

Fund Insights

Franklin K2 Alternative Strategies Fund

30 June 2023

Fund Details

ISIN	LU1093756838
Domicile	Luxembourg
Currency	USD
Asset Class	Alternative
Management Fee	1.75%
Ongoing Charge as of December 30, 2022	1.90%
AUM, as of June 30 2023 (USD, Bn)	896.34

Figure 1: Sector Allocation

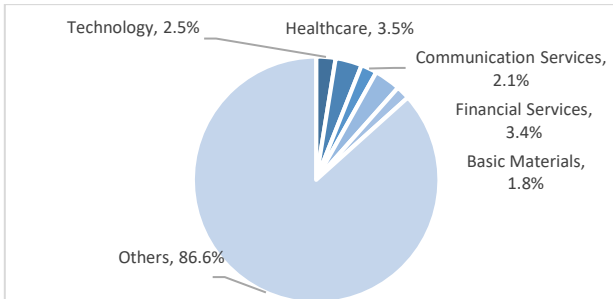
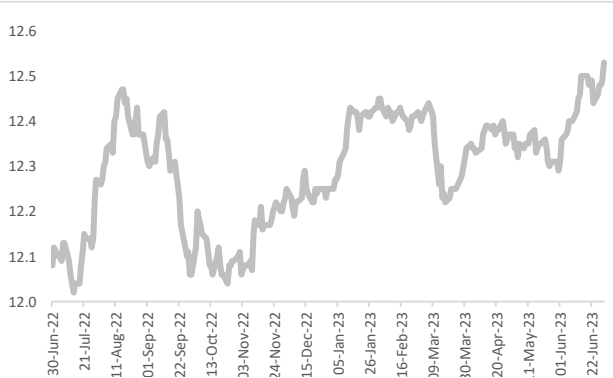


Figure 2: Fund's 1-year Performance (USD)



Source: Figure 1 Morningstar (31 May 23) & Figure 2 - Morningstar (30 June 23)

Fund Management

Franklin Templeton Investments manages USD714.2 billion of total client assets as of end-February 2019. By asset class, Franklin invests majorly in equity (40.2%), followed by fixed income (39.7%) and multi-asset (18.7%). It has over 600 investment professionals across 34 countries and employs more than 9,500 people.

Fund

Investment Objective: Franklin K2 Alternative Strategies Fund seeks to achieve its investment goal of capital appreciation with lower volatility relative to the broad equity markets.

Investment Process: The Fund allocates its assets across multiple non-traditional strategies, including Long Short Equity, Relative Value, Event Driven and Global Macro strategies. The investment process is based on a combination of bottom-up manager selection, top-down strategy allocation, and risk-conscious portfolio construction.

The Franklin K2 Alternative Strategies team makes use of a top-down approach to allocate across strategies. Allocation is based on the Fund's 6-month and 12-month outlooks and weightings are dependent on the market conditions, risk factors, diversification benefits, liquidity, transparency, the availability of various Sub-Advisors and other investment options.

The team follows a rigorous framework and meets regularly, a minimum of three times per week, for manager review which included analysis of how different Sub-Advisors are approaching the current macro environment and market conditions, deep dives of specific strategies such as Global Macro or Relative Value, and portfolio allocations relative to current investment thinking.

The team also utilizes the results of various stress tests and VaR analysis are performed during portfolio construction. This analysis helps the team to identify any potential return-to-risk profile changes, eventually helping in choosing those Sub-Advisors and strategies which are consistent with the Fund's guidelines and ongoing market conditions.

Investment Parameters: The key investment parameters of the Fund are,

- The Fund has a comprehensive portfolio construction process which combines bottom-up manager selection, strategy allocation based on 6- and 12-month market views, and risk-conscious portfolio modeling to cater to client's requirements
- The Fund targets manager allocations of approximately 25-40% in Long Short Equity, 30-45% in Relative Value, 10-30% in Event Driven, and 0-30% in Global Macro
- The Fund generally expects gross exposure of the Fund to be between 100% and 300%, with a maximum of 400%. The Fund may obtain leverage through the use of derivatives
- The expected level of exposure that could be subject to total return swaps (funded and unfunded) amounts to 36% of the Fund's net assets, subject to a maximum of 205%

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Sources: 1. Fund's Prospectus, Factsheet and RFP, 2. Fund's Website