

Franklin K2 Alternative Strategies Fund

A New Alternative for Today's Investor

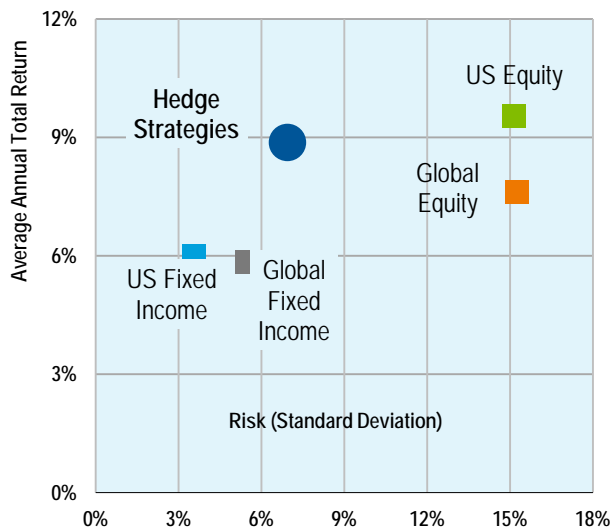
Benefits of hedge fund strategies

- Improved risk-adjusted returns
- Seeks to minimize participation in downside markets
- May lower correlation to traditional fixed income and equity markets
- Diversification across a variety of alternative investment strategies

1] Attractive risk/reward profile

Hedge strategies have shown equity-like returns with bond-like risk

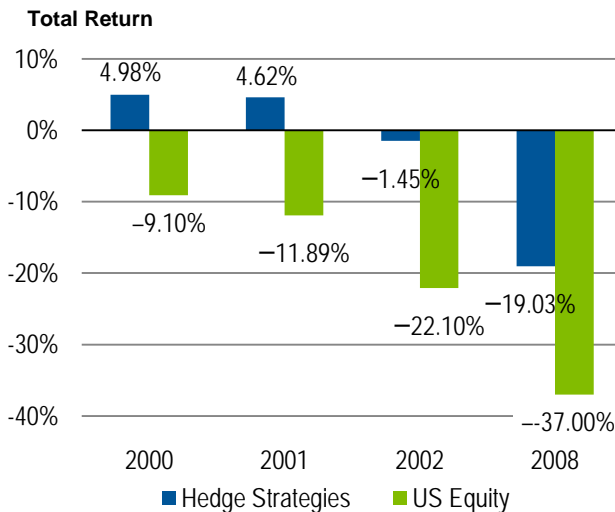
Hedge Strategies vs. Equity and Fixed Income Indexes
20-Year Period Ending December 31, 2014¹



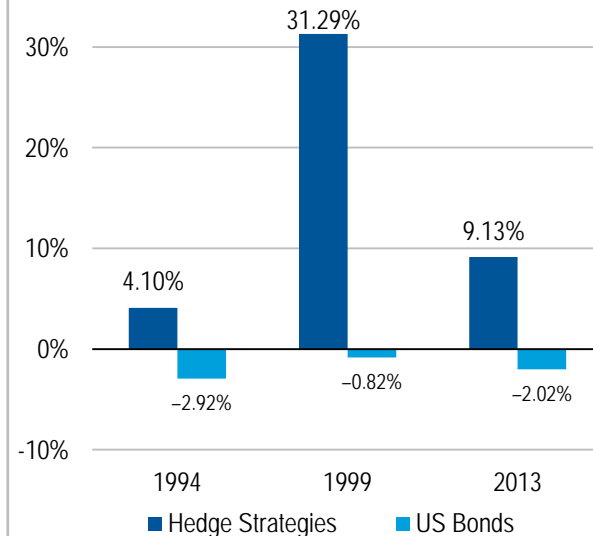
2] Potential downside protection in negative market environments

Hedge strategies have minimized the downside during US Equity and US Bonds down calendar years

Down Calendar Years for US Equities
Past 20 Years²



Down Calendar Years for US Bonds
Past 20 Years³



For illustrative purposes only; not representative of Franklin K2 Alternative Strategies Fund's portfolio composition or performance. Diversification does not guarantee a profit or protect against a loss.

3] Diversification to Fixed Income and Equity Portfolios

Hedge strategies can help diversify a traditional stock and bond portfolio for an improved risk/return profile

Hedge Strategies Added to Fixed Income and Equity Investing
20-Year Period Ending December 31, 2014⁴



4] Diversification across a variety of alternative investment strategies



Franklin K2 Alternative Strategies Fund

A diversified solution that seeks to lower portfolio volatility while seeking capital protection

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.

K2 Advisors – A recognized hedge fund solutions manager that delivers:

- 20 years of hedge fund expertise—established in 1994
- USD \$10.3 billion in AUM⁵
- Custom-tailored investment programs, funds of hedged funds, and hedge fund investment advisory services
- Robust hedge fund manager selection process
- Pioneers in risk transparency and operational due diligence

FUND IDENTIFIERS	Share Class	Currency	ISIN	Bloomberg	Incep. Date
Franklin K2 Alternative Strategies Fund	A(acc)	USD	LU1093756168	FKASAAU LX	15-Sep-14
Franklin K2 Alternative Strategies Fund	A(Ydis)	USD	LU1093756598	FKAAYDU LX	15-Sep-14
Franklin K2 Alternative Strategies Fund	I(acc)	USD	LU1093756838	FKASIAU LX	15-Sep-14
Franklin K2 Alternative Strategies Fund	N(acc)	USD	LU1093757307	FKASNAU LX	15-Sep-14
Franklin K2 Alternative Strategies Fund	A(Ydis)	EUR	LU1093756671	FKAAYDE LX	15-Sep-14

Franklin K2 Alternative Strategies Fund

1. Sources: FactSet; Morningstar. (See additional source language at the end of the presentation.) US Equity is represented by the S&P 500 Index. Global Equity is represented by the MSCI World Index. US Fixed Income is represented by the Barclays US Aggregate Index. Global Fixed Income is represented by the Barclays Global Aggregate Index. Hedge Strategies are represented by the HFRI Fund Weighted Composite Index. Returns data represents average annual total returns and assumes reinvestment of interest or dividends. Risk is measured by the annualized standard deviation of monthly total returns.
2. Sources: HFR Indices; Morningstar; FactSet (See additional source language at the end of the presentation.) Hedge Strategies represented by the HFRI Fund Weighted Composite Index. US Equities represented by the S&P 500 Index. Indexes are unmanaged and one cannot invest directly in an index. **Past performance does not guarantee future results.**
3. Sources: HFR Indices; Barclays; FactSet. (See additional source language at the end of the presentation.) Hedge Strategies represented by the HFRI Fund Weighted Composite Index US Bond represented by the Barclays US Aggregate Index. Indexes are unmanaged and one cannot invest directly in an index. **Past performance does not guarantee future results.**
4. Sources: HFR Indices; MSCI; Barclays; FactSet. (See additional source language at the end of the presentation.) Global Equity is represented by the MSCI World Index. Global Fixed Income is represented by the Barclays Global Aggregate Index. Hedge Strategies are represented by the HFRI Fund Weighted Composite Index. The pie graphs represent target asset allocations between Global Fixed Income, Global Equity and Hedge Strategies. Historically, asset allocations with greater exposure (10 to 20%) to Hedge Strategies have presented an improved risk/return profile. **Past performance does not guarantee future results.**
5. As of December 31, 2014.

IMPORTANT LEGAL INFORMATION

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 any of the of the Luxembourg-domiciled SICAV Franklin Templeton Investment Funds (the "Fund"). Given the rapidly changing market environment, Franklin Templeton Investments disclaims responsibility for updating this material.

Subscriptions to shares of the Fund can only be made on the basis of the current prospectus of the Fund, accompanied by the latest available audited annual report and the latest semi-annual report if published thereafter. An investment in the Fund entails risks which are described in the Fund's prospectus.

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.

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. If the fund invests in a specific sector or geographical area, the returns may be more volatile than a more diversified fund.

No shares of the Fund may be directly or indirectly offered or sold to nationals or residents of the United States of America. Shares of the Fund are not available for distribution in all jurisdictions and prospective investors should confirm availability with their local Franklin Templeton Investments representative before making any plans to invest.

Opinions expressed are the author's at publication date and they are subject to change without prior notice. 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.

A copy of the latest prospectus, the annual report and semi-annual report, if published thereafter can be found on our website: www.franklintempletongem.com or can be obtained, free of charge, from the address below.

Issued by the branch of Franklin Templeton Investment Management Limited in Dubai ("FTIML"), authorized and regulated in the UK by the Financial Conduct Authority and regulated in Dubai by the Dubai Financial Services Authority.

Dubai office: Franklin Templeton Investments, The Gate, East Wing, Level 2, Dubai International Financial Centre, P.O. Box 506613, Dubai, U.A.E., Tel.: +9714-4284100 Fax: +9714-4284140.

© 2015 Franklin Templeton Investments. All rights reserved.



Franklin Templeton Investments,
The Gate, East Wing, Level 2,
DIFC, P.O. Box 506613, Dubai, U.A.E.

www.franklintempletongem.com

For Professional Investor Use Only. Not for Distribution to Retail Investors.