

### Fund Overview

Base Currency for Fund	USD
Total Net Assets (USD)	2.42 billion
Fund Inception Date	15.09.2014
Investment Style	Alternative
Fund Domicile	Luxembourg
Fund Type	UCITS
Subscription	Daily
Redemption	Daily
Minimum Investment	USD 5,000 or the equivalent in the relevant share class currency
Morningstar Category™	Alternative - Multistrategy

### Summary of Investment Objective

The Fund's investment goal is to seek capital appreciation with lower volatility relative to the broad equity markets. The Fund seeks to achieve its investment goal by allocating its assets across multiple non-traditional or "alternative" strategies.

### Fund Management

Brooks Ritchey: United States  
Robert Christian: United States  
Anthony M Zanolla, CFA: United States

### Strategy Allocation (% of Invested Capital)

	Target	Actual
Long Short Equity	25-40	38.04
Event Driven	10-30	19.62
Relative Value	30-45	24.24
Global Macro	0-30	18.10

### Portfolio Exposure (% of Total)

Gross Exposure	152.94
Net Exposure	28.66
Long Exposure	90.80
Short Exposure	-62.14

### Performance

#### Performance Since Inception in Share Class Currency (%)

■ Franklin K2 Alternative Strategies Fund A (acc) USD



#### Discrete Annual Performance in Share Class Currency (%)

	10/17	10/16	10/15	10/14	10/13
A (acc) USD	0.09	5.75	0.19	2.87	N/A

#### Performance in Share Class Currency (%)

	Cumulative						Since Incept
	1 Mth	3 Mths	6 Mths	YTD	1 Yr	3 Yrs	
A (acc) USD	-2.73	-2.04	-0.63	-0.99	0.09	6.05	10.40

#### Calendar Year Performance in Share Class Currency (%)

	2017	2016	2015
A (acc) USD	5.49	3.02	-0.48

Past performance is not an indicator or a guarantee of future performance. All performance data shown is in the currency stated, include reinvested dividends and are net of management fees. Sales charges and other commissions, taxes and other relevant costs paid by the investor are not included in the calculations.

When performance for either the portfolio or its benchmark has been converted, different foreign exchange closing rates may be used between the portfolio and its benchmark.

#### Top Exposures (% of Total)

##### Long Exposures (Equity Only)

##### Issuer Name (Equity)

SHIRE PLC	1.48
AETNA INC	1.45
TWENTY-FIRST CENTURY FOX INC	1.01
NEX GROUP PLC	1.00
MICROSOFT CORP	0.90

##### Short Exposures (Equity Only)

##### Issuer Name (Equity)

DIAMONDBACK ENERGY INC	-0.87
CME GROUP INC	-0.56
TAKEDA PHARMACEUTICAL CO LTD	-0.43
PEBBLEBROOK HOTEL TRUST	-0.28
CVS HEALTH CORP	-0.27

#### Fund Measures

Standard Deviation (3 Yrs) 3.30%

### Share Class Information (For a full list of available share classes, please visit our local website)

Share Class	Incept Date	NAV	TER (%)	Fees	Fund Identifiers
				Max. Annual Charge (%)	ISIN Valoren
A (acc) USD	15.09.2014	USD 11.04	2.75	2.55	LU1093756168 25046524

## Composition of Fund

Manager Allocation	% of Invested Capital	Relative Value (continued)	% of Invested Capital
<b>Long Short Equity</b>	<b>38.04</b>		
Chilton Investment Company, LLC	10.05	Loomis Sayles & Company, L.P.	6.90
Jennison Associates, LLC	8.74	Lazard Asset Management, LLC	5.62
Wellington Management Company, LLP	7.21	Basso Capital Management, L.P.	0.01
Impala Asset Management, LLC	6.19	<b>Global Macro</b>	<b>18.10</b>
Portland Hill Asset Management Limited	5.84	Emso Asset Management Limited	7.76
<b>Event Driven</b>	<b>19.62</b>	Graham Capital Management, L.P.	3.56
P. Schoenfeld Asset Management L.P.	10.56	Grantham, Mayo, Van Otterloo & Co. LLC	3.48
Bardin Hill Capital Management L.P.	9.06	H2O Asset Management	3.29
<b>Relative Value</b>	<b>24.24</b>		
Chatham Asset Management, LLC	11.71		

## Portfolio Data Derivatives Disclosures

Portfolio Exposure figures shown reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of derivatives, unsettled trades or other factors.

## What are the Key Risks?

The value of shares in the Fund and income received from it can go down as well as up and investors may not get back the full amount invested.

Performance may also be affected by currency fluctuations. Currency fluctuations may affect the value of overseas investments.

The Fund seeks to achieve its targeted investment objective by allocating its assets across multiple "alternative" strategies and by investing in a wide range of assets. Such assets and investment instruments have historically been subject to price movements due to such factors as general stock market volatility, sudden changes in interest rates, or fluctuations in commodity prices. The Fund will seek to limit volatility using hedged strategies. As a result, the performance of the Fund can fluctuate moderately over time.

Other significant risks include: credit risk, derivatives risk, liquidity risk, operational risk, targeted return risk.

For full details of all of the risks applicable to this Fund, please refer to the "Risk Considerations" section of the Fund in the current prospectus of Franklin Templeton Investment Funds.

## Important Information

Data as of 31 October 2018, unless otherwise stated.

This document is intended to be of general interest only and does not constitute legal or tax advice nor is it an offer for shares or invitation to apply for shares of the **Luxembourg-domiciled SICAV** Franklin Templeton Investment Funds. Nothing in this document should be construed as investment advice. Subscriptions to shares of the Fund can only be made on the basis of the current Key Investor Information Document (KIID), the full prospectus of the Fund, accompanied by the latest available audited annual report and the latest semi-annual report, if published thereafter. The value of shares in the Fund and income received from it can go down as well as up, and investors may not get back the full amount invested. **Past performance is not an indicator or a guarantee of future performance.** Currency fluctuations may affect the value of overseas investments. When investing in a fund denominated in a foreign currency, your performance may also be affected by currency fluctuations. An investment in the Fund entails risks which are described in the Fund's prospectus and Key Investor Information Document. In emerging markets, the risks can be greater than in developed markets. Investments in derivative instruments entail specific risks that may increase the risk profile of the fund and are more fully described in the Fund's prospectus. No shares of the Fund may be directly or indirectly offered or sold to residents of the United States of America. Any research and analysis contained in this document has been procured by Franklin Templeton Investments for its own purposes and is provided to you only incidentally. References to particular industries, sectors or companies are for general information and are not necessarily indicative of a fund's holding at any one time. Please consult your financial advisor before deciding to invest. A copy of the latest prospectus, of the Key Investor Information Document, the annual report and semi-annual report, if published thereafter can be found, on our website [www.franklintempleton.ch](http://www.franklintempleton.ch) or can be obtained, free of charge, from Franklin Templeton Switzerland Ltd, a Member of Franklin Templeton Investments, Stockerstrasse 38, CH-8002 Zurich, Tel +41 44 217 81 81 / Fax +41 44 217 81 82, [info@franklintempleton.ch](mailto:info@franklintempleton.ch). Paying agent in Switzerland is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich.

Issued by Franklin Templeton Switzerland Ltd, a company authorized and regulated by the Swiss Financial Market Supervisory Authority FINMA as representative of Franklin Templeton Investment Funds.

References to indices are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown. An index is unmanaged and one cannot invest directly in an index. The performance of the index does not include the deduction of expenses and does not represent the performance of any Franklin Templeton fund.

Source: HedgeMark.

Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com).

**Fund Management:** CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

**Strategy Allocation:** Actual Allocation is a percentage of invested capital into fund managers (sub-advisors or co-managers) as of the end of the period. Target Allocations are as of the end of the period.

The Fund may shift allocations among strategies at any time. Further, K2 may determine in its sole discretion to not allocate to one or more of the strategies and/or to add new strategies.

Accordingly the above target allocations are presented for illustrative purposes only, and should not be viewed as predictive of the ongoing composition of the fund's portfolio (and its managers), which may change at any time.

Weightings as percentage of invested capital into fund managers (sub-advisors or co-managers). Holdings are subject to change. Due to rounding, the strategy breakdown may not equal 100%.

**Portfolio Exposure:**

**Gross Exposure:** Gross exposure is the sum of the absolute value of all exposures, directly or through derivatives, as a percentage of total assets. The sum of the percentage of long positions and short (in absolute terms) positions.

**Net Exposure:** Net exposure is the sum of the total value of all exposures, directly or through derivatives, as a percentage of total assets. The percentage value of the long positions less the percentage value of the short positions.

**Long Exposure:** Sum of the long exposures, directly or through derivatives, as a percentage of total assets.

**Short Exposure:** Sum of the short exposures, directly or through derivatives, as a percentage of total assets.

All performance data shown is in the Fund currency stated and include reinvested dividends and are net of management fees. Sales charges and other commissions, taxes and other relevant costs incurred on the issue and redemption of units paid by the investor are not included in the calculations.

**Top Exposures:** The Top Five Long and Short Exposures represent the five largest long and short equity issuer exposures of Franklin K2 Alternative Strategies Fund as of the date indicated. Issuer exposures include actual security holdings and single security exposures obtained through the use of derivatives. Direct security holdings and derivatives exposures are combined for calculation purposes. These direct holdings and derivatives do not represent all of the securities purchased, sold or recommended for advisory clients, and the reader should not assume that investment in securities of the issuers listed was or will be profitable.

**TER:** A fund's Total Expense Ratio (TER) is a measure of its total costs and fees expressed as a percentage of the average net assets of the fund in the previous financial year and with reference to the asset class shown in the performance table. As of 31 October 2018. Calculation method according to Luxembourg law. The TER as of fiscal year-end is published in the latest available annual report and the latest semi-annual report, if published thereafter, for Switzerland and is calculated according to SFAMA guidelines.

**Distribution of Dividends:** The Board of Directors intends to distribute all of the income attributable to the Distribution Shares. No distribution of dividends shall be made for the Accumulation Shares (**acc**), however the income attributable will be reflected in the increased value of the Shares. Dividends may be paid monthly (**Mdis**), quarterly (**Qdis**), or annually (**Ydis**).

**Important Information (continued)****Composition of Fund:**

**Manager Allocation:** Manager allocation includes managers that have been appointed as sub-advisors or managers of investment funds. K2 may determine in its sole discretion to not allocate to one or more of the managers and/or to add new managers. Accordingly, the manager allocation is presented for illustrative purposes only, and should not be viewed as predictive of the ongoing composition of the Fund's portfolio, which may change at any time.

Weightings as percent of invested capital into fund managers (sub-advisors or co-managers). Percentage may not total 100% due to rounding. Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.