



FRANKLIN TEMPLETON
INVESTMENTS

Franklin Templeton Investment Funds

FRANKLIN K2 ALTERNATIVE STRATEGIES FUND

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Institutional Portfolio Manager
K2 Advisors

Five Reasons to Invest in Liquid Alternative Strategies

1. We view now as an attractive entry point
 - Over the past 21 years, HFRI Alpha performance has reverted to its long term average and currently provides what we believe is an attractive entry point.
2. Protected capital relative to equity markets in declining periods
3. A daily liquid diversifier for core of client portfolio
4. High quality hedge strategy managers with mutual fund pricing
5. Manager and strategy diversification

- **Higher Interest Rates**
 - Hedge fund managers can focus on going long those equities, bonds, or currencies that might benefit from higher interest rates, while using short positions as a hedge within those equities, bonds, or currencies that might be hindered by higher yields
- **Large Moves in G-7 Currencies**
 - Hedge fund managers can focus on going long those equities, bonds, or currencies that might benefit from a significant weakening of a country's currency, while using short positions as a hedge within those equities, bonds, or currencies that might be hindered by a significant strengthening of a country's currency
- **Wide Variances in Equity Sector Price/Earnings Ratios**
 - Equity Long Short managers can focus on going long equity sectors that show a below-average PE ratio while using short positions as a hedge within those equity sectors exhibiting an above-average PE Ratio

For illustrative purposes only. There can be no assurance that any of the hedged strategies described in this presentation will be successful or avoid losses. Please see Important Disclosures and Disclaimers at the end of this presentation, which provide detailed information regarding information presented herein and form an integral part hereof. Past performance is not a guarantee or indicative of future results.

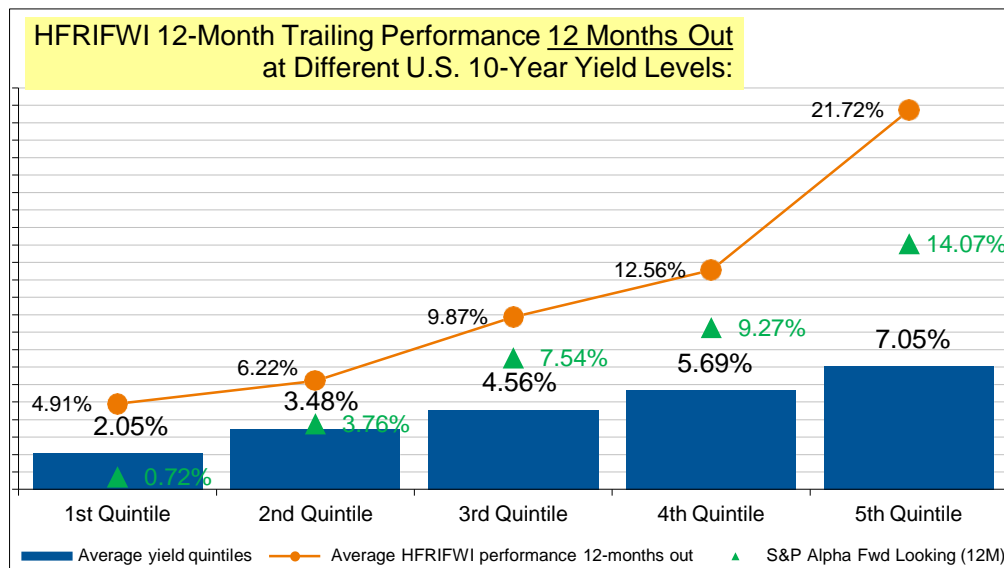
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Higher U.S. Interest Rates Have Historically Benefitted Hedged Strategies' Alpha Performance

Forward Environment Analysis

- Historically, higher nominal yields have indicated future periods of above average performance for the HFRI Fund Weighted Index.

U.S. 10yr Yield (November 8, 2017) = 2.34%



95) Chart		Page 1/4 Bond Yield Forecasts					
Region	G7	Spread 2 Year - 10 Year					
Rate	Market Yield	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19
United States							
1) US 30-Year	2.79	2.90	3.05	3.19	3.29	3.40	3.50
2) US 10-Year	2.32	2.34	2.45	2.57	2.69	2.82	3.02
3) US 2-Year	1.62	1.63	1.75	1.91	2.07	2.21	2.38
4) US 3-Month Labor	1.39	1.56	1.72	1.90	2.05	2.18	2.36
5) Federal Funds Target Rate - Upper B...	1.25	1.50	1.60	1.85	1.95	2.10	2.15
Germany							
7) Germany 10-Year	0.34	0.51	0.66	0.79	0.89	1.02	1.23

Source: Bloomberg

¹ Data: January 1990 through October 2017. ² Bond Yield Forecasts are as of November 8, 2017.

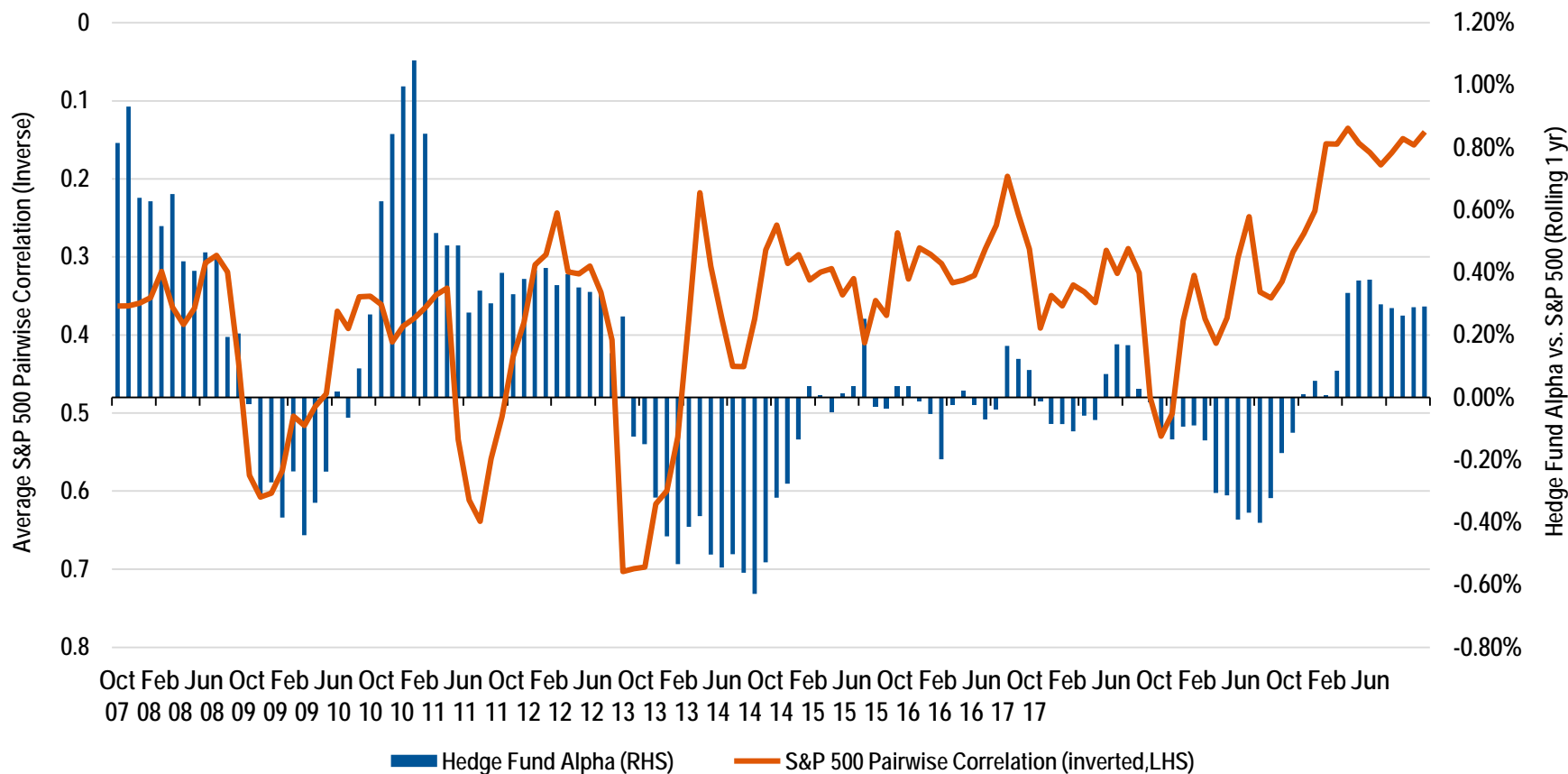
Alpha calculated relative to the S&P 500 Index. The Factor Response Curves show the average performance of the index during the review period in months when the factor falls into the performance quintiles indicated. The blue bars indicate the average performance of the factor over all months when the average performance of the factor falls within the given quintile. The green triangles indicate S&P Alpha forward looking 12 months performance. Please see Important Disclosures and Disclaimers at the end of the presentation, which provide detailed information regarding information presented herein and form an integral part hereof. Past performance is not a guarantee or indicative of future results.

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Lower Equity Correlations Are Creating a Favorable Environment for Hedge Fund Alpha



Hedge Funds generating Alpha again



Source: Bloomberg, K2.

Data shown from October 31, 2007 to September 30, 2017. Based on HFRI Fund Weighted Composite Index and S&P 500 Total Return Index.

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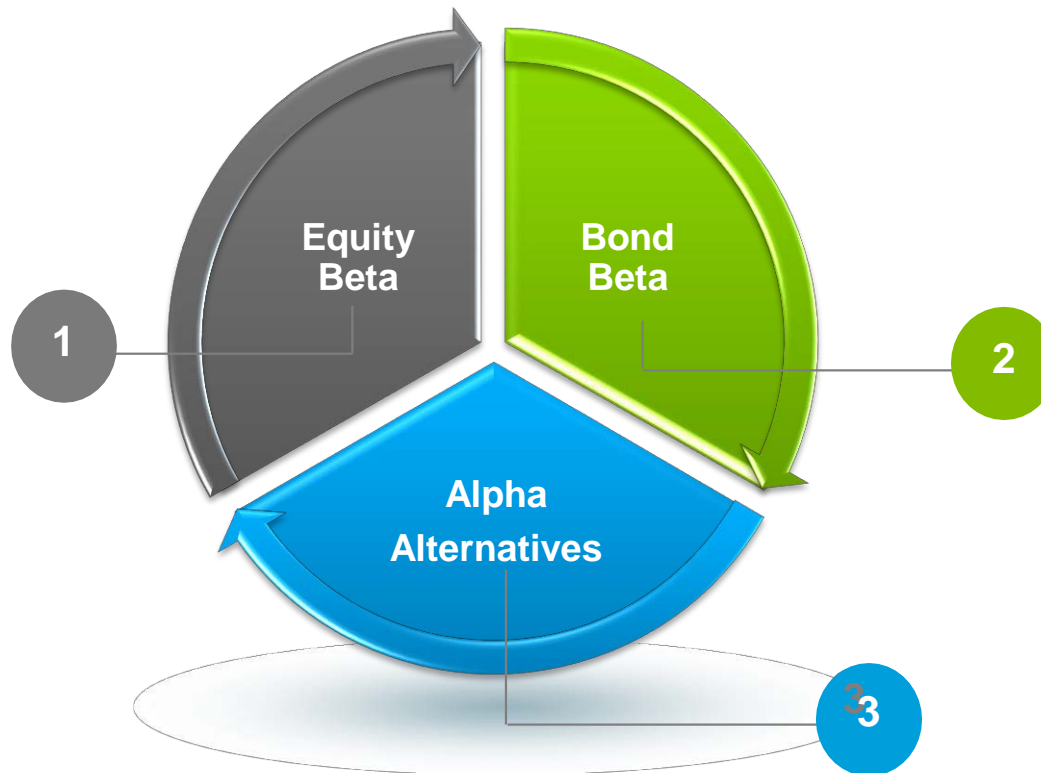
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Hedged Strategies Offer Investors Additional Diversification

Complementary Investment Choices

Investors and Portfolio Managers Have Three Primary Buckets From Which To Choose



- 1 Risk ON
- 2 Risk OFF
- 3 Risk UNCERTAIN

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Our process is dynamic and subject to change over time or in response to requirements of a particular mandate. Not all capabilities are relevant for all asset classes.

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Outcome Objectives

1. Dampen Volatility
2. Downside Risk Protection
3. Compelling Risk-Adjusted Returns

Strategy

1. Multi-strategy, multi-manager approach with exposure to four major hedge strategies
2. Portfolio Construction:
 - Manager fit
 - Strategy tilts
3. Robust risk management:
 - Liquidity management
 - Risk overlay

Historical Performance



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Franklin K2 Alternative Strategies Fund– I (acc) USD

As of 31 October 2017

Annualized Total Returns (%)

	Inception Date	1 Yr	3 Yrs	Since Incept
Franklin K2 Alternative Strategies Fund- I (acc) USD—Net of Fees	15.9.2014	6.69	3.77	4.05
BofA Merrill Lynch U.S. 3-Month Treasury Bill Index		0.72	0.35	0.33
HFRX Global Hedge Fund Index		6.98	1.13	0.46

Cumulative Performance(%)

	Inception Date	1 Mth	3 Mths	YTD	1 Yr	3 Yrs	Since Incept
Franklin K2 Alternative Strategies Fund- I (acc) USD—Net of Fees	15.9.2014	0.35	0.71	5.11	6.69	11.75	13.20
BofA Merrill Lynch U.S. 3-Month Treasury Bill Index		0.09	0.27	0.66	0.72	1.05	1.05
HFRX Global Hedge Fund Index		0.69	1.59	5.15	6.98	3.42	1.45

Benchmarks provided for additional performance comparison are for informational purposes only; the fund manager does not intend for the portfolio to track them. The Bank of America Merrill Lynch 3-Month US Treasury Index is provided as an Absolute Return benchmark. The HFRX Global Hedge Fund Index represents a measure of a broad universe of hedge fund strategies.

Past performance is not an indicator or a guarantee of future performance. Where a fund invests in emerging markets, this investment can be more risky than an investment in developed markets.

All performance data shown is in the Fund currency stated and net of management fees. Sales charges and other commissions, taxes and other relevant costs paid by the investor are not included in the calculations.

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. Current performance may differ from figures shown. Currency fluctuations may affect the value of overseas investments. When investing in a fund denominated in a foreign currency, performance may also be affected by currency fluctuations. Please visit franklintempleton.co.uk for current performance.

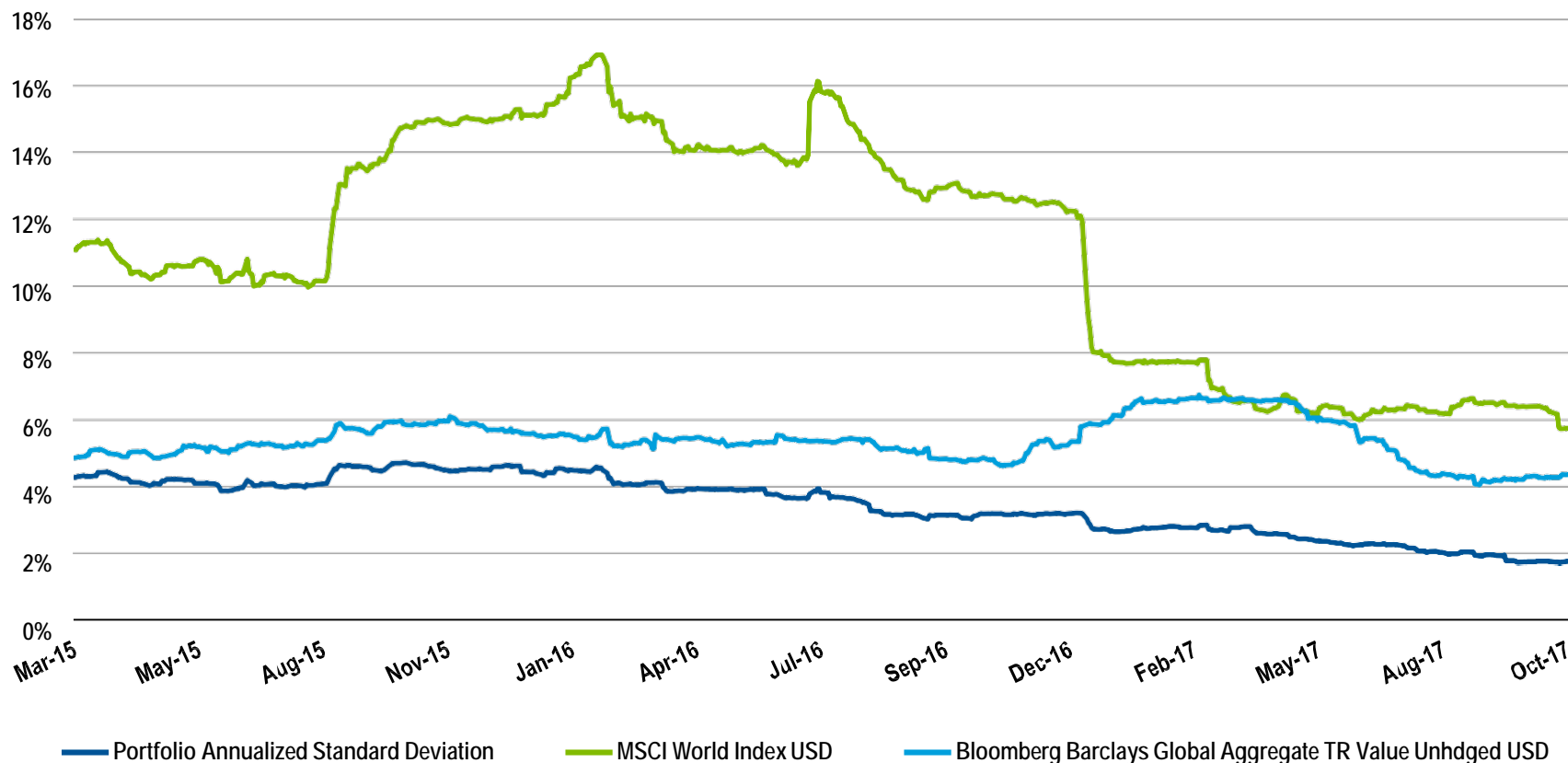
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The fund offers other share classes subject to different fees and expenses, which will affect their performance. Please see the prospectus for details.

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FTIF Franklin K2 Alternative Strategies Fund: Volatility

FTIF Franklin K2 Alternative Strategies Fund I (acc) USD 180 Day Annualized Rolling Volatility



Data shown from March 2015 to October 2017.

Source: Bloomberg, MSCI, Bloomberg Barclays. Benchmarks provided for additional performance comparison are for informational purposes only; the fund manager does not intend for the portfolio to track them.

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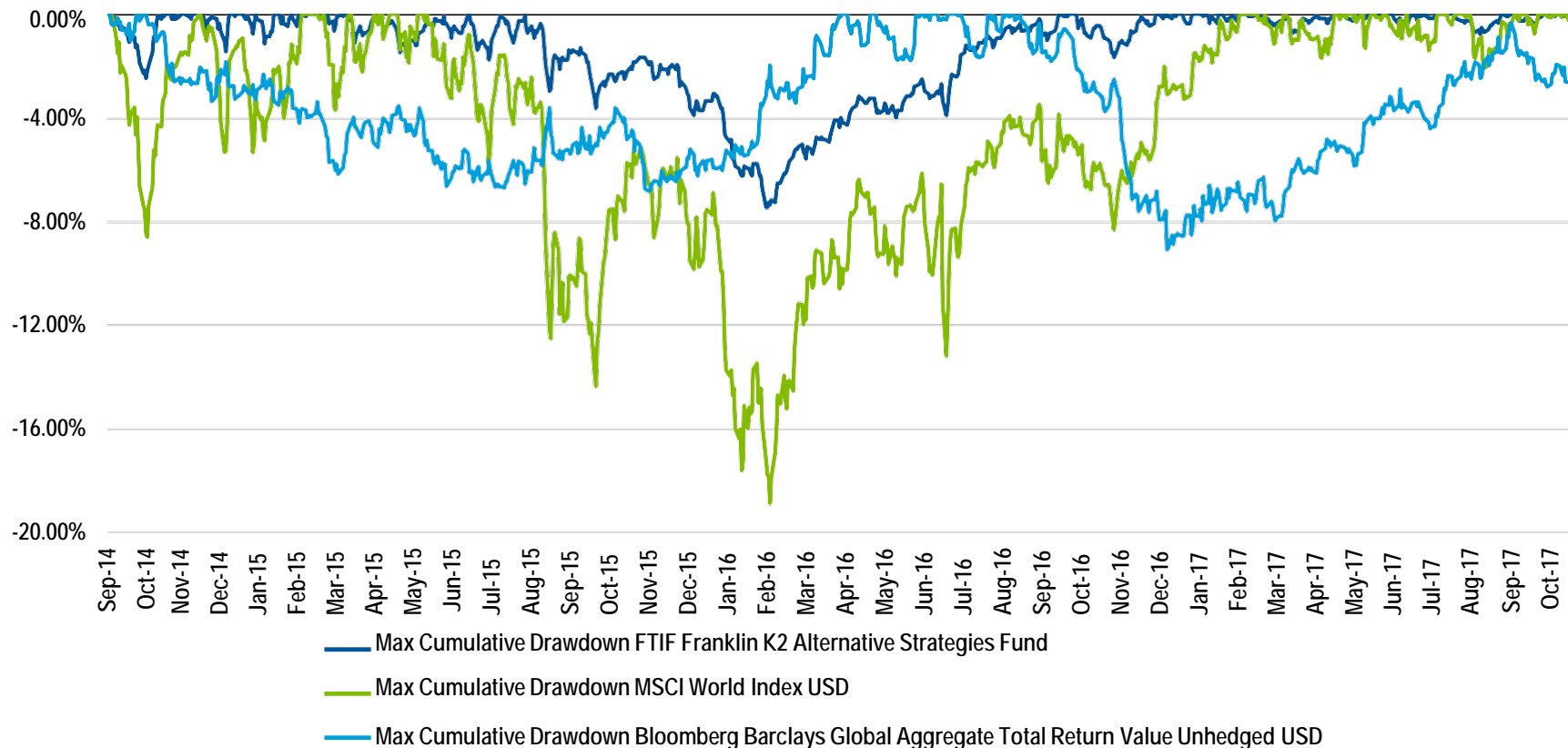
FTIF Franklin K2 Alternative Strategies Fund:

Downside Risk Protection



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FTIF Franklin K2 Alternative Strategies Fund I (acc) USD - Cumulative Max Drawdown vs. Benchmarks



Data shown from 16 September 2014 to 31 October 2017. The cumulative drawdowns chart represents the cumulative max drawdowns for the Fund and its benchmarks. The drawdowns are continuously calculated and represent the peak-to-trough loss attained for each particular drawdown period.

Source: Bloomberg, MSCI, Bloomberg Barclays. Benchmarks provided for additional performance comparison are for informational purposes only; the fund manager does not intend for the portfolio to track them.

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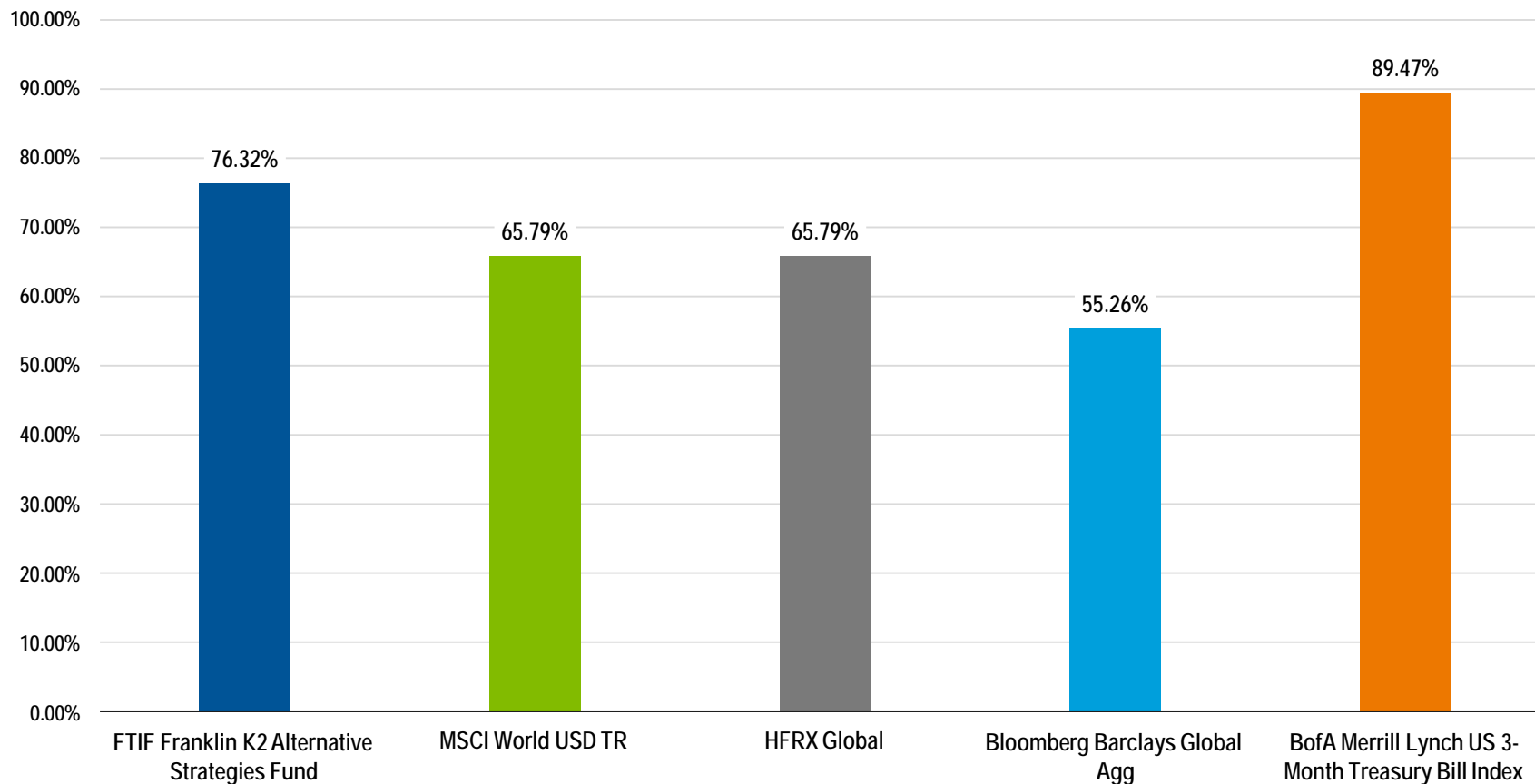
Franklin K2 Alternative Strategies Fund

Consistency



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Batting Average: % Up Months



Data shown from 15 September 2014 to 31 October 2017. "Batting Average" represents percentage of months when funds are up.

Source: Bloomberg, MSCI, HFR, Bloomberg Barclays, BofA Merrill Lynch. Benchmarks provided for additional performance comparison are for informational purposes only; the fund manager does not intend for the portfolio to track them.

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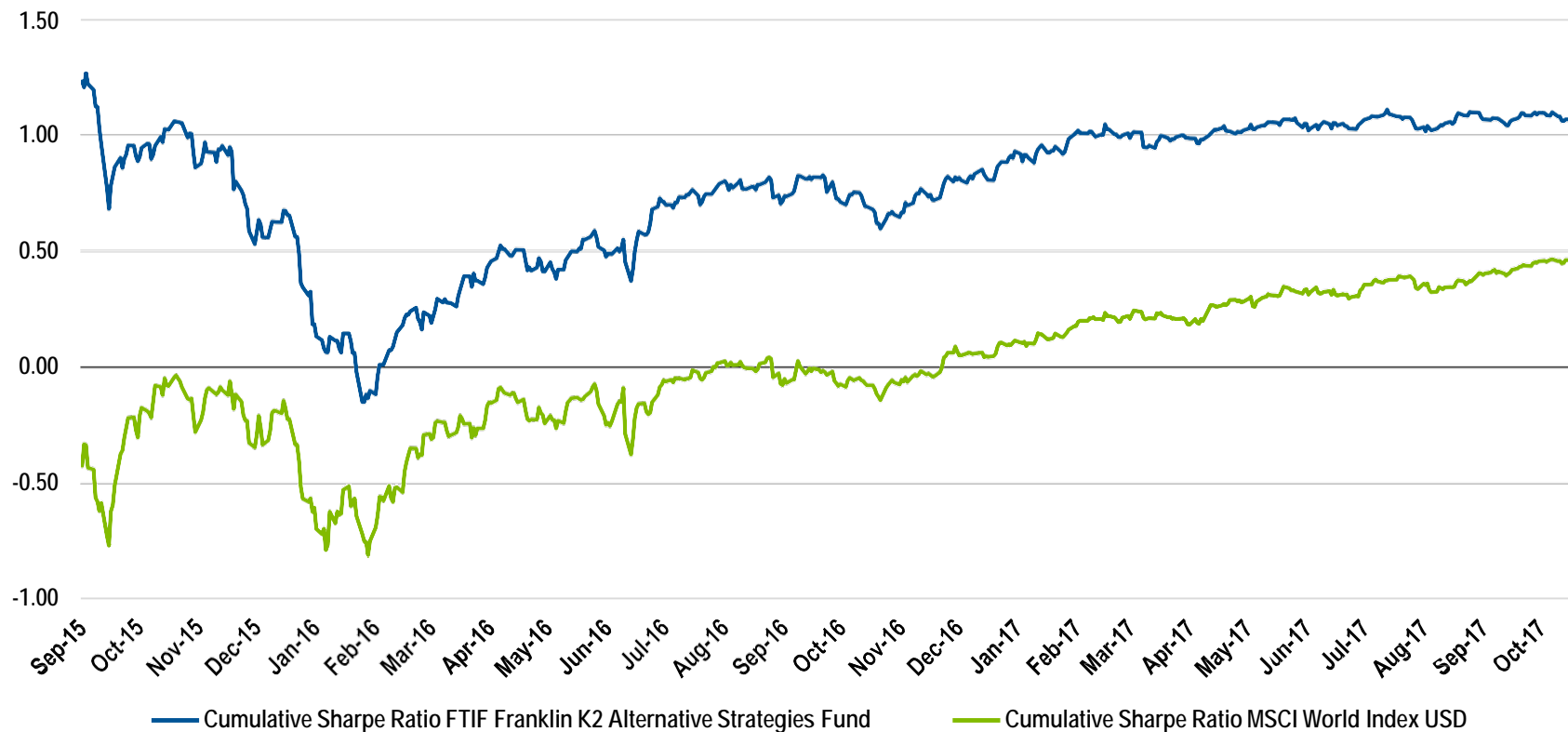
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Franklin K2 Alternative Strategies Fund

Compelling Risk-Adjusted Returns

FTIF Franklin K2 Alternative Strategies Fund I (acc) USD Cumulative Sharpe Ratio vs. MSCI World Index



Data shown from 15 September 2015 to 31 October 2017. The cumulative sharpe ratio is based on calculating the excess annualized return of the Fund and the benchmarks, over that of the risk-free rate (the 90 Day U.S. T-bill return), divided by the cumulative annualized volatility of the Fund.

Source: Bloomberg, MSCI, Bloomberg Barclays. Benchmarks provided for additional performance comparison are for informational purposes only; the fund manager does not intend for the portfolio to track them.

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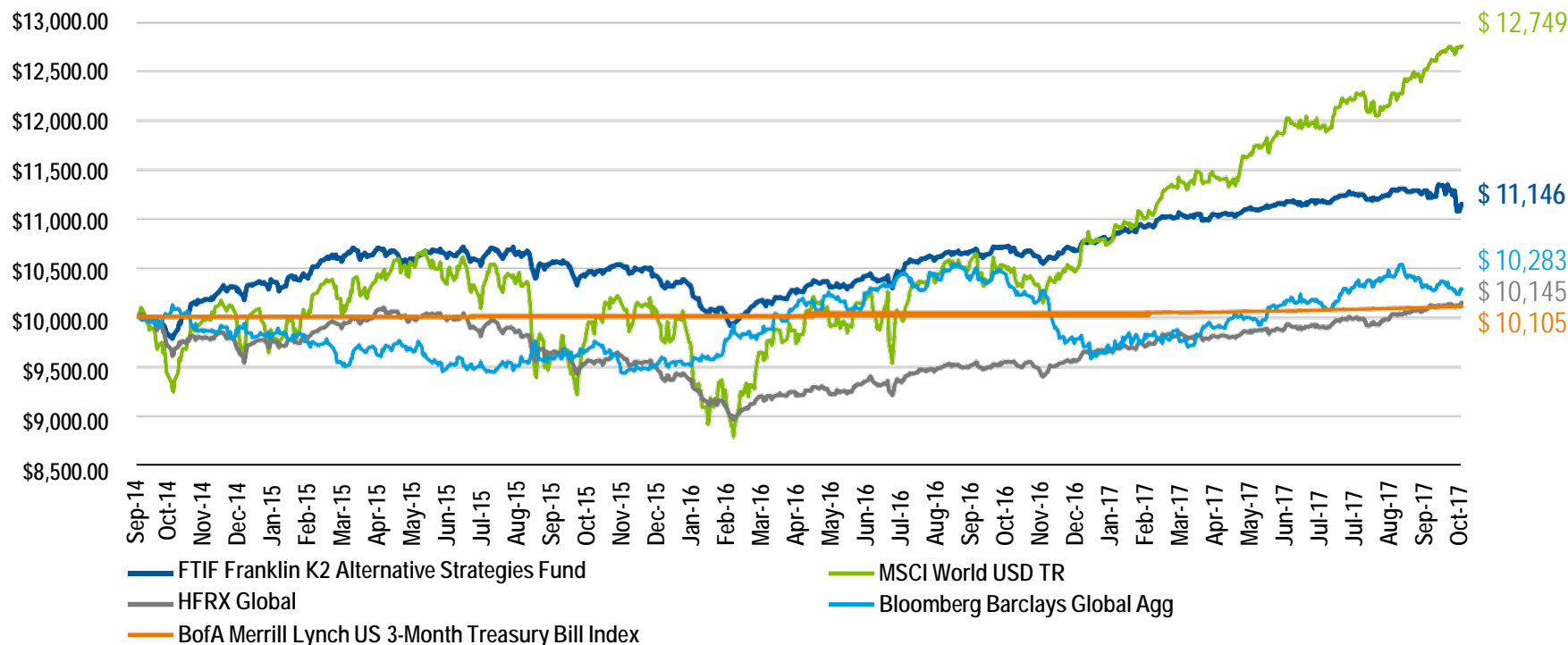
FTIF Franklin K2 Alternative Strategies Fund: Performance Since Inception



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FTIF Franklin K2 Alternative Strategies Fund I (acc) USD

15 September 2014 – 31 October 2017



Source: Bloomberg, HedgeMark, HFR, Bloomberg Barclays, MSCI, BofA Merrill Lynch. Benchmarks provided for additional performance comparison are for informational purposes only; the fund manager does not intend for the portfolio to track them.

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OUR TOP CONVICTIONS

1

Long Short Equity

Trends providing a tailwind for long/short equity performance are stocks reacting to fundamentals, lower stock correlations, and increased stock dispersion all are likely to continue.

2

Relative Value – Fixed Income

Relative value strategies remain attractive amidst the greater uncertainty in the markets, with slightly positive outlooks on convertible arbitrage and volatility arbitrage.

3

Macro CTA

A more active central bank calendar should present discretionary managers with potential attractive trading opportunities across both developed and emerging markets.



LONG/SHORT EQUITY

We maintain a constructive outlook, despite maintaining a measured outlook on overall market levels.



RELATIVE VALUE

The less directional nature of relative value strategies remains attractive amidst the greater uncertainty in the markets.



EVENT DRIVEN

Corporate activity is expected to remain robust as companies expect more business friendly policies in the future.



CREDIT

Long/short credit managers have naturally shorter duration portfolios and should benefit from sector dispersion when rates do rise.



GLOBAL MACRO

Positive outlook for all three subsectors of global macro strategies.



COMMODITIES

Sub-strategy outlook has only changed at the margin. We overweight oil & products, followed by agriculture and natural gas. Metals are a challenge as fundamentals and price action seem to be out of balance.



INSURANCE-LINKED SECURITIES

Hurricane Harvey and Irma should generate significant insured losses for the industry. While these events may lead to a re-pricing, it is too early to forecast the potential change in rates.

The K2 Research Outlook Scores are the opinions of the K2 Research group as of the date indicated and may not reflect the views of other groups within K2 or FT. Scores are determined relative to other hedge fund strategies and do not represent an opinion on absolute expected future performance or risk of a strategy or sub-strategy. Please see Important Disclosures and Disclaimers at the end of this presentation, which provide detailed information regarding information presented herein and form an integral part hereof.

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APPENDIX

Portfolio Tilts

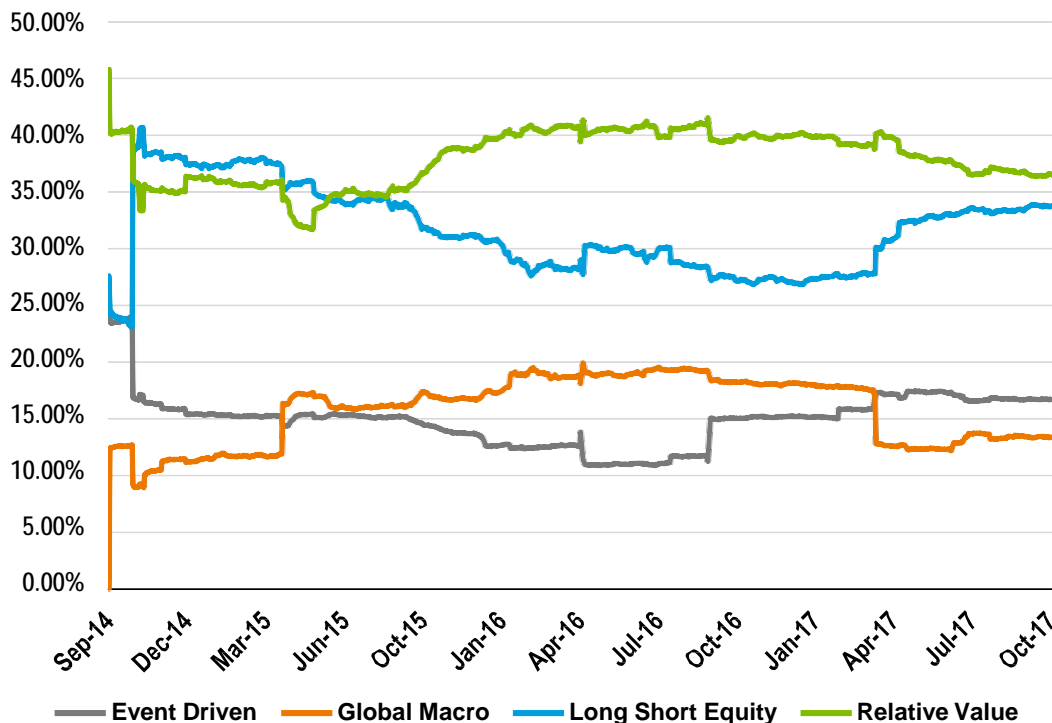


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As of 31 October 2017

	Allocation Range ¹	Actual Allocation ²
Global Macro	0% - 30%	13.27%
Long Short Equity	25% - 40%	33.72%
Event Driven	10% - 30%	16.62%
Relative Value	30% - 45%	36.39%

Historical Change in Portfolio Weightings*



*Source: BNY. Data shown from 16 September 2014 to 31 October 2017.

1. The target allocations reflect end-of-period target allocations. The Fund may shift allocations among managers and/or strategies at any time. Further, K2 may determine in its sole discretion to not allocate to one or more of the above-referenced strategies or managers or to add new managers and 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.

2. Source: HedgeMark. 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.

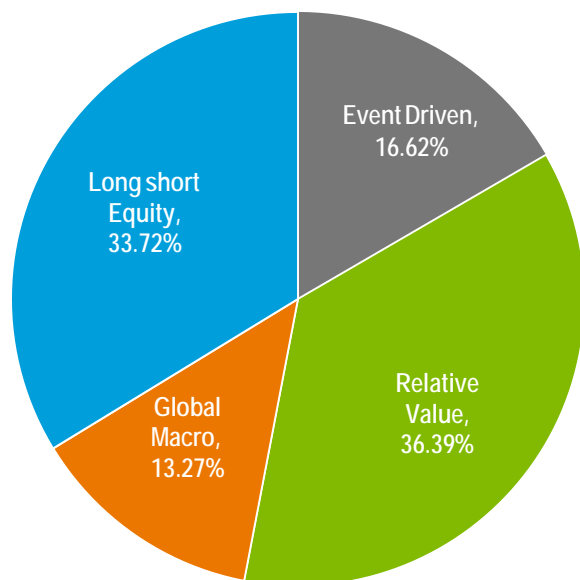
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Portfolio Allocation

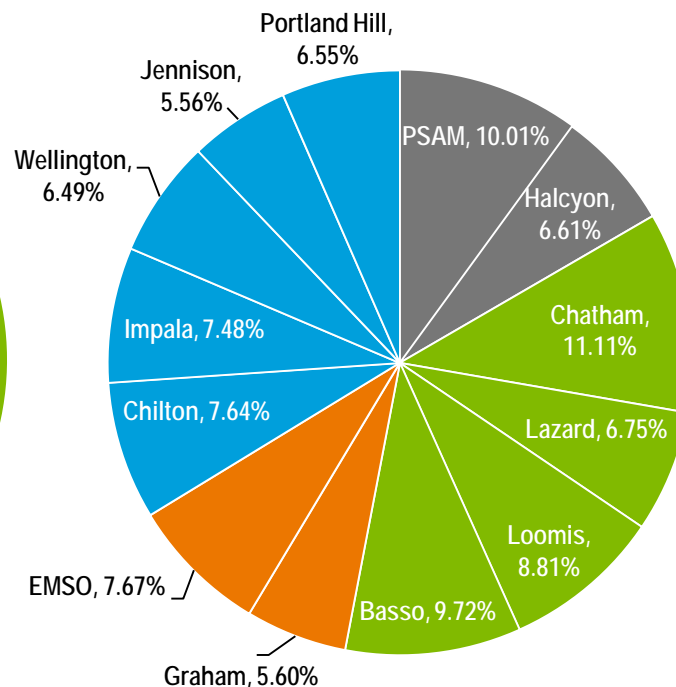


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Allocation by Strategy



Allocation by Manager



	Years of existence	Firm AUM*
PSAM	20	\$2.1 billion
Halcyon	36	\$9.1 billion
Chatham	14	\$3.39 billion
Lazard	169	\$211.9 billion
Loomis	91	\$263.43 billion
Basso	23	\$910 million
Graham	23	\$14.7 billion
EMSO	18	\$5.18 billion
Chilton ¹	25	\$2.3 billion
Impala	13	\$2.76 billion
Wellington	23	\$1.05 trillion
Jennison	48	\$166.0 billion
Portland Hill	6	\$1.05 billion

Source: HedgeMark. Data as of 31 October 2017.

1. As of 30 September 2017.

*Source for Firm AUM: Sub-Advisors.

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). Information is historical and may not reflect current or future portfolio characteristics. All portfolio holdings are subject to change. Percentage may not total 100% due to rounding.

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Alternatives

Winners Rotate

Performance by Hedge Strategy

Annual Returns from 2006–2017¹

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	YTD 2017	
Event Driven 15.33%	Global Macro 11.11%	Global Macro 4.83%	Relative Value 25.81%	Event Driven 11.86%	Relative Value 0.15%	Relative Value 10.59%	Long Short Equity 14.28%	Global Macro 5.58%	Relative Value -0.29%	Event Driven 10.57%	Long Short Equity 9.63%	Best ↑ ↓ Worst Best-to-Worst Performance Gap
Relative Value 12.37%	Long Short Equity 10.48%	Relative Value -18.04%	Event Driven 25.04%	Relative Value 11.43%	Event Driven -3.30%	Event Driven 8.89%	Event Driven 12.51%	Relative Value 4.02%	Long Short Equity -0.97%	Relative Value 7.67%	Event Driven 5.85%	
Long Short Equity 11.71%	Relative Value 8.94%	Event Driven -21.82%	Long Short Equity 24.57%	Long Short Equity 10.45%	Global Macro -4.16%	Long Short Equity 7.41%	Relative Value 7.07%	Long Short Equity 1.81%	Global Macro -1.26%	Long Short Equity 5.47%	Relative Value 4.10%	
Global Macro 8.15%	Event Driven 6.61%	Long Short Equity -26.65%	Global Macro 4.34%	Global Macro 8.06%	Long Short Equity -8.38%	Global Macro -0.06%	Global Macro -0.44%	Event Driven 1.08%	Event Driven -3.55%	Global Macro 1.03%	Global Macro -0.53%	
7.18%	4.50%	31.48%	21.47%	3.80%	8.53%	10.65%	14.72%	4.50%	3.26%	9.54%	9.10%	

1. As of September 30, 2017.

For illustrative purposes only; not representative of the Fund's performance or portfolio composition. Past performance is not an indicator or a guarantee of future performance.

Long Short Equity is represented by HFRI Equity Hedge; Event Driven is represented by HFRI Event Driven; Global Macro is represented by HFRI Macro; Relative Value is represented by HFRI Relative Value. Source: FactSet, HFR. Important data provider notices and terms available at www.franklintempletondatasources.com. Indexes are unmanaged and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges. Unlike most asset class indexes, HFR Index returns reflect fees and expenses.

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GLOSSARY

Alpha – Returns which are not attributable to systematic exposures. This is the return remaining after accounting for the effects of Beta.

Beta – the single factor relationship of a portfolio's or component's expected returns as compared to a benchmark. It is based on a single factor regression between a month-end holdings snapshot of the portfolio or component and the benchmark. Betas presented herein were calculated by a third party risk aggregation provider using a Monte Carlo approach based on two years of historical daily return data, weighing more recent returns more heavily than older return data (exponential weighting factor of 0.97) in a manner consistent with the VaR calculations used herein. In some cases FT Solutions adjusts the beta data from the risk system to exclude the effects of illiquid and uncorrelated credit instruments. In the event that data is not available from a third party risk aggregation provider, betas are estimated using up to 2 years of monthly returns of the portfolio and the benchmark.

Standard Deviation - Annualized arithmetic standard deviation is a measure of dispersion indicating the degree to which each monthly return clusters about the mean return. Standard deviation is calculated based upon monthly returns, net of all fees and expenses, and annualized by multiplying by the square root of 12 (approximately 3.46).

Max Drawdown – Monthly compounded return representing the largest “peak to trough” loss sustained within a specified date range, including any temporary gains.

BENCHMARK DEFINITIONS

Germany Generic Government 10yr Yield - The rates are comprised of generic German government bonds. These yields are based on the bid side of the market.

US Generic Govt 10 year Yield - Yields are yield to maturity and pre-tax. Generic US Government bond yields.

S&P 500 Total Return Index— The S&P 500 Total Return Index is the total return version of S&P 500 index. Dividends are reinvested on a daily basis. Special cash dividends trigger a price adjustment in the price return index.

BofA Merrill Lynch US 3-Month Treasury Bill Index - The BofA Merrill Lynch US 3-Month Treasury Bill Index is comprised of a single issue purchased at the beginning of the month and held for a full month. At the end of the month that issue is sold and rolled into a newly selected issue. The issue selected at each month-end rebalancing is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. To qualify for selection, an issue must have settled on or before the month-end rebalancing date.

Bloomberg Barclays GlobalAgg Total Return Index Value Unhedged USD - The Global Aggregate Index provides a broad-based measure of the global investment-grade fixed-rate debt markets. The Global Aggregate Index contains three major components: the U.S. Aggregate Index, the Pan-European Aggregate Index, and the Asian- Pacific Aggregate Index. In addition to securities from these three benchmarks, the Global Aggregate Index includes Global Treasury, Eurodollar, Euro-Yen, Canadian, and Investment-Grade 144A index-eligible securities not already in the three regional aggregate indices.

MSCI World TR Gross USD - MSCI World USD TR is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets in US Dollars.

HFR Monthly Indices (HFR) - are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFR are broken down into four main strategies, each with multiple sub-strategies. All single-manager HFR Index constituents are included in the HFR Fund Weighted Composite, which accounts for over 2000 funds listed on the internal HFR Database. to the existing capital structure.

HFRI Fund of Funds Composite Index— Funds of Funds invest with multiple managers through funds or managed accounts. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. The Fund of Funds manager has discretion in choosing which strategies to invest in for the portfolio. A manager may allocate funds to numerous managers within a single strategy, or with numerous managers in multiple strategies.



BENCHMARK DEFINITIONS (Continued)

HFRI Fund Weighted Composite Index - The HFRI Fund Weighted Composite Index is a global, equal-weighted index of over 2,000 single-manager funds that report to HFR Database. Constituent funds report monthly net of all fees performance in US Dollar and have a minimum of \$50 Million under management or a twelve (12) month track record of active performance.

HFRI Equity Hedge Index - is a strategy that maintains positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. Equity Hedge managers would typically maintain at least 50%, and may in some cases be substantially entirely invested in equities, both long and short.

HFRI Event Driven Index - Investment Managers who maintain positions in companies currently or prospectively involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments. Security types can range from most senior in the capital structure to most junior or subordinated, and frequently involve additional derivative securities. Event Driven exposure includes a combination of sensitivities to equity markets, credit markets and idiosyncratic, company specific developments. Investment theses are typically predicated on fundamental characteristics (as opposed to quantitative), with the realization of the thesis predicated on a specific development exogenous to the existing capital structure.

HFRI Macro Index - Macro Investment Managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods.

HFRI Relative Value Index - Investment Managers who maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities. Managers employ a variety of fundamental and quantitative techniques to establish investment theses, and security types range broadly across equity, fixed income, derivative or other security types.

HFRX Global Hedge Fund Index - 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.

Important Disclosures



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