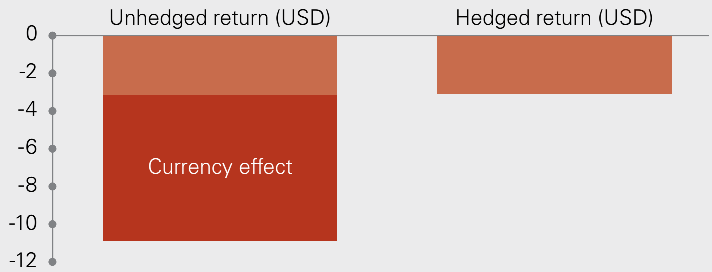
When a portfolio falls **20%**, it has to rise **25%** to return to initial level

When a portfolio falls **30%**, it has to rise **43%** to return to initial level

Currency hedging: Opportunity for meaningful risk reduction

LVHI and LVHE hedge their currency exposure in an attempt to further mitigate risk. Consider this example: The day of the U.K. referendum ("Brexit"), many U.K. equities were down and the pound suffered a deep drop. The currency drop magnified the negative effect on U.K. equities (left bar chart below) for U.S. investors. Seen in hedged currency terms (right bar chart below), the drawdown was considerably lower.

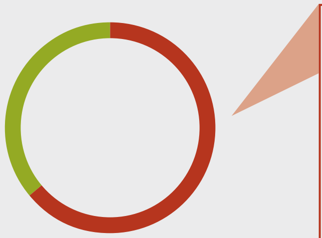
MSCI U.K. Index daily return: Announcement of U.K. referendum (%)



Source: Morningstar, as of June 24, 2016.

2 **Dividend sustainability: Searching for strength**

Distressed companies are less likely to maintain dividend payments. Our process seeks to select stocks that pay consistent dividends and screens out stocks that are either unprofitable or whose trailing or projected earnings do not appear to support the dividend.



64%
of the top 10% of highest dividend payers (based on yield) in the Russell 3000 Index do not appear to have the earnings to support dividend payments, per QS's analysis

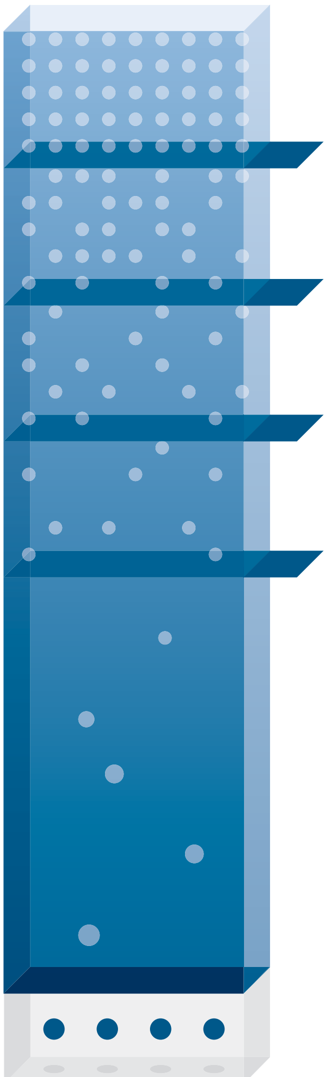
3 **Complementary factors working together to reinforce 'the virtuous cycle'**

Commonsense approach can lower portfolio risk while taking into account stock fundamentals.

Source: QS Investors, based on FactSet data as of June 30, 2016. QS screens the top 10% of dividend-paying stocks in the Russell 3000 Index. In QS's view, a company must have had an earnings yield equal to or higher than its dividend yield to be deemed supportive; that is, to earn enough to pay its dividend.
The **earnings yield** (which is the inverse of the P/E ratio) shows the percentage of each dollar invested in the stock that was earned by the company. **Dividend yield** is a financial ratio that indicates how much a company pays out in dividends each year relative to its share price. The **price-to-earnings (P/E) ratio** is a stock's price divided by its earnings per share.
Please see back page for full index disclosures.
All investments involve risk, including loss of principal. Past performance is no guarantee of future results.
Hedging refers to making an investment to reduce the risk of adverse price movements in another asset. Normally, a hedge consists of taking an offsetting position in a related security, such as a futures contract. Currencies contain heightened risk that include market, political, regulatory and natural conditions, and they may not be suitable for all investors.
Dividends and income are not guaranteed and will fluctuate. A company may reduce or eliminate its dividend at any time.
Downside capture is a statistical measure of an investment manager's overall performance in down markets.

THE LOW VOLATILITY HIGH DIVIDEND INVESTMENT PROCESS

The three underlying indexes for LVHD, LVHI and LVHE use a similar proprietary methodology created by QS Investors in that they seek to invest in stocks of profitable companies with higher dividend yields, lower price volatility and consistent earnings.



Equity universe
LVHD: Solactive US Broad Market Index — Largest 3,000 U.S. stocks
LVHI: MSCI World ex USA IMI Index — Approximately 3,300 non-U.S. stocks
LVHE: MSCI Emerging Markets IMI Index — Approximately 2,700 emerging market stocks

LVHI and LVHE exclusive

Dividend screen
Filters for stocks that have paid and are projected to continue to pay relatively high dividend yields.

The LVHI and LVHE screening process also takes into consideration the country-specific tax treatment of dividends.

Profitability screen
Filters for stocks that have demonstrated profitability over the last four quarters and are projected to remain profitable over the next four quarters, in order to meet the objective of including companies that have the earnings power to support their dividend payment.

Volatility measure
Price volatility: Realized 12 months based on daily returns.
Earnings volatility: 3 years realized and 2 years projected.

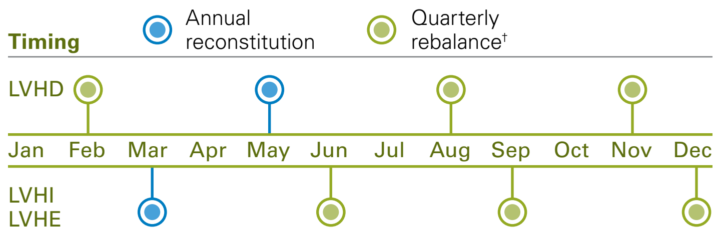
LVHI and LVHE use local terms (currencies) to measure volatility.

Stable yield score
Start with sustainable dividend yield (dividend screen + profitability screen) and combine with volatility measures. Adjust yield downward when price and earnings volatility are high, and vice versa.

The goal of the QS process is to build portfolios with the highest stable yield score, subject to concentration limits. Currency exposure is hedged in LVHI and LVHE in an attempt to further reduce volatility.

Concentration limits
Maximum weights at annual reconstitution (%)

	LVHD	LVHI	LVHE
Sector	25	25	25
REITs	15	15	15
Security	2.5	2.5	2.5
Region	n/a	50	50
Country	n/a	15	15



† Quarterly rebalance not required to strictly adhere to concentration limits, as compared with annual reconstitution. For more information, please refer to each Fund's prospectus.

The **MSCI World ex USA Index** is an unmanaged index of equity securities from developed countries, excluding the United States. **MSCI Emerging Markets Index (IMI)** is an unmanaged index of equity securities in 23 emerging economies: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and the United Arab Emirates. The **S&P 500 Index** is a capitalization-weighted, composite index of 500 stocks designed to measure the performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The **Bloomberg Barclays U.S. Treasury Bond 10-Year Term Index** is an unmanaged index of U.S. Treasury bonds with 10 years' maturity. The **MSCI U.K. Index** is an unmanaged index of equity securities covering the large-, mid- and small-cap companies within the United Kingdom. The **MSCI World ex U.S. Investable Market Index (IMI)** is an unmanaged index that includes large-, mid- and small-cap companies across developed markets, excluding the United States. The **Solactive US Broad Market Index** is the aggregate components of the Solactive US Large Cap Index (500 largest companies), Solactive US Large and Mid Cap Index (1,000 largest companies), and Solactive US Small Cap Index (companies ranked 1,001-3,000). Every company is included only once. The **Russell 3000 Index** is an unmanaged index of the 3,000 largest U.S. companies. Please note that an investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges.

	Legg Mason Low Volatility High Dividend ETF	Legg Mason International Low Volatility High Dividend ETF	Legg Mason Emerging Markets Low Volatility High Dividend ETF
Ticker	**LVHD**	**LVHI**	**LVHE**
Inception	12/28/15	7/27/16	11/17/16
Investor profile	May benefit investors who want income but are concerned about the volatility that can come from traditional equity income investments.		
ETFs seek to track their underlying indexes	QS Low Volatility High Dividend Index (LVHDNR)	QS International Low Volatility High Dividend Hedged Index (LVHINR)	QS Emerging Markets Low Volatility High Dividend Hedged Index (LVHENR)
Underlying methodology for indexes	• Based on historical and projected data using QS Investors proprietary methodology. • Screen for profitable companies that have the potential to pay relatively high sustainable dividends. • Yields of the remaining securities are then scored higher or lower based on the attractiveness of their price and earnings volatility. • Each portfolio is constructed of the highest-scoring securities, subject to concentration limits. • Underlying indexes' components are reconstituted annually and rebalanced quarterly. • LVHI and LVHE take into account country-specific withholding taxes on dividends to maximize distribution yield.		
Broad market benchmark	Russell 3000 Index	MSCI World ex-US IMI Index (Net) (Local)	MSCI Emerging Markets IMI Index (Net) (Local)
Distribution frequency	Quarterly	Quarterly	Quarterly
Expense ratio (%)	0.27	0.41	0.50

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.

If you are neither a resident nor a citizen of the United States or if you are a non-U.S. entity, a fund'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 each fund'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.

FUNDS' UNDERLYING INDEX METHODOLOGY:

The **QS Low Volatility High Dividend Index** (the "Index") seeks to provide more stable income through investment in stocks of profitable U.S. companies with relatively high dividend yields and lower price and earnings volatility. The Index is composed of stocks of U.S. companies across a wide range of market capitalizations, including the largest 3,000 U.S. stocks as determined by the Solactive US Broad Market Index. Stocks in the Index must have demonstrated profitability over the last four fiscal quarters as a whole. Stocks whose yields are not supported by earnings are excluded from the Index. The methodology calculates a composite "stable yield" score, with the yield of stocks with relatively high price and earnings volatility adjusted downward and the yield of stocks with relatively low price and earnings volatility adjusted upward. QS anticipates that the number of component securities in the Index will range from 50 to 100. As initially constituted and balanced, no individual component of the Index will exceed 2.5% of the Index, no individual sector (as defined by QS) will exceed 25% of the Index, and real estate investment trust (REIT) components as a whole will not exceed 15% of the Index.

The **QS International Low Volatility High Dividend Hedged Index** (the "Index") seeks to track the investment results of an index composed of equity securities of international companies with relatively high yield and low price and earnings volatility. The Index is composed of stocks of international developed-market companies across a wide range of market capitalizations, based on the constituents of the MSCI World ex USA Investable Market Index (IMI). Stocks whose yields are not supported by earnings are excluded from the Index. The Index also takes into account foreign withholding taxes on dividend payments to minimize their impact on distribution yield. The methodology calculates a composite "stable yield" score, with the yield of stocks with relatively higher price and/or earnings volatility adjusted downward and the yield of stocks with relatively lower price and/or earnings volatility adjusted upward. Price and earnings volatility metrics are measured in each stock's local currency. In addition, the stable yield score of stocks from countries with relatively high interest rates compared with the U.S. is adjusted downward and the score of stocks with relatively low interest rates is adjusted upward, so as to reflect the implicit cost of currency hedging. The Index weights are then calculated to maximize its stable yield score, subject to concentration limits, liquidity requirements and turnover restraints. The Index includes stocks with a high stable yield score, with weightings taking into account liquidity requirements and concentration limits on sector exposures, country exposures, and individual stock holdings.

The **QS Emerging Markets Low Volatility High Dividend Hedged Index** (the "Index") seeks to track the investment results of an index composed of equity securities of emerging market companies with relatively high yield and low price and earnings volatility. The Index is composed of stocks of emerging market companies across a wide range of market capitalizations, based on the constituents of the MSCI Emerging Markets Index (IMI). Stocks whose yields are not supported by earnings are excluded from the Index. The Index also takes into account foreign withholding taxes on dividend payments to minimize their impact on distribution yield. The methodology calculates a composite stable yield score, with the yield of stocks with relatively higher price and/or earnings volatility adjusted downward and the yield of stocks with relatively lower price and/or earnings volatility adjusted upward. Price and earnings volatility metrics are measured in each stock's local currency. In addition, the stable yield score of stocks from countries with relatively high interest rates compared with the U.S. is adjusted downward and the score of stocks with relatively low interest rates is adjusted upward, so as to reflect the implicit cost of currency hedging. The Index weights are then calculated to maximize its stable yield score subject to concentration limits, liquidity requirements and turnover restraints. The Index includes stocks with a high stable yield score, with weightings taking into account liquidity requirements and concentration limits on sector exposures, country exposures, and individual stock holdings.

What should I know before investing?

The Funds are newly organized, with a limited history of operations. Equity securities are subject to price fluctuation and possible loss of principal. Dividends are not guaranteed, and a company may reduce or eliminate its dividend at any time. In rising markets, the value of large-cap stocks may not rise as much as that of smaller-cap stocks. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. The Funds may focus their investments in certain industries, increasing their vulnerability to market volatility. There is no guarantee that the Funds will achieve a high degree of correlation to the indices they seek to track. The Funds do not seek to outperform the indices they track, and they do not seek temporary defensive positions when markets decline or appear overvalued. Derivatives, such as options and futures, can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance.

Specific to the *Legg Mason International Low Volatility High Dividend ETF*: International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. Currency investing contains heightened risks that include market, political, regulatory, and natural conditions, and it may not be suitable for all investors.

Specific to the *Legg Mason Emerging Markets Low Volatility High Dividend ETF*: International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. **These risks are greater in emerging markets.** Currency investing contains heightened risks that include market, political, regulatory, and natural conditions, and it may not be suitable for all investors.

The Indexes' components are reconstituted annually and rebalanced quarterly. The composition of the Indexes after annual reconstitution and rebalancing may fluctuate and exceed the aforementioned limits due to market movements. The components of the underlying Indexes, and the degree to which these components represent certain sectors and industries, may change over time.

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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.