



Franklin K2 Alternative Strategies Fund

Alternative
September 30, 2019

Fund Fact Sheet | Share Classes: A, C

Fund Description

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.

Fund Overview

Total Net Assets [All Share Classes] \$1,255 million

Fund Inception Date 10/11/2013

Dividend Frequency Annually in December

Share Class Information

Share Class	CUSIP	NASDAQ Symbol
Advisor	352 41W 500	FABZX
A	352 41W 104	FAAAX
C	352 41W 203	FASCX
R	352 41W 302	FSKKX
R6	352 41W 401	FASRX

Fund Management

	Years with Firm	Years of Experience
Brooks Ritchey	13	36
Robert Christian	9	29
Anthony M Zanolta, CFA	4	25

Maximum Sales Charge

Class A: 5.50% initial sales charge

Class C: 1.00% contingent deferred sales charge (CDSC) in the first year only

Total Annual Operating Expenses

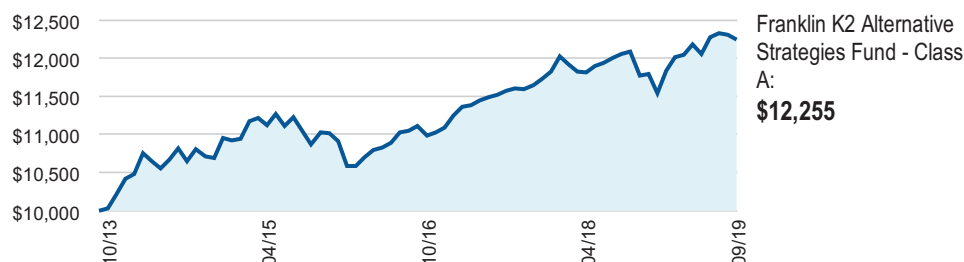
	Class A	Class C
Management Fee	1.90%	1.90%
Div. Expense and Borrowing Fees for Sec. Sold Short	0.36%	0.36%
Additional Expenses	0.53%	1.28%
Without Waiver	2.79%	3.54%
With Waiver	2.59%	3.34%

Strategy Allocation (% of Invested Capital)

	Target	Actual
Long Short Equity	25-40	30.21
Event Driven	10-30	19.91
Relative Value	30-45	24.58
Global Macro	0-30	25.30

Performance

Growth of a \$10,000 Investment - Without Sales Charge (from 10/11/2013-09/30/2019)



Total Returns % (as of 9/30/2019)

Share Class	YTD	AVERAGE ANNUAL				Since Inception	Inception Date
		CUMULATIVE	1 Yr	3 Yrs	5 Yrs		
A With Sales Charge	0.26	-4.26	1.36	1.56	2.49	10/11/2013	
A Without Sales Charge	6.11	1.28	3.29	2.71	3.47	10/11/2013	
C With Sales Charge	4.46	-0.49	2.52	1.97	2.73	10/11/2013	
C Without Sales Charge	5.46	0.49	2.52	1.97	2.73	10/11/2013	

Calendar Year Total Returns % - Without Sales Charge

Share Class	2018	2017	2016	2015	2014
A	-2.36	6.57	1.68	-0.12	4.88
C	-3.10	5.72	1.04	-0.84	4.20

Performance data represents past performance, which does not guarantee future results. Current performance may differ from figures shown. The fund's investment returns and principal values will change with market conditions, and you may have a gain or a loss when you sell your shares. Please call Franklin Templeton at (800) DIAL BEN/(800) 342-5236 or visit franklintempleton.com for the most recent month-end performance.

If the sales charge had been included, the return would have been lower.

The fund has an expense reduction contractually guaranteed through September 30, 2020. Fund investment results reflect the expense reduction ("Total Annual Operating Expenses with Waiver"); without this reduction, the results would have been lower.

Total Annual Operating Expenses with Waiver represents the expense ratio applicable to investors.

Div. 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. There is no guarantee that these positions will perform as the fund's manager or sub-advisors intended, and losses may occur.

Additional Expenses: Includes distribution and service (12b-1) fees; acquired fund fees and expenses; and other expenses of the fund or the subsidiary.

Fund Measures

Standard Deviation (3 Yrs) - Class A	3.49%
Beta (3 Yrs, vs. S&P 500 Index) - Class A	0.27

Composition of Fund

Manager Allocation	% of Invested Capital	Relative Value	% of Invested Capital
Long Short Equity	30.21		24.58
Chilton Investment Company, LLC	7.12	Chatham Asset Management, LLC	9.13
Jennison Associates, LLC	6.42	Lazard Asset Management, LLC	8.57
Portland Hill Asset Management Limited	6.29	Loomis Sayles & Company, L.P.	6.88
Impala Asset Management, LLC	5.47	Global Macro	25.30
Wellington Management Company, LLP	4.91	H2O Asset Management	7.60
Event Driven	19.91	Emso Asset Management Limited	7.37
Bardin Hill Investment Partners L.P.	10.06	Grantham, Mayo, Van Otterloo & Co. LLC	6.47
P. Schoenfeld Asset Management L.P.	9.84	Graham Capital Management, L.P.	3.87

Morningstar Rating™—Class A

Overall Morningstar Rating™ As of September 30, 2019 the fund's Class A shares received a 4 star overall Morningstar Rating™, measuring risk-adjusted returns against 248 and 178 U.S.-domiciled US Fund Multialternative funds over the 3- and 5-year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.



What Are the Risks?

All investments involve risks, including possible loss of principal. The market values of securities owned by the fund will go up or down, sometimes rapidly or unpredictably. The fund's performance depends on the manager's skill in selecting, overseeing, and allocating fund assets to the sub-advisors. The fund is actively managed and could experience losses if the investment manager's and sub-advisors' judgment about particular investments made for the fund's portfolio prove to be incorrect. Some sub-advisors may have little or no experience managing the assets of a registered investment company. Foreign investments are subject to greater investment risk such as political, economic, credit and information risks as well as risk of currency fluctuations. Investments in derivatives involve costs and create economic leverage, which may result in significant volatility and cause the fund to participate in losses (as well as gains) that significantly exceed the fund's initial investment. Lower-rated or high yield debt securities involve greater credit risk, including the possibility of default or bankruptcy. Currency management strategies could result in losses to the fund if currencies do not perform as the investment manager or sub-advisor expects. The fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. Merger arbitrage investments risk loss if a proposed reorganization in which the fund invests is renegotiated or terminated. Liquidity risk exists when securities have become more difficult to sell, or are unable to be sold, at the price at which they have been valued. Please see the prospectus and summary prospectus for information on these as well as other risk considerations.

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.

Standard Deviation: A 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.

Important Information

Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. To obtain a summary prospectus and/or prospectus, which contains this and other information, talk to your financial advisor, call us at (800) DIAL BEN/342-5236 or visit franklintempleton.com. Please carefully read a prospectus before you invest or send money.

Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change.

Source: HedgeMark.

Indexes are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges.

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%.

Performance: The fund offers other share classes subject to different fees and expenses, which will affect their performance.

Class A: Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%; thus actual returns would have differed. Total returns with sales charges have been restated to reflect the current maximum initial sales charge of 5.50%.

Fund Measures:

Reference Benchmark: 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.

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.

Morningstar Rating™: Source: Morningstar®, 9/30/19. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The Fund's Class A shares received a Morningstar Rating of 4 and 4 star(s) for the 3- and 5-year periods, respectively. Morningstar Rating™ is for the named share class only; other classes may have different performance characteristics. **Past performance is not an indicator or a guarantee of future performance.** Source: ©Morningstar. Important data provider notices and terms available at www.franklintempletondatasources.com.