

Fund Fact Sheet
Fund Overview

| | |
|------------------------|---|
| Base Currency for Fund | USD |
| Total Net Assets (USD) | 96 million |
| Fund Inception Date | 02.12.2016 |
| Benchmark | ICE BofAML US 3-Month Treasury Bill Index, HFRX Fixed Income - Credit Index |
| Morningstar Category™ | Alternative - Long/Short Debt |

Minimum Investment

| Share Class | Initial | Subsequent |
|-------------|-----------|------------|
| A (acc) USD | USD 1,000 | USD 500 |

Summary of Investment Objective

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 non-traditional strategies, including but not limited to, alternative fixed income and credit strategies.

Fund Management

Robert Christian: United States
 Brooks Ritchey: United States
 Art Vinokur: United States

Strategy Allocation (% of Invested Capital)

| | Target | Actual |
|-------------------|--------|--------|
| Credit Long Short | 30-70 | 37.58 |
| Emerging Market | 0-30 | 17.71 |
| Fixed Income | | |
| Structured Credit | 20-60 | 44.71 |

Portfolio Exposure (% of Total)

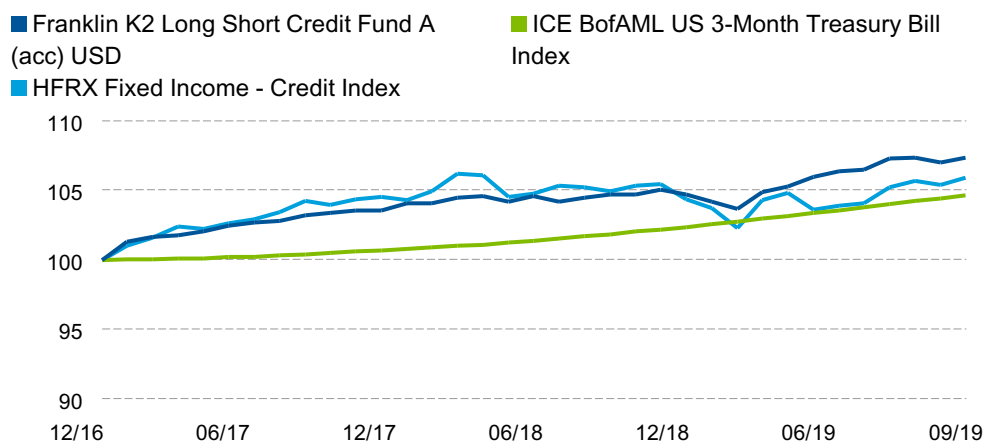
| | |
|----------------|-------|
| Gross Exposure | 85.00 |
| Net Exposure | 69.35 |
| Long Exposure | 77.17 |
| Short Exposure | -7.82 |

Share Class Information (For a full list of available share classes, please visit www.franklintempleton.com.sg.)

| Share Class | Incept Date | NAV | TER (%) | Fees | | | |
|-------------|-------------|-----------|---------|-----------------------|------------------------|---------------|------------------------|
| | | | | Max. Sales Charge (%) | Max. Annual Charge (%) | Mgmt. Fee (%) | Max. Maint. Charge (%) |
| A (acc) USD | 02.12.2016 | USD 10.74 | 2.75 | 5.00 | 2.55 | 2.05 | 0.50 |

Additional Share Class Information

| Share Class | Incept Date | Subscription Type | Dividends | | | Fund Identifiers | |
|-------------|-------------|-------------------|-----------|----------------|------------------|------------------|--------------|
| | | | Frequency | Last Paid Date | Last Paid Amount | Bloomberg ID | ISIN |
| A (acc) USD | 02.12.2016 | Cash | N/A | N/A | N/A | FTLSAAU LX | LU1446804301 |

Performance
Performance Since Inception in Share Class Currency (%)

Performance in Share Class Currency (%)

| | Cumulative | | | | | Annualised |
|--|------------|--------|-------|-------|--------------|--------------|
| | 1 Mth | 3 Mths | YTD | 1 Yr | Since Incept | Since Incept |
| A (acc) USD | 0.37 | 0.09 | 3.57 | 2.19 | 7.40 | 2.56 |
| After Sales Charge* | -4.65 | -4.91 | -1.61 | -2.92 | 2.03 | 0.71 |
| ICE BofAML US 3-Month Treasury Bill Index in USD | 0.17 | 0.56 | 1.81 | 2.39 | 4.65 | 1.62 |
| HFRX Fixed Income - Credit Index in USD | 0.49 | 0.70 | 3.58 | 0.43 | 5.95 | 2.07 |

Fund Measures

| | |
|---------------------------|------------|
| Average Duration | 3.12 Years |
| Standard Deviation (1 Yr) | 1.77% |

Composition of Fund

| Manager Allocation | % of Invested Capital |
|--|-----------------------|
| Credit Long Short | 37.58 |
| Apollo SA Management, LLC | 24.28 |
| Chatham Asset Management, LLC | 13.29 |
| Emerging Market Fixed Income | 17.71 |
| Emso Asset Management Limited | 17.71 |
| Structured Credit | 44.71 |
| Ellington Global Asset Management, LLC | 22.81 |
| Medalist Partners, L.P. | 21.90 |

Portfolio Data Derivatives Disclosures

Portfolio Exposure figures shown reflect certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of derivatives, unsettled trades or other factors. Fund Measures figures shown for Average Duration reflect certain derivatives held in the portfolio (or their underlying reference assets).

What are the Key Risks?

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. Performance may also be affected by currency fluctuations. Currency fluctuations may affect the value of overseas investments. The Fund seeks to achieve total return over a full market cycle by allocating its assets across multiple "alternative" Long/Short strategies and by investing in a wide range of assets, with the ability to actively use financial derivative instruments. Such securities and investment instruments have historically been subject to price movements due to such factors as sudden changes in interest rates, changes in the financial outlook or perceived credit worthiness of securities issuers, or fluctuations in currency markets. As a result, the performance of the Fund can fluctuate moderately over time. Other significant risks include: counterparty risk, credit risk, currency risk, derivatives risk, emerging markets risk, liquidity risk, operational risk. For full details of all of the risks applicable to this Fund, please refer to the "Risk Considerations" section of the Fund in the current prospectus of Franklin Templeton Investment Funds.

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.

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

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Unlike most asset class indexes, HFR Index returns reflect fees and expenses.

Source: HedgeMark.

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The Fund can use derivatives for hedging, efficient portfolio managing and/or investment purposes.

Performance: Performance details provided are in the share class currency, based on NAV-NAV and include reinvested dividends. Performances of different share classes will vary. Please refer to the Fund Manager for more information.

References to indices are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown. When performance for either the portfolio or its benchmark has been converted, different foreign exchange closing rates may be used between the portfolio and its benchmark.

Important Information (continued)

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 derivatives, as a percentage of total assets.

After Sales Charge*: Calculated based on initial sales charge of 5%; or 0% for Money Market Funds.

Performance Benchmarks: Benchmarks provided for additional performance comparison are for informational purposes only; the fund manager does not intend for the portfolio to track them. The ICE BofAML 3-Month US Treasury Index is provided as an Absolute Return benchmark. The HFRX Fixed Income – Credit Index represents a measure of a broad universe of fixed income hedge fund strategies.