

Franklin K2 Cat Bond UCITS Fund

Class EB (acc) EUR-H1 • ISIN LU2303826544 • A sub-fund of Franklin Templeton Alternative Funds
The management company is Franklin Templeton International Services S.à r.l.

Objectives and Investment Policy

Franklin K2 Cat Bond UCITS Fund (the “Fund”) aims to generate attractive risk-adjusted returns by investing in a portfolio of natural catastrophe bonds over the medium to long term.

Catastrophe bonds are an example of insurance securitization in which risk-linked securities transfer a specific set of risks (generally catastrophe and natural disaster risks) from an issuer or sponsor to investors.

Investors in risk-linked securities (e.g. the Fund) take on the risks of a specified catastrophe (such as hurricanes, earthquakes, tornadoes, windstorms or other natural or weather-related events) in exchange for rates of return on investment.

The Fund pursues an actively managed investment strategy and invests mainly in:

- catastrophe bonds including, but not limited to, debt securities of any quality (which may include below investment grade securities) issued by governments and government-related entities, supranational organisations and corporate insurance-linked securities.

The universe primary geographic area is US related risks across a variety of peril types with a focus on hurricane and earthquake exposures.

The Fund can invest to a lesser extent in:

- units of other mutual funds and exchange-traded funds (limited to 10% of assets)
- derivatives for hedging, efficient portfolio management and investment purposes.

In exceptional market circumstances, the Fund may temporarily hold a greater amount of cash in times where the manager believes that the markets are

experiencing excessive volatility, a prolonged general decline or other adverse conditions. The Fund may also invest in closed-end funds that are listed on a recognized market and offer exposure to insurance or reinsurance risk.

The benchmark of the Fund is the ICE LIBOR 3-Month (USD) Index. The benchmark is used solely as a reference for Investors to compare against the Fund’s performance. The Fund is not obliged to hold any of the benchmark constituents and may indeed invest up to 100% of its net assets outside the benchmark.

You may request the sale of your shares on the second and on the fourth Friday (or the next business day if the New York Stock Exchange and/or banks in Luxembourg are not open for business) and on the last business day of each month, but such sale will only be processed after the end of seven (7) Luxembourg business days prior notice period.

The income received from the Fund’s investments is accumulated with the result of increasing the value of the shares.

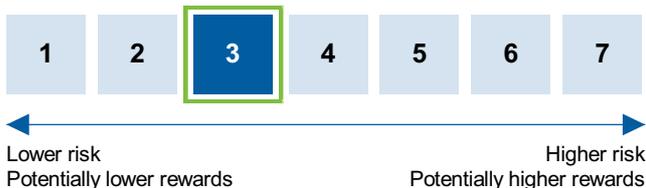
For further information on the Objectives and Investment Policy of the Fund, please refer to the section “Fund Information, Objectives and Investment Policies” of the current prospectus of Franklin Templeton Alternative Funds.

Terms to Understand

Derivatives: Financial instruments whose characteristics and value depend on the performance of one or more underlying assets, typically securities, indexes, currencies or interest rates.

Hedging: A strategy for totally or partially offsetting particular risks such as those arising from fluctuations in share prices, currencies or interest rates.

Risk and Reward Profile



What does this indicator mean and what are its limits?

This indicator is designed to provide you with a measure of the price movement of this share class based on historical behavior.

Historical data may not be a reliable indication of the future risk profile of the Fund. The category shown is not guaranteed to remain unchanged and may shift over time.

The lowest category does not mean risk free.

As the share class has no sufficient historical data available, simulated data based on a representative portfolio model or benchmark have been used instead.

Why is the Fund in this specific category?

The Fund intends to achieve its objective by investing in a portfolio of natural catastrophe bonds. The Fund is intended to Investors who adequately

understand the risks triggered by the Fund’s strategy and/or have already investment experience in that respect and have a risk tolerance high enough to absorb potential losses following the occurrence of extreme insurance disasters. As a result, the performance of the Fund can fluctuate moderately over time.

Risks materially relevant not adequately captured by the indicator:

Catastrophe risk: A Cat Bond may lose much or all of its value if a catastrophe that it covers occurs, which may result in losses to the fund.

Counterparty risk: the risk of failure of financial institutions or agents (when serving as a counterparty to financial contracts) to perform their obligations, whether due to insolvency, bankruptcy or other causes.

Credit risk: the risk of loss arising from default that may occur if an issuer fails to make principal or interest payments when due. This risk is higher if the Fund holds low-rated, sub-investment-grade securities.

Liquidity risk: the risk that arises when adverse market conditions affect the ability to sell assets when necessary. Reduced liquidity may have a negative impact on the price of the assets.

For a full discussion of all the risks applicable to this Fund, please refer to the “Risk Considerations” section of the current prospectus of Franklin Templeton Alternative Funds.

Charges

The charges you pay are used to pay the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

One-off charges taken before or after you invest

Entry charge	Not applicable
Exit charge	Not applicable
<i>This is the maximum that might be taken out of your money before it is invested.</i>	

Charges taken from the Fund over a year

Ongoing charges	0.55%
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Charges taken from the Fund under certain specific conditions

Performance fee	Not applicable
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The ongoing charges shown here are an estimate of the charges. We have used estimated figures as under current applicable rules we are not allowed to calculate ongoing charges for share classes with less than 12 months of data. The UCITS' annual report for each financial year will include detail on the exact charges made.

For detailed information about charges, please refer to the sections "Share Classes" and/or "Performance Fees" (as applicable) as well as Appendix E of the current prospectus of Franklin Templeton Alternative Funds.

Past Performance

Under current legislation, we are not allowed to display performance data for funds with less than a complete full calendar year.

- The Fund was launched in 2021.



Practical Information

- The Custodian of Franklin Templeton Alternative Funds is J.P. Morgan Bank Luxembourg S.A.
- Copies of the latest prospectus and the latest annual and semi-annual reports of Franklin Templeton Alternative Funds are available in the language of this document, on the website www.ftidocuments.com or may be obtained free of charge from Franklin Templeton International Services S.à r.l., 8A, rue Albert Borschette, L-1246 Luxembourg or your financial adviser.
- The latest prices and other information on the Fund (including other share classes of the Fund) are available from Franklin Templeton International Services S.à r.l., 8A, rue Albert Borschette, L-1246 Luxembourg or www.franklintempleton.lu.
- Please note that the taxation regime applicable in the Grand Duchy of Luxembourg may have an impact on your personal tax position. Please consult your financial or tax adviser before deciding to invest.
- Franklin Templeton International Services S.à r.l. may be held liable solely on

the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the prospectus of the Fund.

- The present Fund is a sub-fund of Franklin Templeton Alternative Funds. The prospectus and the financial reports refer to all sub-funds of Franklin Templeton Alternative Funds. All sub-funds of Franklin Templeton Alternative Funds have segregated assets and liabilities. As a result, each sub-fund is operated independently from each other.
- You may switch into shares of another sub-fund of Franklin Templeton Alternative Funds as further described in the prospectus.
- The details of the up-to-date remuneration policy, including, but not limited to, a description of how remuneration and benefits are calculated, the identity of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee are available at www.franklintempleton.lu and a paper copy can be obtained free of charge.