



Franklin K2 Long Short Credit Fund

Alternative
March 31, 2020

Fund Fact Sheet | Share Class: Advisor

Fund Description

The fund seeks total return over a complete market cycle (through a combination of current income, capital preservation and capital appreciation), by allocating its assets across multiple alternative fixed income and credit strategies.

Fund Overview

Total Net Assets [All Share Classes]	\$97 million
Fund Inception Date	9/8/2015
Dividend Frequency	Annually in December

Share Class Information

Share Class	CUSIP	NASDAQ Symbol
Advisor	352 41W 823	FKLZX
A	352 41W 864	FKLSX
C	352 41W 856	FKLCX
R	352 41W 849	FKLRX
R6	352 41W 831	FKLQX

Fund Management

	Years with Firm	Years of Experience
Robert Christian	9	30
Brooks Ritchey	14	36
Art Vinokur	15	15

Maximum Sales Charge

Advisor Class: None

Total Annual Operating Expenses

	Advisor Class
Management Fee	1.60%
Div. Expense and Borrowing Fees for Sec. Sold Short	0.62%
Additional Expenses	0.53%
Without Waiver	2.75%
With Waiver	2.29%

Strategy Allocation (% of Invested Capital)

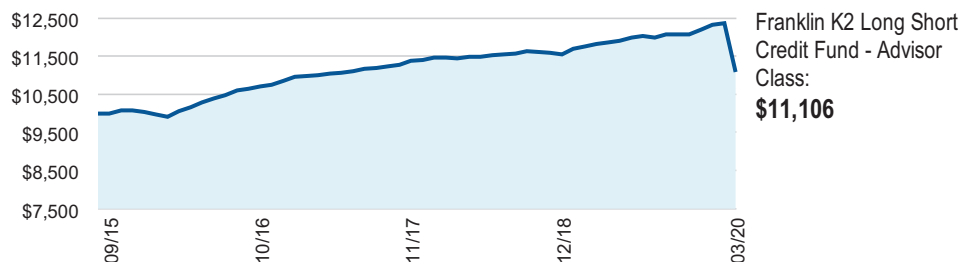
	Target	Actual
Credit Long Short	30-70	32.08
Emerging Market	0-30	16.22
Fixed Income		
Structured Credit	20-60	51.70

Portfolio Exposure (% of Total)

Gross Exposure	105.98
Net Exposure	67.57
Long Exposure	86.78
Short Exposure	-19.20

Performance

Growth of a \$10,000 Investment (from 09/08/2015-03/31/2020)



Total Returns % (as of 3/31/2020)

Share Class	YTD	AVERAGE ANNUAL		Since Inception	Inception Date
		1 Yr	3 Yrs		
Advisor	-9.05	-6.13	0.23	2.33	9/8/2015

Calendar Year Total Returns %

Share Class	2019	2018	2017	2016
Advisor	5.55	1.39	4.97	8.21

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.

Advisor Class shares do not have sales charges or 12b-1 fees and are offered only to certain eligible investors as stated in the prospectus.

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

Average Duration	3.16 Years
Standard Deviation (3 Yrs) - Advisor Class	6.20%
Beta (3 Yrs, vs. Bloomberg Barclays Global Aggregate Index) - Advisor Class	0.64

Composition of Fund

Manager Roster

Apollo Credit Management, LLC
Chatham Asset Management, LLC
Ellington Global Asset Management, LLC
Emso Asset Management Limited
Medalist Partners, L.P.

Portfolio Data Disclosures

Portfolio Exposure: Figures are intended to estimate the portfolio's exposure, including any hedged or increased exposure through certain derivatives held in the portfolio (or their underlying reference assets). Portfolio breakdown percentages may not total 100% and may be negative due to rounding, use of any derivatives, unsettled trades or other factors.

Fund Measures: The figures shown for Average Duration reflect certain derivatives held in the portfolio (or their underlying reference assets).

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 manager's and sub-advisors' judgment about particular fund portfolio investments prove to be incorrect. Some sub-advisors may have little or no experience managing the assets of a registered investment company. Bond prices generally move in the opposite direction of interest rates. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. Lower-rated or high yield debt securities ("junk bonds") involve greater credit risk, including the possibility of default or bankruptcy. Liquidity risk exists when securities become more difficult to sell, or are unable to be sold, at the price at which they've been valued. 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. The fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. Please see the prospectus and summary prospectus for information on these as well as other risk considerations, including the risks of foreign investments.

Glossary

Average Duration: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. The weighted average duration of a fund reflects the effective duration of the underlying issues, based on the size of each holding.

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.

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 or through derivatives, as a percentage of total assets.

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

Fund Measures: Standard deviation is a statistical measure of the dispersion of historical returns. A higher standard deviation means greater volatility. Calculated by annualizing the standard of the fund's daily returns over the 1-year period ended as of the date of the calculation.

Manager Roster: Manager roster 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 manger roster 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.