

K2 Alternative Strategies Fund

Advisor Class: FABZX Class A: FAAAX Class C: FASCX Class R: FSKKX Class R6: FASRX

Multi Strategy | Factsheet as of March 31, 2025

Investment Overview

The fund's principal investment goal is 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 alternative strategies, primarily including Long Short Equity, Relative Value, Event Driven and Global Macro.

Average Annual Total Returns (%)

| | Without Sales Charges | | | | | With Sales Charges | | | | | Inception Date |
|---------------|-----------------------|------|------|-------|-----------|--------------------|------|------|-------|-----------|----------------|
| | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Inception | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Inception | |
| Advisor Class | 6.50 | 3.20 | 4.70 | 2.73 | 3.45 | 6.50 | 3.20 | 4.70 | 2.73 | 3.45 | 10/11/2013 |
| Class A | 6.26 | 2.95 | 4.46 | 2.47 | 3.18 | 0.41 | 1.04 | 3.29 | 1.89 | 2.68 | 10/11/2013 |
| Class C | 5.46 | 2.17 | 3.67 | 1.71 | 2.43 | 4.51 | 2.17 | 3.67 | 1.71 | 2.43 | 10/11/2013 |
| Class R | 5.89 | 2.66 | 4.18 | 2.17 | 2.89 | 5.89 | 2.66 | 4.18 | 2.17 | 2.89 | 10/11/2013 |
| Class R6 | 6.57 | 3.25 | 4.78 | 2.80 | 3.52 | 6.57 | 3.25 | 4.78 | 2.80 | 3.52 | 10/11/2013 |
| Benchmark 1 | 3.23 | 1.87 | 4.39 | 1.84 | — | 3.23 | 1.87 | 4.39 | 1.84 | — | — |
| Benchmark 2 | 4.97 | 4.23 | 2.56 | 1.87 | — | 4.97 | 4.23 | 2.56 | 1.87 | — | — |

Cumulative Total Returns (% Without Sales Charge)

| | 3-Mo | YTD | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------|------|------|-------|------|-------|------|------|------|-------|------|------|-------|
| Advisor Class | 0.46 | 0.46 | 11.61 | 2.86 | -7.86 | 2.85 | 7.36 | 7.43 | -2.19 | 6.84 | 1.90 | 0.19 |
| Class A | 0.37 | 0.37 | 11.40 | 2.61 | -8.15 | 2.62 | 7.03 | 7.18 | -2.36 | 6.57 | 1.68 | -0.12 |
| Class C | 0.19 | 0.19 | 10.53 | 1.83 | -8.85 | 1.85 | 6.27 | 6.36 | -3.10 | 5.72 | 1.04 | -0.84 |
| Class R | 0.27 | 0.27 | 10.98 | 2.40 | -8.40 | 2.46 | 6.76 | 6.82 | -2.53 | 6.16 | 1.52 | -0.76 |
| Class R6 | 0.46 | 0.46 | 11.68 | 3.01 | -7.92 | 2.92 | 7.43 | 7.50 | -2.01 | 6.83 | 2.10 | 0.24 |
| Benchmark 1 | 0.53 | 0.53 | 5.27 | 3.10 | -4.41 | 3.65 | 6.81 | 8.62 | -6.72 | 5.99 | 2.50 | -3.64 |
| Benchmark 2 | 1.02 | 1.02 | 5.25 | 5.01 | 1.46 | 0.05 | 0.67 | 2.28 | 1.87 | 0.86 | 0.33 | 0.05 |

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit franklintempleton.com.

Share Class Details

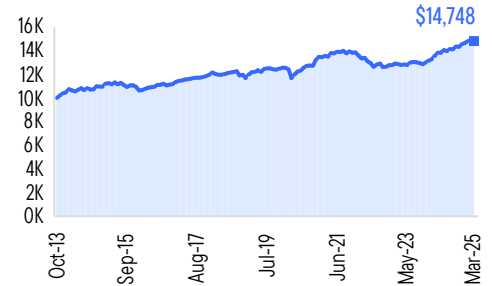
| | CUSIP | Ticker | Sales Charges (%) | | Expenses (%) | |
|---------------|-----------|--------|-------------------|------|--------------|------|
| | | | Max | CDSC | Gross | Net |
| Advisor Class | 35241W500 | FABZX | 0.00 | — | 2.53 | 2.19 |
| Class A | 35241W104 | FAAAX | 5.50 | — | 2.76 | 2.44 |
| Class C | 35241W203 | FASCX | 0.00 | 1.00 | 3.53 | 3.19 |
| Class R | 35241W302 | FSKKX | 0.00 | — | 3.00 | 2.69 |
| Class R6 | 35241W401 | FASRX | 0.00 | — | 2.40 | 2.19 |

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 09/30/2025 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice. There is a 1% CDSC on any Class C shares you sell within 12 months of purchase.

Dividend Expense and Borrowing Fees for Sec. Sold Short: Costs associated with the fund's short positions. The fund's manager and sub-advisors use short positions in an attempt to either protect against losses or provide an additional source of returns versus long-only strategies. **The annual expense is 0.44%.** There is no guarantee that these positions will perform as the fund's manager or sub-advisors intended, and losses may occur.

Growth of \$10,000

Advisor Class Shares—Inception through March 31, 2025
Excluding Effects of Sales Charges



Fund Overview

| | |
|----------------------------|----------------------------------|
| Dividend Frequency, if any | Annually |
| Morningstar Category | Multistrategy |
| Lipper Classification | Alternative Multi-Strategy Funds |
| Turnover (fiscal yr) | 258% |

Benchmark(s)

- 1—HFRX Global Hedge Fund Index
- 2—ICE BofA US 3-Month Treasury Bill Index

Fund Characteristics

| | Fund |
|------------------|------------------|
| Total Net Assets | \$540.41 Million |
| Value at Risk | -1.13% |

Risk Statistics (3-Year—Advisor Class vs. S&P 500 Index)

| | Fund | Index |
|------------------------|-------|-------|
| Beta | 0.17 | — |
| R-Squared | 0.55 | — |
| Sharpe Ratio | -0.28 | 0.28 |
| Standard Deviation (%) | 4.00 | 17.07 |
| Alpha (%) | -1.98 | — |

Portfolio Exposure (% of Total)

| | Fund |
|----------------|---------|
| Gross Exposure | 262.55 |
| Long Exposure | 157.35 |
| Net Exposure | 52.87 |
| Short Exposure | -104.68 |

Strategy Allocation (% of Total)

| | Target | Actual |
|-------------------|-----------|--------|
| Event Driven | 10% - 30% | 5.32 |
| Global Macro | 0 - 30% | 27.31 |
| Long Short Equity | 25% - 40% | 32.11 |
| Relative Value | 30% - 45% | 35.26 |

Manager Allocation (% of Invested Capital)

| | Fund |
|--------------------------------------|-------|
| Relative Value | 35.26 |
| K2/D&S Management Co., LLC | 13.06 |
| Apollo Credit Management, LLC | 12.59 |
| Lazard Asset Management, LLC | 9.60 |
| Long Short Equity | 32.11 |
| ActusRayPartners Limited | 13.25 |
| Electron Capital Partners, LLC | 11.61 |
| Jennison Associates, LLC | 7.25 |
| Global Macro | 27.31 |
| Capital Fund Management SA | 11.84 |
| Graham Capital Management, L.P. | 9.38 |
| BlueBay Asset Management, LLP | 6.09 |
| Event Driven | 5.32 |
| Bardin Hill Investment Partners L.P. | 5.32 |

Portfolio Data Information

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).

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).

Portfolio Management

| | Years with Firm | Years of Experience |
|---------------------|-----------------|---------------------|
| Lillian Knight, CFA | 20 | 34 |
| Art Vinokur | 20 | 20 |
| Robert Christian | 14 | 35 |

What should I know before investing?

All investments involve risks, including possible loss of principal. The fund is actively managed and could experience losses if the investment **manager's and subadvisors'** judgment about particular investments made for the fund's portfolio prove to be incorrect. The **allocation** of assets among different strategies, asset classes and investments may not prove beneficial or produce the desired results. Some subadvisors may have little or no experience managing the assets of a registered investment company. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. **Currency management** strategies could result in losses to the fund if currencies do not perform as expected. **Short selling** is a speculative strategy. Unlike the possible loss on a security that is purchased, there is no limit on the amount of loss on an appreciating security that is sold short. Investments in companies engaged in **mergers, reorganizations or liquidations** also involve special risks as pending deals may not be completed on time or on favorable terms. **Liquidity risk** exists when securities or other investments become more difficult to sell, or are unable to be sold, at the price at which they have been valued. These and other risks are discussed in the fund's prospectus.

Glossary

Beta: A measure of the fund's volatility relative to the market, as represented by the stated Index. A beta greater than 1.00 indicates volatility greater than the market. **R-squared** measures the strength of the linear relationship between the fund and its benchmark. R-squared at 1 implies perfect linear relationship and zero implies no relationship exists. **Sharpe Ratio** refers to a risk-adjusted measure calculated using standard deviation and excess returns to determine reward per unit of risk. The higher the ratio, the greater the risk-adjusted performance. **Standard Deviation:** Measure of the degree to which a fund's return varies from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that a fund's performance will fluctuate from the average return. **Alpha** is the annualized percentage difference between a portfolio's actual returns and its expected performance given its level of market risk, as measured by beta. **Turnover** is a measure of the fund's trading activity which represents the portion of the fund's holdings that has changed over a twelve-month period through the fiscal year end. There is no assurance that the fund will maintain its current level of turnover. **Value-at-Risk (VAR):** Measures potential loss in value for a portfolio over a defined period for a given confidence level. For example, a projected one-month VaR calculated at a 95% confidence level implies there is a 5% chance the portfolio will lose that VaR amount or more over that time period, assuming that portfolio holdings remain the same. It's important to note that the actual risk an investment experiences may be higher or lower than the projected VaR estimate, as both portfolio positions and market volatility levels are subject to change.

Important Information

Reference Index: S&P 500 Index. The S&P 500 Index is solely utilized as a reference benchmark to illustrate difference in behavior between U.S. equity markets and the fund. However, the S&P 500 Index is not fully reflective of the risk profile of the fund, which is not limited to investing solely for long U.S. equity market exposures.

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Monthly reporting HFRX Index constituents are comprised of private hedge funds. The **HFRX Global Hedge Fund Index** is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies, including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry. Source: Hedge Fund Research, Inc. The HFR indices are being used under license from Hedge Fund Research, Inc., which does not endorse or approve of any of the contents of this report. Unlike most asset class indexes, the HFR Index reflect fees and expenses. The **ICE BofA 3-Month U.S. Treasury Bill Index** is an unmanaged index that comprises a single U.S. Treasury issue with approximately three months to final maturity, purchased at the beginning of each month and held for one full month. Source: The index data referenced herein is the property of Intercontinental Exchange ("ICE") and/or its licensors and has been licensed for use by Franklin Templeton. ICE and its licensors accept no liability in connection with this use. Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

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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, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.