

AUDITED ANNUAL REPORT

FRANKLIN TEMPLETON ALTERNATIVE FUNDS

société d'investissement à capital variable

March 31, 2023



FRANKLIN
TEMPLETON

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société d'investissement à capital variable

AUDITED ANNUAL REPORT

For the year ended March 31, 2023

This report shall not constitute an offer or a solicitation of an offer to buy shares of Franklin Templeton Alternative Funds (the "Company"). Subscriptions are to be made on the basis of the current prospectus and its addendum as the case may be, where available the relevant Key Information Documents ("KIDs") or Key Investor Information Documents ("KIIDs"), a copy of the latest available audited annual report and, if published thereafter, the latest unaudited semi-annual report.

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General Information

As at March 31, 2023

société d'investissement à capital variable

8A, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg
(Registered with the registre de commerce et des sociétés, Luxembourg, under number B 236840)

BOARD OF DIRECTORS:

Chairwoman

Caroline Carroll

Director

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

Cannon Place, 78 Cannon Street, London EC4N 6HL
United Kingdom

Directors

A. Craig Blair

Director

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.

8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

William Jackson

Director

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED

5 Morrison Street, Edinburgh EH3 8BH, Scotland
United Kingdom

Hans-J. Wisser

Independent Director

Kälberstücksweg 37
61350 Bad Homburg
Germany

MANAGEMENT COMPANY:

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.

8A, rue Albert Borschette, L-1246 Luxembourg
Grand Duchy of Luxembourg

REGISTERED OFFICE:

8A, rue Albert Borschette, L-1246 Luxembourg
Grand Duchy of Luxembourg

PRINCIPAL DISTRIBUTOR:

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l.

8A, rue Albert Borschette, L-1246 Luxembourg
Grand Duchy of Luxembourg

ADMINISTRATIVE AGENT:

J.P. MORGAN SE, LUXEMBOURG BRANCH
European Bank & Business Centre
6C, route de Trèves, L-2633 Senningerberg
Grand Duchy of Luxembourg

DEPOSITORY:

J.P. MORGAN SE, LUXEMBOURG BRANCH
European Bank & Business Centre
6C, route de Trèves, L-2633 Senningerberg
Grand Duchy of Luxembourg

REGISTRAR AND TRANSFER AGENT:

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l. (Until October 2, 2022)
VIRTUS PARTNERS FUND SERVICES LUXEMBOURG S.à r.l. (With effect October 3, 2022)
8A, rue Albert Borschette
L-1246 Luxembourg
Grand Duchy of Luxembourg

AUDITOR:

PRICEWATERHOUSECOOPERS, Société coopérative
2, rue Gerhard Mercator, L-2182 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS:

ELVINGER HOSS PRUSSEN, société anonyme
2, Place Winston Churchill, L-1340 Luxembourg
Grand Duchy of Luxembourg

Report of the Board of Directors

At March 31, 2023, Franklin Templeton Alternative Funds (“FTAF”, or the “Company”) had assets under management of USD 755.4 million, down from USD 837.3 million a year earlier.

The Company will continue to make changes to the range of sub-funds when this is in the best interest of investors. We remain committed to retaining investment techniques that have been shown, over time, to increase shareholder value.

Thank you for investing with Franklin Templeton. Please be advised that the prospectus, the Key Information Documents (“KIDs”) or Key Investor Information Documents (“KIIDs”) of FTAF may not be available in your jurisdiction.

If you have any queries, comments or suggestions about your investments with us please contact your financial adviser or your local Franklin Templeton office using the contact details on the last page of the report.

Fund Launch

Franklin K2 ActusRay European Alpha UCITS Fund launched on December 12, 2022.

Fund Closure

Franklin K2 EMSO Emerging Markets UCITS Fund closed on November 09, 2022.

THE BOARD OF DIRECTORS

Luxembourg, April 2023

Report of the Investment Managers

Year to March 31, 2023

Financial markets, in broad terms, declined during the 12-month reporting period ended 31 March 2023, as gains in the second half of the period were not enough to offset the sharp losses in the first half. The period started in the aftermath of Russia's invasion of Ukraine in late February 2022. The dominant themes of the past 12 months —high inflation, tighter monetary policy, rising sovereign bond yields, a stronger US dollar (USD), and increasing concerns about global economic growth—were thus in the shadow of the war, which has encompassed the entirety of the review period. In some instances, these factors were exacerbated by the war, but towards the latter part of the period the war's effects on both goods and financial markets were diminishing. Financial markets experienced heightened volatility in March 2023 due to banking turmoil in the United States and Switzerland. However, fairly quick action by authorities in both countries to stem potential contagion reassured many investors, driving global stocks higher for the first quarter of 2023, paring losses for the entire 12-month period.

Equities in Europe collectively rose and outperformed stocks in other major regions (all in USD terms), as lower oil and natural gas prices in the latter part of the period aided consumer and business sentiment and problems involving a Swiss investment bank in March were resolved through a merger with another Swiss firm. The eurozone's economy grew quarter-over-quarter in 2022's second and third quarters but stalled in the fourth quarter. Manufacturing activity contracted for the ninth consecutive month in March, while services activity expanded for the third consecutive month. To fight inflation, the European Central Bank raised its benchmark interest rate six times during the 12-month period to the highest level in more than 14 years, though it dropped any specific guidance language at its March meeting in the wake of the banking developments. The Bank of England raised its key bank rate eight times, bringing it to the highest level since 2008.

US equities fell for the 12-month period, with gains in the period's second half paring losses from the first half. Throughout the period, investor sentiment vacillated as to whether the US Federal Reserve (Fed) can manoeuvre the US economy into a soft landing while curtailing high inflation, or will it drive the economy into a recession. Financial market volatility surged in the second and third weeks of March as two mid-sized US banks collapsed and a Swiss bank was forced into a merger. However, the Federal Deposit Insurance Corporation's backstop of deposits at the two US firms and the Fed's emergency lending facility for banks calmed financial markets. In an effort to bring down inflation, the Fed raised the federal funds target rate eight times during the period to the highest level since 2007. On the economic front, the US economy grew in 2022's second half after contracting in the first half. Meanwhile, manufacturing activity contracted in March for the fifth consecutive month, while services activity expanded for the third successive month.

In Asia, stocks declined overall for the 12-month period and underperformed most major regions (all in USD terms). Nearly all of the countries in the region experienced equity market declines, including China, South Korea, Japan and India. China's economic growth stalled in 2022's fourth quarter, compared to the previous quarter (after contracting in the second quarter and expanding in the third quarter). A survey showed the country's manufacturing activity stalled in March after expanding in February. To support economic growth, in August 2022, the People's Bank of China (PBoC) cut the one-year loan prime rate to a record low and left it unchanged at its subsequent meetings. In addition, the PBoC lowered the cash reserve requirement ratio for banks three times during the period, to the lowest level since 2008, to improve financial liquidity and further stimulate the economy. South Korea's economy contracted in the fourth quarter compared to the prior quarter, while its manufacturing activity contracted in March for the ninth consecutive month. In an effort to curb inflation, the Bank of Korea hiked its benchmark interest rate nine times, to the highest level since 2008, and left it unchanged at its February meeting. Japan's economy stalled in the fourth quarter, compared with a contraction in the prior quarter. Meanwhile, manufacturing activity in the country contracted in March for the fifth consecutive month, while services activity expanded for the seventh consecutive month. The Bank of Japan (BoJ) held its benchmark interest rate unchanged and maintained the cap on the 10-year government bond yield (after raising it in December) at the last meeting led by BoJ Governor Haruhiko Kuroda, who is retiring and being succeeded by Kazuo Ueda, an economist and a former member of the BoJ Board of Governors. India's year-over-year economic growth accelerated in 2022's June-end quarter but moderated in the year's subsequent quarters. The country's manufacturing activity and services activity expanded in March for the 21st and 20th consecutive month, respectively. The Reserve Bank of India raised its key rate six times during the period, bringing it to the highest level since 2019.

Sovereign bond yields rose sharply over most of the past 12 months on the combination of the withdrawal of direct market support through central bank asset purchase programmes, higher inflation, rising policy rates and central bank commentary about further monetary policy tightening. Yields on US Treasuries (USTs) and other sovereign bonds surged to multi-year highs during the period. However, once the markets became more comfortable with pricing in terminal policy rates and inflation rates generally started slowing, bond yields generally softened later in the period. The yield on the 10-year UST note surged from

2.34% at end-March 2022 to 4.24% during October, its highest level since 2008, before falling back to end the period at 3.47%. In Europe, the yield on the 10-year German Bund (which had already moved up from negative levels in late 2021) rose sharply from 0.55% at end-March 2022 to 2.29% a year later. Many developed and emerging bond markets also showed similar moves in yields over the period as a whole—namely, higher but off their peaks.

Looking forward, global growth has slowed to below trend with an uncertain outlook in the developed world. This is being driven by the impact of monetary policy tightening. Despite the ongoing Russia-Ukraine war, peak inflation likely has been passed as goods and commodity prices have declined. In broad terms, global equities face continued earnings declines but have been supported by higher valuations in recent months, even as the outlook has become more uncertain. Earnings expectations remain vulnerable to ongoing margin pressures. Tightening monetary policy offsets longer-term equity fundamentals that are still relatively supportive. Long-term valuations are fair, in our assessment, and monetary policy is still expected to tighten a little further. However, decelerating growth and heightened financial uncertainties balance this view. Corporate bond spreads are closer to fully reflecting an anticipated increase from currently low default rates. High recession probabilities present headwinds to real estate. Amongst other alternative asset classes, the benefits commodities may afford through tightness of supply are balanced by the risk of higher interest rates increasing the prospect of higher default rates to private credit. The defensive features of cash are complemented by generally attractive yields as short-term US Treasury bills now reflect higher policy rates and no longer present a drag on portfolio yield. Cash has appeal as a means of diversification and as a complement to the potential attractions of fixed income markets.

THE INVESTMENT MANAGERS

April 2023

The information stated in this report represents historical data and is not an indication of future results.



Audit report

To the Shareholders of
FRANKLIN TEMPLETON ALTERNATIVE FUNDS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of FRANKLIN TEMPLETON ALTERNATIVE FUNDS (the “Fund”) and of each of its sub-funds as at 31 March 2023, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund’s financial statements comprise:

- the statement of net assets as at 31 March 2023;
- the statement of operations and changes in net assets for the year then ended;
- the schedule of investments as at 31 March 2023; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the financial statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or close any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d'entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;



- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund or any of its sub-funds (except for Franklin K2 Chilton Equity Long Short UCITS Fund where a decision to liquidate exists) to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 12 July 2023

Laurent Butticè

Fund Performance

Percentage change to March 31, 2023

	Reference Share Class	Launch Date	1 Month %	3 Months %	6 Months %	1 Year %	Since Launch %
Franklin K2 Actusray European Alpha UCITS Fund	EB PF (acc) EUR	12 Dec 22	0.8	2.2	-	-	3.0
Franklin K2 Athena Risk Premia UCITS Fund	A (acc) USD	18 Jun 21	0.2	0.7	3.9	8.7	7.6
Franklin K2 Bardin Hill Arbitrage UCITS Fund	EB PF (acc) USD	30 Sep 19	0.2	0.4	2.7	2.0	14.5
Franklin K2 Cat Bond UCITS Fund	I (acc) USD	18 Jun 21	0.3	3.3	4.1	1.2	3.6
Franklin K2 Chilton Equity Long Short UCITS Fund	A PF (acc) USD ¹	30 Sep 19	3.7	2.4	7.9	(8.0)	(0.7)
Franklin K2 Electron Global UCITS Fund	A PF (acc) USD ¹	30 Sep 19	0.9	(0.3)	4.9	11.5	53.6
Franklin K2 Ellington Structured Credit UCITS Fund	A (acc) USD ^{1,2}	30 Sep 19	(0.1)	2.5	3.4	0.5	9.8
Franklin K2 Wellington Technology Long Short UCITS Fund	EB PF (acc) USD	30 Sep 19	1.4	7.6	(2.3)	(20.8)	(13.9)

The performance is based on the net asset values as calculated on the last business day of the year. Those net asset values reflect the market prices of the investments as of the last business day of the year. The performance is based on the change of the net asset value per share. The year to date performance includes the year from 01.04.2022 until 31.03.2023.

¹ The inception date is for the Fund, however the reference share class launched at a later date.

² A PF (acc) USD share class was renamed to A (acc) USD.

The Fund Performance disclosed in this table is the performance of the reference share class in base currency of the Fund.

Information on other share classes is available on request. This report shall not constitute an offer or a solicitation of an offer to buy shares. Subscriptions are to be made on the basis of the current prospectus, where available the relevant Key Information Documents ("KIDs") or Key Investor Information Documents ("KIIDs"), a copy of the latest available audited annual report and, if published thereafter, the latest unaudited semi-annual report. The price of shares and income from them can go down as well as up and you may not get back the full amount that you invested. Past performance is no guarantee of future performance. Currency fluctuations may affect the value of investments.

Data source: Performance – Franklin Templeton and JPMorgan

Statement of Net Assets

As at March 31, 2023

	Total	Franklin K2 ActusRay European Alpha UCITS Fund ¹	Franklin K2 Athena Risk Premia UCITS Fund
	(USD)	(EUR)	(USD)
ASSETS			
Investments in securities at market value (note 2(b))	421,747,043	–	–
Cash at bank and at brokers	131,764,321	63,982,502	4,019,847
Time deposits (note 3)	227,903,200	–	110,851,000
Amounts receivable on sale of investments	948,170	158,704	–
Amounts receivable on subscriptions	257,704	–	200,000
Interest and dividends receivable, net	1,015,604	–	14,731
Unrealised profit on forward foreign exchange contracts (notes 2(c), 4)	7,438,048	9,873	222,973
Unrealised profit on financial future contracts (notes 2(d), 5)	258,625	–	–
Unrealised profit on interest rate swap contracts (notes 2(e), 6)	629,461	–	–
Unrealised profit on total return swap contracts (notes 2(f), 7)	1,969,443	–	999,168
Unrealised profit on contract for differences (notes 2(g), 8)	7,131,251	3,134,971	–
Option contracts at market value (notes 2(i), 9)	406,931	–	–
Other receivables	365,503	10,371	16,009
TOTAL ASSETS	801,835,304	67,296,421	116,323,728
LIABILITIES			
Amounts payable on purchases of investments	14,950,625	–	–
Amounts payable on redemptions	17,697,865	–	2,750,000
Investment management fees payable (note 10)	359,650	14,860	8,791
Performance fees payable (note 11)	2,164,064	137,941	–
Unrealised loss on forward foreign exchange contracts (notes 2(c), 4)	1,592,103	47,452	10,559
Unrealised loss on financial future contracts (notes 2(d), 5)	851,053	–	–
Unrealised loss on total return swap contracts (notes 2(f), 7)	2,120,336	–	967,420
Unrealised loss on contract for differences (notes 2(g), 8)	5,630,775	3,257,544	–
Option contracts at market value (notes 2(i), 9)	410,892	–	–
Taxes and expenses payable	624,919	52,437	52,752
TOTAL LIABILITIES	46,402,282	3,510,234	3,789,522
TOTAL NET ASSETS	755,433,022	63,786,187	112,534,206
THREE YEAR ASSET SUMMARY			
March 31, 2022	837,313,103	–	23,441,863
March 31, 2021	610,911,651	–	–
March 31, 2020	316,527,361	–	–

¹Franklin K2 ActusRay European Alpha UCITS Fund launched on December 12, 2022.

Statement of Net Assets

As at March 31, 2023

Franklin K2 Bardin Hill Arbitrage UCITS Fund (USD)	Franklin K2 Cat Bond UCITS Fund (USD)	Franklin K2 Chilton Equity Long Short UCITS Fund (USD)	Franklin K2 Electron Global UCITS Fund (USD)	Franklin K2 Ellington Structured Credit UCITS Fund (USD)	Franklin K2 Wellington Technology Long Short UCITS Fund (USD)
154,520,520	88,643,112	1,964,601	142,815,935	22,252,489	11,550,386
12,420,019	519,274	662,725	28,219,070	5,016,582	11,514,582
7,037,700	34,709,200	–	69,306,900	5,336,000	662,400
–	–	717	183,713	–	591,618
53,011	–	–	4,693	–	–
122,610	672,726	841	93,998	109,044	1,654
1,921,505	1,111,357	62,830	2,895,036	184,041	1,029,598
–	–	–	258,625	–	–
–	–	–	–	629,461	–
–	–	–	–	–	970,275
341,509	–	30,382	3,359,327	–	–
326,985	–	–	–	–	79,946
178,802	40,582	1,086	114,780	2,444	552
176,922,661	125,696,251	2,723,182	247,252,077	33,530,061	26,401,011
9,119,807	–	–	5,400,844	–	429,974
9,237,797	–	10,000	4,790,768	329,300	580,000
120,701	33,660	3,784	132,128	19,895	24,575
58,561	–	–	1,946,567	9,332	–
603,904	148,794	46,618	178,567	113,798	438,399
–	–	–	851,053	–	–
–	–	–	–	–	1,152,916
183,067	–	63,520	1,851,219	–	–
357,326	–	–	–	–	53,566
168,679	70,038	4,788	165,431	28,646	77,713
19,849,842	252,492	128,710	15,316,577	500,971	2,757,143
157,072,819	125,443,759	2,594,472	231,935,500	33,029,090	23,643,868
200,628,084	107,346,785	27,981,984	223,542,787	40,806,086	83,668,395
187,389,294	–	26,426,843	98,586,552	60,782,654	118,033,319
109,281,242	–	27,253,081	74,417,164	73,749,537	31,826,337

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2023

	Total (USD)	Franklin K2 ActusRay European Alpha UCITS Fund ¹ (EUR)	Franklin K2 Athena Risk Premia UCITS Fund (USD)
NET ASSETS AT THE BEGINNING OF THE YEAR	837,313,103	–	23,441,863
INCOME			
Dividends (net of withholding taxes) (note 2(k))	4,987,242	–	173,555
Interest income on debt securities (net of withholding taxes) (note 2(k))	16,628,050	146,013	2,885,686
Bank interest (note 2(k))	262,199	4,187	–
Net interest income on swaps (note 2(k))	58,294	–	–
Sundry income	263,280	–	–
TOTAL INCOME	22,199,065	150,200	3,059,241
EXPENSES			
Investment management fees, maintenance and service charges (notes 10,13 and 15)	4,271,514	22,374	81,850
Performance fees (note 11)	2,164,064	137,941	–
Administration and transfer agency fees	1,205,412	6,306	25,243
Directors fees	12,448	169	1,484
Subscription tax (note 14)	131,325	2,552	10,693
Custodian fees	280,874	5,951	3,644
Audit fees	301,646	31,966	34,940
Printing and publishing expenses	35,783	491	3,564
Bank charges	55,287	–	–
Net interest expenses on swaps	22,497	–	–
Other charges (note 20)	963,903	13,778	97,416
TOTAL EXPENSES	9,444,753	221,528	258,834
Expenses reimbursement (note 16)	(1,462,855)	(35,237)	(19,484)
NET EXPENSES	7,981,898	186,291	239,350
NET PROFIT/(LOSS) FROM INVESTMENTS	14,217,167	(36,091)	2,819,891
Net realised profit/(loss) on sale of investments	(7,572,481)	40,043	7,994,669
Net realised profit/(loss) on forward foreign exchange contracts	2,072,662	4,481	–
Net realised profit/(loss) on financial future contracts	4,821,389	–	1,969,624
Net realised profit/(loss) on interest rate swap contracts	912,289	–	–
Net realised profit/(loss) on total return swap contracts	(6,415,338)	–	(4,451,317)
Net realised profit/(loss) on contract for differences	(348,568)	80,344	–
Net realised profit/(loss) on credit default swap contracts	(821,633)	–	–
Net realised profit/(loss) on option contracts	(1,506,577)	–	–
Net realised profit/(loss) on foreign exchange transactions	(14,728,440)	1,861,357	23,129
NET REALISED PROFIT/(LOSS) FOR THE YEAR	(9,369,530)	1,950,134	8,355,996
Change in net unrealised appreciation/(depreciation) on:			
Investments	(4,898,629)	–	–
Forward foreign exchange contracts	1,556,117	(37,579)	205,685
Financial future contracts	(673,298)	–	(301,703)
Interest rate swap contracts	96,478	–	–
Total return swap contracts	(2,990,853)	–	168,248
Credit default swap contracts	(43,438)	–	–
Option contracts	(494,797)	–	–
Contract for differences	6,113,087	(122,573)	–
Foreign exchange transactions	(1,217,411)	147,612	(1)
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS	(11,922,274)	1,937,594	8,428,225
MOVEMENT OF CAPITAL			
Issue of shares	399,488,038	97,250,383	87,173,168
Redemption of shares	(468,474,916)	(35,382,129)	(6,549,245)
Equalisation (note 19)	(610,387)	(19,661)	40,195
	(69,597,265)	61,848,593	80,664,118
Dividends paid/accumulated	(360,542)	–	–
NET INCREASE/(DECREASE) IN NET ASSETS AS A RESULT OF MOVEMENT IN CAPITAL	(69,957,807)	61,848,593	80,664,118
NET ASSETS AT THE END OF THE YEAR	755,433,022	63,786,187	112,534,206

¹Franklin K2 ActusRay European Alpha UCITS Fund launched on December 12, 2022.²Franklin K2 EMSO Emerging Markets UCITS Fund was closed on November 09, 2022.

Statement of Operations and Changes in Net Assets

For the year ended March 31, 2023

Franklin K2 Bardin Hill Arbitrage UCITS Fund (USD)	Franklin K2 Cat Bond UCITS Fund (USD)	Franklin K2 Chilton Equity Long Short UCITS Fund (USD)	Franklin K2 Electron Global UCITS Fund (USD)	Franklin K2 Ellington Structured Credit UCITS Fund (USD)	Franklin K2 EMCO Emerging Markets UCITS Fund ² (USD)	Franklin K2 Wellington Technology Long Short UCITS Fund (USD)
200,628,084	107,346,785	27,981,984	223,542,787	40,806,086	129,897,119	83,668,395
2,952,840	–	80,983	1,763,917	–	–	15,947
557,679	7,974,588	5,961	830,814	1,553,530	2,594,200	67,234
131,890	–	43,305	933	–	2,912	78,618
–	–	–	–	58,294	–	–
259,756	–	–	–	–	3,524	–
3,902,165	7,974,588	130,249	2,595,664	1,611,824	2,600,636	161,799
1,607,834	368,896	119,174	1,337,007	242,947	41,058	448,482
58,561	–	–	1,946,567	9,332	–	–
414,652	130,067	31,303	433,057	70,514	10,611	83,126
3,127	1,774	260	3,301	559	1,033	727
18,589	10,981	2,174	73,309	6,495	3,006	3,310
77,443	5,442	21,212	76,802	30,009	28,747	31,121
42,785	25,577	25,730	48,996	29,175	33,111	26,663
7,221	4,572	1,848	9,396	2,679	2,981	2,989
9,494	–	–	43,227	1,068	1,418	80
–	–	–	–	–	–	22,497
397,378	102,586	17,752	198,933	36,074	56,006	42,815
2,637,084	649,895	219,453	4,170,595	428,852	177,971	661,810
(484,312)	(77,994)	(65,143)	(467,783)	(93,186)	(126,199)	(90,538)
2,152,772	571,901	154,310	3,702,812	335,666	51,772	571,272
1,749,393	7,402,687	(24,061)	(1,107,148)	1,276,158	2,548,864	(409,473)
2,626,559	(1,629,745)	(955,210)	17,297,506	(708,227)	(21,278,276)	(10,963,186)
1,906,423	–	143,391	(575,611)	614,741	(21,142)	–
–	–	–	2,913,633	–	(61,868)	–
–	–	–	–	–	912,289	–
–	–	–	–	35,274	562,341	(2,561,636)
(151,681)	–	(4,741)	(279,283)	–	–	–
–	–	–	–	(1,775)	(819,858)	–
(1,512,657)	–	–	(185,897)	–	–	191,977
(8,271,139)	(3,814,474)	(1,517,112)	(2,645,013)	(1,929,192)	(1,656,785)	3,063,411
(3,653,102)	1,958,468	(2,357,733)	15,418,187	(713,021)	(19,814,435)	(10,678,907)
(1,960,183)	(3,648,482)	(1,044,419)	(6,857,552)	(546,447)	6,257,064	2,901,389
2,211,233	710,736	(276,307)	2,259,142	27,470	891,041	(4,432,127)
–	–	–	(514,064)	–	142,469	–
–	–	–	–	294,295	(197,817)	–
–	–	–	–	–	–	(3,159,101)
–	–	–	–	–	(43,438)	–
(424,524)	–	–	–	–	–	(70,273)
(105,986)	–	330,005	6,022,005	–	–	–
(1,956,435)	–	(5,132)	731,000	19,579	(166,986)	472
(5,888,997)	(979,278)	(3,353,586)	17,058,718	(918,124)	(12,932,102)	(15,438,547)
65,553,423	43,719,330	1,214,942	77,129,805	7,024,849	11,640,231	559,388
(102,733,725)	(25,403,142)	(23,248,836)	(85,787,831)	(13,415,975)	(127,817,106)	(45,145,368)
(485,966)	760,064	(32)	(7,642)	(107,541)	(788,142)	–
(37,666,268)	19,076,252	(22,033,926)	(8,665,668)	(6,498,667)	(116,965,017)	(44,585,980)
–	–	–	(337)	(360,205)	–	–
(37,666,268)	19,076,252	(22,033,926)	(8,666,005)	(6,858,872)	(116,965,017)	(44,585,980)
157,072,819	125,443,759	2,594,472	231,935,500	33,029,090	–	23,643,868

Statistical Information

	Total Expense Ratio March 31, 2023 (See note 21)	Shares Outstanding as at March 31, 2023	Net Asset Value per share as at March 31, 2023	Net Asset Value per share as at March 31, 2022	Net Asset Value per share as at March 31, 2021
Franklin K2 ActusRay European Alpha UCITS Fund - EUR*					
A PF (acc) USD-H1 (hedged)	2.29%	2,500.000	10.33	–	–
EB PF (acc) EUR	1.05%	1,467,157.222	10.30	–	–
EB PF (acc) USD-H1 (hedged)	1.05%	295,182.927	10.36	–	–
EO PF (acc) EUR	1.30%	606,390.524	10.30	–	–
EO PF (acc) USD-H1 (hedged)	1.30%	2,500.000	10.36	–	–
I PF (acc) EUR	1.55%	100.000	10.29	–	–
I PF (acc) USD-H1 (hedged)	1.55%	2,500.000	10.35	–	–
W PF (acc) USD-H1 (hedged)	1.59%	2,500.000	10.35	–	–
X (acc) EUR	0.15%	3,500,000.000	10.41	–	–
Y (acc) EUR	0.15%	29,474.997	104.18	–	–
Franklin K2 Athena Risk Premia UCITS Fund - USD					
A (acc) USD	1.54%	500.000	10.76	9.90	–
EB (acc) EUR-H1 (hedged)	0.60%	173,545.984	10.60	9.89	–
EB (acc) USD	0.60%	500.000	10.95	9.97	–
EO (acc) EUR-H1 (hedged)	0.75%	1,197,301.723	10.57	9.88	–
EO (acc) USD	0.75%	500.000	10.92	9.96	–
I (acc) EUR*	0.90%	100.533	9.70	–	–
I (acc) EUR-H1 (hedged)	0.90%	13,903.382	10.54	9.86	–
I (acc) USD	0.90%	515,855.623	10.89	9.95	–
W (acc) USD*	0.94%	100.000	10.22	–	–
Y (acc) USD	0.15%	8,257,400.071	11.02	10.00	–
Y (Bdis) AUD-H1 (hedged)*	0.15%	3,512.716	10.07	–	–
Franklin K2 Bardin Hill Arbitrage UCITS Fund - USD					
A PF (acc) USD	2.29%	34,613.422	10.89	10.81	10.43
EB PF (acc) EUR-H1 (hedged)	0.93%	2,102,679.586	10.84	10.86	10.41
EB PF (acc) USD	0.93%	1,850.000	11.45	11.23	10.67
EO PF (acc) EUR-H1 (hedged)	1.05%	7,551,280.602	10.69	10.73	10.34
EO PF (acc) USD	1.05%	591,610.000	11.26	11.06	10.59
I PF (acc) EUR*	1.55%	140,825.434	9.33	–	–
I PF (acc) EUR-H1 (hedged)	1.55%	1,516,953.076	10.58	10.66	10.30
I PF (acc) USD	1.55%	1,704,750.811	11.08	10.93	10.47
S PF (acc) EUR-H1 (hedged)*	1.05%	2,418.965	10.03	–	–
S PF (acc) USD*	1.05%	100.000	10.10	–	–
W PF (acc) USD	1.59%	91.575	11.08	10.93	10.48
Franklin K2 Cat Bond UCITS Fund - USD					
EB (acc) EUR-H1 (hedged)	0.70%	3,677,060.707	10.14	10.23	–
EB (acc) USD	0.70%	510,900.000	10.43	10.27	–
EO (acc) EUR-H1 (hedged)	0.85%	3,231,604.592	10.10	10.20	–
EO (acc) USD	0.85%	500.000	10.40	10.26	–
I (acc) EUR-H1 (hedged)	1.05%	8,245.382	10.05	10.17	–
I (acc) USD	1.05%	500.000	10.36	10.24	–
Y (acc) USD	0.14%	4,199,305.400	10.52	10.31	–
Franklin K2 Chilton Equity Long Short UCITS Fund - USD					
A PF (acc) USD	2.24%	32,679.739	9.93	10.79	10.11
EB PF (acc) EUR-H1 (hedged) ^o	–	–	–	10.44	9.45
EB PF (acc) USD ^o	–	–	–	10.83	9.77
EO PF (acc) EUR-H1 (hedged)	1.05%	1,174.173	9.35	10.36	9.43
EO PF (acc) USD ^o	–	–	–	10.66	9.75
I PF (acc) EUR-H1 (hedged)	1.50%	4,758.065	9.30	10.34	9.40
I PF (acc) USD	1.50%	44,231.063	9.89	10.67	9.66
S PF (acc) USD	1.30%	100,843.029	10.14	10.92	9.91
S PF (acc) USD-H4E (BRL) (hedged)	1.30%	72,194.067	10.38	11.08	–
W PF (acc) USD	1.54%	106.328	10.20	11.01	10.16
Franklin K2 Electron Global UCITS Fund - USD					
A PF (acc) EUR-H1(hedged)*	2.29%	35,664.544	9.74	–	–
A PF (acc) USD	2.29%	33,526.349	15.36	13.78	13.87
EB PF (acc) EUR-H1 (hedged) ^o	–	–	–	14.31	14.32
EB PF (acc) EUR-H2 (hedged)	0.90%	2,191,037.995	15.93	14.38	14.37
EO PF (acc) EUR-H1 (hedged) ^o	–	–	–	13.69	13.74
EO PF (acc) EUR-H2 (hedged)	1.05%	1,067,434.971	15.15	13.81	13.84
EO PF (acc) USD	1.05%	259,900.001	16.04	14.30	14.27

Statistical Information

	Total Expense Ratio March 31, 2023 (See note 21)	Shares Outstanding as at March 31, 2023	Net Asset Value per share as at March 31, 2023	Net Asset Value per share as at March 31, 2022	Net Asset Value per share as at March 31, 2021
Franklin K2 Electron Global UCITS Fund - USD (continued)					
I PF (acc) EUR-H1 (hedged)	1.55%	735,550.945	14.86	13.59	13.69
I PF (acc) EUR-H2 (hedged)	1.55%	346,275.949	14.80	13.58	13.65
I PF (acc) USD	1.55%	672,269.557	15.65	14.00	13.98
J PF (acc) EUR-H1 (hedged)	0.75%	6,029,352.486	10.94	9.90	–
J PF (acc) USD	0.75%	6,107,024.935	11.39	9.98	–
J PF (Qdis) GBP-H1 (hedged)	0.75%	7,045.727	11.16	9.94	–
S PF (acc) USD-H4E (BRL) (hedged)	1.30%	139,644.112	12.48	11.18	–
W PF (acc) GBP-H1 (hedged)	1.59%	7,170.515	11.07	10.00	–
W PF (acc) USD	1.59%	34,552.897	15.65	14.07	14.08
Franklin K2 Ellington Structured Credit UCITS Fund - USD					
A (acc) USD ¹	2.24%	94.518	10.98	10.93	10.76
EB PF (acc) EUR-H1 (hedged)	0.80%	140,974.926	10.09	10.13	9.87
EO PF (acc) EUR-H1 (hedged)	0.95%	1,043,734.740	10.03	10.06	9.83
EO PF (acc) USD	0.95%	352,069.000	10.51	10.36	10.08
I (acc) EUR-H1 (hedged) ²	1.30%	2,596.054	9.85	9.93	9.73
I (acc) USD ³	1.30%	501,504.641	10.31	10.17	9.91
S (Mdis) USD	1.05%	1,125,468.658	9.82	10.12	–
W (acc) EUR-H1 (hedged) ⁴	1.34%	8,244.363	10.06	10.14	–
W (acc) GBP-H1 (hedged) ⁵	1.34%	7,170.515	10.30	10.20	–
W (acc) USD ⁶	1.34%	92.251	11.22	11.08	10.81
Franklin K2 EMSO Emerging Markets UCITS Fund - USD^a					
A PF (acc) USD	–	–	–	9.62	9.93
EB PF (acc) EUR-H1 (hedged)	–	–	–	9.65	9.93
EB PF (acc) USD	–	–	–	9.79	9.97
EO PF (acc) EUR-H1 (hedged)	–	–	–	9.63	9.93
EO PF (acc) USD	–	–	–	9.77	9.96
I PF (acc) EUR-H1 (hedged)	–	–	–	9.58	9.92
I PF (acc) USD	–	–	–	9.80	9.96
Y (acc) USD	–	–	–	98.72	99.94
Franklin K2 Wellington Technology Long Short UCITS Fund - USD					
A PF (acc) USD	2.24%	104,486.105	7.62	9.75	10.26
EB PF (acc) EUR-H1 (hedged) ^b	–	–	–	10.42	10.93
EB PF (acc) USD	0.90%	47,500.003	8.61	10.87	11.28
EO PF (acc) EUR-H1 (hedged)	1.05%	15,000.000	7.87	10.28	10.86
EO PF (acc) USD	1.05%	64,738.000	8.45	10.68	11.16
I PF (acc) EUR-H1 (hedged)	1.50%	5,631.335	7.69	10.08	10.66
I PF (acc) USD	1.50%	9,683.426	8.20	10.41	10.89
I PF (acc) USD-H4 (BRL) (hedged)	1.50%	2,395,357.866	9.03	11.37	9.78
W PF (acc) USD	1.54%	500.000	7.78	9.88	10.33

*This Fund / share class was launched during the year

^aThis Fund / share class was closed during the year

¹A PF (acc) USD share class was renamed to A (acc) USD effective from April 1, 2022

²I PF (acc) EUR-H1 (hedged) share class was renamed to I (acc) EUR-H1 (hedged) effective from April 1, 2022

³I PF (acc) USD share class was renamed to I (acc) USD effective from April 1, 2022

⁴W PF (acc) EUR-H1 (hedged) share class was renamed to W (acc) EUR-H1 (hedged) effective from April 1, 2022

⁵W PF (acc) GBP-H1 (hedged) share class was renamed to W (acc) GBP-H1 (hedged) effective from April 1, 2022

⁶W PF (acc) USD share class was renamed to W (acc) USD effective from April 1, 2022

Notes to Financial Statements

For the year ended March 31, 2023

Note 1 - The Company

Franklin Templeton Alternative Funds ("FTAF" or the "Company") is a collective investment undertaking pursuant to Part I of the amended Luxembourg law of December 17, 2010 on undertakings for collective investment and qualifies as a société d'investissement à capital variable. The Company was incorporated in Luxembourg on August 1, 2019, for an undetermined period. At the date of this report, it offers shares in 8 sub-funds of the Company (the "Funds"). The Board of Directors of the Company may authorise the creation of additional Funds in future with different investment objectives.

The Company aims to provide investors with a choice of Funds investing in a wide range of transferable securities and other eligible assets on a worldwide basis and featuring a diverse array of investment objectives, including capital growth and income. The overall objective of the Company is to seek to minimise investment exposure through diversification and to provide Shareholders with the benefit of a portfolio managed by Franklin Templeton Investments, according to its successful time-tested investment selection methods.

Fund launch

Franklin K2 ActusRay European Alpha UCITS Fund launched on December 12, 2022.

Fund closure

Franklin K2 EMSO Emerging Markets UCITS Fund was closed on November 09, 2022. The remaining amount of cash at bank is USD 53,239 as at March 31, 2023 and the estimated cash balance as at July 12, 2023 is USD 51,368. The management company is monitoring the cash which will be used to cover costs linked to liquidation.

As of March 31, 2023, the above cash balance is still open and there is no Shareholder in the Fund. The cash accounts will be closed as soon as all invoices are paid. In case of remaining cash, the amount will be distributed to Shareholders that were still invested at closure.

Fund changes

Effective April 1, 2022, the following share classes held within the Franklin K2 Ellington Structured Credit UCITS Fund is no longer subject to performance fees. As a result of this change, the names of the share classes changed to remove the "PF" which refers to the Performance Fee.

A PF (acc) USD share class was renamed to A (acc) USD.

I PF (acc) EUR-H1 (hedged) share class was renamed to I (acc) EUR-H1 (hedged).

I PF (acc) USD share class was renamed to I (acc) USD.

W PF (acc) EUR-H1 (hedged) share class was renamed to W (acc) EUR-H1 (hedged).

W PF (acc) GBP-H1 (hedged) share class was renamed to W (acc) GBP-H1 (hedged).

W PF (acc) USD share class was renamed to W (acc) USD.

Note 2 - Significant accounting policies

(a) General

The financial statements are prepared in accordance with the regulations of the Grand Duchy of Luxembourg relating to investment funds under the going concern basis of accounting except for Franklin K2 EMSO Emerging Markets UCITS Fund. As such, the financial statements for this sub-fund has been prepared on a non-going concern basis.

(b) Investment in securities

Securities which are listed on a stock exchange or traded on any other organised market are valued at the last available price on such exchange or market which is normally the principal market for each security, and those securities dealt in on an over-the-counter market are valued in a manner as near as possible to that for quoted securities.

Note 2 - Significant accounting policies (continued)**(b) Investment in securities (continued)**

Securities not listed on any stock exchange nor traded on any organised market are valued at the last available price, or if such price is not representative of their fair value, they are valued prudently and in good faith on the basis of their reasonably foreseeable sales prices.

In accordance with the provisions of the current prospectus, Market Level Fair Valuation may be implemented to protect the interests of the Company's shareholders against market timing practices, as market timers may seek to exploit possible delays between the change in the value of a Fund's portfolio holdings and the Net Asset Value of the Fund's Shares in Funds that hold significant investments in foreign securities because certain foreign markets close several hours ahead of the US markets, and in Funds that hold significant investments in small-cap securities, high-yield ("junk") bonds and other types of investments which may not be frequently traded.

The Company's directors are using several methods to reduce the risk of market timing. As at March 31, 2023, a Market Level Fair Valuation was applied to the following Funds:

Franklin K2 Bardin Hill Arbitrage UCITS Fund

Franklin K2 Chilton Equity Long Short UCITS Fund

Franklin K2 Electron Global UCITS Fund

Franklin K2 Wellington Technology Long Short UCITS Fund

The Company has procedures to determine the fair value of individual securities and other assets for which market prices are not readily available or which may not be reliably priced. In such circumstances, the price of such investment shall be adjusted in accordance with the procedures adopted, as determined by or under the direction of the Board of Directors.

During the accounting year under review, gains and losses on investment securities sold were computed on the average cost basis.

During the accounting year under review, discounts and premiums were amortised to income over the period to maturity.

For mortgage-backed and other similar holdings with scheduled debt paydowns, the Funds record accruals, based on their historical experience, for anticipated paydowns. Such accruals are recorded as a reduction or increase to the related holdings as disclosed on the Schedule of Investments and are included in the related unrealised appreciation/depreciation on investments shown on the "Statement of Operations and Changes in Net Assets".

Money market instruments are valued at market value.

On February 24, 2022, Russia began military operations in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine has increased market volatility and the economic risk of investing in securities in these countries and other impacted countries within the region. Due to the sanctions, actions by governments, developments in Ukraine itself and other circumstances, the Manager continues to assess the impact on valuation and liquidity and will take any potential actions needed, in accordance with the Funds' valuation policies and procedures.

(c) Forward foreign exchange contracts

Forward foreign exchange contracts are valued at the forward rate applicable at the "Statement of Net Assets" date for the remaining period until maturity. Gains or losses resulting from forward foreign exchange contracts are recognised in the "Statement of Operations and Changes in Net Assets".

(d) Financial future contracts

The Company may enter into financial future contracts to gain exposure to market changes. A financial future contract is an agreement between two parties to buy or sell a security for a set price on a future date. Required initial margin deposits of cash or securities are maintained by a broker in a segregated account. Subsequent payments, known as variation margin, are made

Note 2 - Significant accounting policies (continued)

(d) Financial future contracts (continued)

or received by the Company depending on the fluctuations in the value of the underlying securities. Such variation margin is accounted for as unrealised gains or losses until the contract is closed, at which time the gains or losses are reclassified to realised gains or losses. Realised and unrealised gains and losses are included in the "Statement of Operations and Changes in Net Assets".

(e) Interest rate swap contracts

Interest rate swap contracts are used to hedge the risk of changes in interest rates and are agreements between two parties to exchange cash flows based on a notional principal amount. The net interest received or paid on interest rate swap contract agreements is accrued daily as interest income/expense.

Interest rate swap contracts are marked to market daily based upon quotations from the market makers and the change, if any, is recorded as an unrealised gain or loss in the "Statement of Operations and Changes in Net Assets". When the swap contract is terminated early, the Fund records a realised gain or loss equal to the difference between the current net present value and the executed net present value. Any outstanding interest accrual is recorded as either a net receivable or net payable.

The risks of interest rate swap contracts include changes in market conditions and the possible inability of the counterparty to fulfil its obligations under the agreement.

(f) Total return swap contracts

A total return swap is an agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains.

Total return swap contracts are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded as an unrealised gain or loss in the "Statement of Operations and Changes in Net Assets".

When the swap contract is terminated early, the Fund records a realised gain or loss equal to the difference between the current net present value and the executed net present value. Any outstanding interest accrual is recorded as either a net receivable or net payable.

The risks of total return swap contracts include changes in market conditions and the possible inability of the counterparty to fulfil its obligations under the agreement.

(g) Contracts for difference

Contracts for difference are contracts entered into between a broker and the Fund under which the parties agree to make payments to each other so as to replicate the economic consequences of holding a long or short position in the underlying security. Contracts for difference also mirror any corporate actions that take place.

Upon entering into contracts for difference, the Fund may be required to pledge to the broker an amount of cash and/or other assets equal to a certain percentage of the contract amount ("initial margin"). Subsequently, payments known as "variation margin" are made or received by the Fund periodically depending on fluctuations in the value of the underlying security.

The market value of CFDs is determined by the last known traded price on the exchange on which the underlying securities or assets are traded or admitted for trading. For underlying securities traded on markets closing after the time of the valuation, last known prices as of this time or such other time may be used.

Contracts for differences are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded as an unrealised gain or loss in the "Statement of Operations and Changes in Net Assets". Any payment received or paid to initiate a contract is recorded as a liability or asset in the "Statement of Net Assets". When the contract is terminated early, the Fund records a realised gain or loss for any payments received or paid.

Note 2 - Significant accounting policies (continued)**(h) Credit default swap contracts**

A credit default swap contract is a credit derivative transaction in which two parties enter into an agreement, whereby one party pays the other a fixed periodic payment for the specified life of the agreement. The other party makes no payments unless a credit event, relating to a predetermined reference asset, occurs. If such an event occurs, the party will then make a payment to the first party, and the swap will terminate. The value of the underlying securities shall be taken into account for the calculation of the investment and borrowing powers applicable to individual users.

Credit default swap contracts are marked to market daily based upon quotations from the market makers and the change in value, if any, is recorded as an unrealised gain or loss in the "Statement of Operations and Changes in Net Assets". Any payment received or paid to initiate a contract is recorded as a liability or asset in the "Statement of Net Assets". When the swap contract is terminated early, the Fund records a realised gain or loss for any payments received or paid.

The risks of credit default swap contracts include unfavourable changes in interest rates, an illiquid secondary market and the possible inability of the counterparty to fulfil its obligations under the agreement, which may be in excess of the amount reflected in the "Statement of Net Assets". As at March 31, 2023, the fund's had no exposure.

(i) Option contracts

Options are contracts entitling the holder to purchase or sell a specified number of shares or units of a particular security at a specified price at any time until the contract-stated expiration date. Options purchased are recorded as investments; options written (sold) are recorded as liabilities. When the exercise of an option results in a cash settlement, the difference between the premium (original option value) and the settlement proceeds is accounted for as a realised gain or loss. When securities are acquired or delivered upon exercise of an option, the acquisition cost or sale proceeds are adjusted by the amount of the premium. When an option is closed, the difference between the premium and the cost to close the position is accounted for as a realised gain or loss. When an option expires, the premium is accounted for as a realised gain for options written or as a realised loss for options purchased.

The risks include price movements in the underlying securities, the possibility there may be an illiquid options market, or the inability of the counterparties to fulfil their obligations under the contract.

The Company writes options on securities, futures and interest rate swaps ("swaptions"). These options are settled in cash and subject the Company to unlimited risk of loss. The Company, however, is not subject to credit risk on written options as the counterparty has already performed its obligation by paying the premium at the inception of the contract.

The market values are recorded under "Option Contracts at Market Value" in the "Statement of Net Assets".

(j) Foreign exchange transactions

Transactions expressed in currencies other than each Fund's currency are translated into each Fund's currency at the exchange rates applicable on the transaction dates.

Assets and liabilities designated in currencies other than each Fund's currency are translated into each Fund's currency at the appropriate exchange rates ruling at the year-end. Gains and losses on foreign exchange transactions are recognised in the "Statement of Operations and Changes in Net Assets" in determining the results for the accounting year.

The reference currency of the Company as reflected in the financial statements is U.S. dollar. The principal exchange rates applied as at March 31, 2023, are as follows:

AUD	1.4959	GBP	0.8106	NZD	1.5990
BRL	5.0683	HKD	7.8500	PLN	4.3155
CAD	1.3516	JPY	132.7550	SEK	10.3792
CHF	0.9149	KRW	1,306.5100	ZAR	17.8080
DKK	6.8692	MXN	18.0232		
EUR	0.9220	NOK	10.4656		

The above exchange rates have been rounded to 4 decimal places.

Note 2 - Significant accounting policies (continued)

(j) Foreign exchange transactions (continued)

The list of the currency abbreviations is available in note 23.

(k) Income

Dividends are credited to income on their ex-dividend date. Interest income is accrued on a daily basis and includes the amortisation of premiums and accretion of discounts, where applicable. Bank interest is credited to the funds upon receipt. Swap interest where applicable is recorded in accordance with the terms of the relevant swap deal.

(l) Formation expenses

Formation expenses associated with the launch of the new Funds are expensed as incurred.

(m) Swing pricing

A Fund may suffer reduction of the Net Asset Value per Share due to Investors purchasing, selling and/or switching in and out of the Fund at a price that does not reflect the dealing costs associated with this Fund's portfolio trades undertaken by the Investment Manager to accommodate cash inflows or outflows.

To Counter this dilution impact and to protect Shareholders' interests, a swing pricing mechanism may be adopted by the Company as part of its valuation policy.

The Fund operates a swing pricing mechanism which is applied when the total estimated capital activity (aggregate of inflows and outflows) at a Fund level exceeds a pre-determined threshold, as determined as a percentage of the net assets of that Fund for the Valuation Day. Funds can operate a full swing pricing mechanism where the threshold is set to zero or a partial swing pricing mechanism where the threshold is greater than zero.

Typically, such adjustment will increase the Net Asset Value per Share when there are net inflows into the Fund and decrease the Net Asset Value per Share when there are net outflows. The Net Asset Value per Share of each Share Class in a Fund will be calculated separately but any adjustment will, in percentage terms, affect the Net Asset Value per Share of each Share Class in a Fund identically. Swing pricing does not address the specific circumstances of each individual investor transaction.

The adjustments will seek to reflect the anticipated prices at which the Fund will be buying and selling assets, as well as estimated transaction costs. Investors are advised that the volatility of the Fund's Net Asset Value might not reflect the true portfolio performance as a consequence of the application of swing pricing.

The size of the adjustment impact is determined by factors such as the volume of transactions, the purchase or sale prices of the underlying investments and the valuation method adopted to calculate the value of such underlying investments of the Fund.

The swing pricing mechanism may be applied across all Funds of the Company. The extent of the price adjustment will be reset by the Company on a periodic basis to reflect an approximation of current dealing and other costs. Such adjustment may vary from Fund to Fund and under normal market conditions will not exceed 2% of the original Net Asset Value per Share. The Board of Directors can approve an increase of this limit in case of exceptional circumstances, unusually large Shareholders trading activities, and if it is deemed to be in the best interest of Shareholders.

The Management Company mandates authority to the Swing Pricing Oversight Committee to implement and on a periodic basis review, the operational decisions associated with swing pricing. This committee is responsible for decisions relating to swing pricing and the ongoing approval of swing factors which form the basis of pre-determined standing instructions.

The price adjustment is available on request from the Management Company at its registered office.

On certain share classes, the Management Company may be entitled to a Performance Fee which will be based on the unswung NAV.

Note 2 - Significant accounting policies (continued)**(m) Swing pricing (continued)**

In the case of a swing pricing event on the last day of the year end, the net assets as disclosed in the "Statement of Net Assets", exclude the swing pricing adjustment, however, the net asset value per share as at last day of the year end, as disclosed in the Statistical Information, would include the swing pricing adjustment. No swing pricing applied as at March 31, 2023.

During the year ended March 31, 2023, swing pricing adjustments affected the net asset value per share of the following Funds:

- Franklin K2 Athena Risk Premia UCITS Fund
- Franklin K2 Bardin Hill Arbitrage UCITS Fund
- Franklin K2 Cat Bond UCITS Fund
- Franklin K2 Chilton Equity Long Short UCITS Fund
- Franklin K2 Electron Global UCITS Fund
- Franklin K2 Ellington Structured Credit UCITS Fund
- Franklin K2 EMSO Emerging Markets UCITS Fund
- Franklin K2 Wellington Technology long Short UCITS Fund

Note 3 - Time deposits ("TDs")

As at March 31, 2023, the Company had the following cash on time deposits:

Fund	Value of TDs in Fund	
Counterparty		Currency
Franklin K2 Athena Risk Premia UCITS Fund		
Credit Agricole Corporate and Investment Bank	USD	22,170,200
National Australia Bank Ltd.	USD	22,170,200
National Bank of Canada	USD	22,170,200
Royal Bank of Canada	USD	22,170,200
Toronto-Dominion Bank (The)	USD	22,170,200
		<u>110,851,000</u>
Franklin K2 Bardin Hill Arbitrage UCITS Fund		
Credit Agricole Corporate and Investment Bank	USD	1,759,400
National Bank of Canada	USD	1,759,400
Royal Bank of Canada	USD	3,518,900
		<u>7,037,700</u>
Franklin K2 Cat Bond UCITS Fund		
Credit Agricole Corporate and Investment Bank	USD	12,148,200
National Bank of Canada	USD	12,148,200
Royal Bank of Canada	USD	10,412,800
		<u>34,709,200</u>
Franklin K2 Electron Global UCITS Fund		
Credit Agricole Corporate and Investment Bank	USD	17,326,700
National Bank of Canada	USD	17,326,700
Royal Bank of Canada	USD	34,653,500
		<u>69,306,900</u>
Franklin K2 Ellington Structured Credit UCITS Fund		
Credit Agricole Corporate and Investment Bank	USD	1,334,000

Note 3 - Time deposits ("TDs") (continued)

Fund Counterparty	Value of TDs in Fund	
		Currency
National Bank of Canada	USD	1,334,000
Royal Bank of Canada	USD	2,668,000
		<u>5,336,000</u>

Franklin K2 Wellington Technology Long Short UCITS Fund

Credit Agricole Corporate and Investment Bank	USD	165,600
National Australia Bank Ltd.	USD	165,600
National Bank of Canada	USD	165,600
Royal Bank of Canada	USD	165,600
		<u>662,400</u>

Note 4 - Forward foreign exchange contracts

As at March 31, 2023, the Company had entered into the following outstanding contracts:

Franklin K2 ActusRay European Alpha UCITS Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) EUR	
Forward foreign exchange contracts used for efficient portfolio management:					
CHF	100,000	USD	109,479	05/31/2023	471
EUR	458,096	CHF	450,000	05/31/2023	3,212
EUR	789,778	GBP	700,000	05/31/2023	(4,769)
EUR	136,500	NOK	1,500,000	05/31/2023	4,478
EUR	208,167	PLN	1,000,000	05/31/2023	(3,975)
EUR	90,534	SEK	1,000,000	05/31/2023	1,712
USD	109,460	CHF	100,000	05/31/2023	(488)
					<u>641</u>
Forward foreign exchange contracts used for share class hedging:					
USD	3,128,330	EUR	2,921,216	04/14/2023	(38,220)
					<u>(38,220)</u>
					<u>(37,579)</u>

The above contracts were opened with the below counterparties:

J.P. Morgan	(38,220)
Morgan Stanley	641
	<u>(37,579)</u>

Franklin K2 Athena Risk Premia UCITS Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) USD	
Forward foreign exchange contracts used for share class hedging:					
AUD	35,127	USD	23,319	04/14/2023	170
EUR	15,741,213	USD	16,857,941	04/14/2023	222,803
USD	1,314,317	EUR	1,220,975	04/14/2023	(10,559)
					<u>212,414</u>

The above contracts were opened with the below counterparties:

J.P. Morgan	212,414
	<u>212,414</u>

Franklin K2 Bardin Hill Arbitrage UCITS Fund

Purchases	Sales		Maturity Date	Unrealised profit/(loss) USD	
Forward foreign exchange contracts used for efficient portfolio management:					
AUD	558,000	USD	375,057	06/20/2023	(989)
CAD	1,403,000	USD	1,037,987	06/20/2023	1,452

Note 4 - Forward foreign exchange contracts (continued)**Franklin K2 Bardin Hill Arbitrage UCITS Fund (continued)**

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
CHF	257,000	USD	281,723	06/20/2023	1,560
DKK	341,000	USD	50,010	06/20/2023	(107)
EUR	1,359,000	USD	1,478,053	06/20/2023	2,339
GBP	102,000	USD	125,645	06/20/2023	377
USD	13,676,715	AUD	20,506,000	06/20/2023	(69,974)
USD	13,400,310	CAD	18,382,000	06/20/2023	(218,345)
USD	542,240	CHF	498,000	06/20/2023	(6,689)
USD	1,751,546	DKK	12,165,000	06/20/2023	(28,689)
USD	10,617,533	EUR	9,945,000	06/20/2023	(215,794)
USD	823,001	GBP	673,000	06/20/2023	(8,496)
USD	548,675	MXN	10,548,000	06/20/2023	(27,785)
USD	2,546,067	NZD	4,112,000	06/20/2023	(25,107)
					<u>(596,247)</u>
Forward foreign exchange contracts used for share class hedging:					
EUR	134,953,409	USD	144,521,769	04/14/2023	1,915,777
USD	18,352,971	EUR	16,915,445	04/14/2023	(1,929)
					<u>1,913,848</u>
					<u>1,317,601</u>

The above contracts were opened with the below counterparties:

Barclays Capital Inc.					(596,247)
J.P. Morgan					1,913,848
					<u>1,317,601</u>

Franklin K2 Cat Bond UCITS Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for share class hedging:					
EUR	78,341,809	USD	83,897,109	04/14/2023	1,111,357
USD	9,312,705	EUR	8,719,495	04/14/2023	(148,794)
					<u>962,563</u>

The above contracts were opened with the below counterparties:

J.P. Morgan					962,563
					<u>962,563</u>

Franklin K2 Chilton Equity Long Short UCITS Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for efficient portfolio management:					
EUR	365,107	USD	392,976	06/21/2023	4,767
USD	34,512	CHF	31,380	06/21/2023	(81)
USD	586,099	EUR	544,817	06/21/2023	(7,416)
					<u>(2,730)</u>
Forward foreign exchange contracts used for share class hedging:					
BRL	3,705,117	USD	709,161	04/04/2023	21,855
USD	719,602	BRL	3,705,117	04/04/2023	(11,414)
EUR	1,822,793	USD	1,952,031	04/14/2023	25,876
USD	1,892,020	EUR	1,769,175	04/14/2023	(27,707)
BRL	3,652,674	USD	705,102	05/15/2023	10,332
					<u>18,942</u>
					<u>16,212</u>

Note 4 - Forward foreign exchange contracts (continued)

Franklin K2 Chilton Equity Long Short UCITS Fund (continued)

	Unrealised profit/(loss) USD
The above contracts were opened with the below counterparties:	
J.P. Morgan	16,212
	<u>16,212</u>

Franklin K2 Electron Global UCITS Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for efficient portfolio management:					
KRW	3,726,809,714	USD	2,893,275	05/10/2023	(24,045)
USD	6,719,555	KRW	8,552,201,395	05/10/2023	135,310
CAD	164,179	USD	119,770	06/16/2023	1,857
EUR	1,034,900	USD	1,110,512	06/16/2023	16,580
HKD	5,747,093	USD	735,425	06/16/2023	(744)
JPY	141,271,005	USD	1,084,175	06/16/2023	(8,486)
SEK	7,877,395	USD	766,337	06/16/2023	(4,399)
USD	240,985	CAD	330,838	06/16/2023	(4,106)
USD	622,967	DKK	4,299,706	06/16/2023	(6,096)
USD	2,215,499	EUR	2,046,029	06/16/2023	(12,797)
USD	35,165	GBP	28,879	06/16/2023	(513)
USD	2,321,372	HKD	18,133,621	06/16/2023	3,255
USD	4,067,860	JPY	534,407,956	06/16/2023	(1,317)
USD	1,847,845	SEK	19,196,561	06/16/2023	(8,935)
					<u>85,564</u>
Forward foreign exchange contracts used for share class hedging:					
BRL	8,825,759	USD	1,689,254	04/04/2023	52,060
USD	1,713,149	BRL	8,825,759	04/04/2023	(28,164)
EUR	80,914,631	USD	86,692,442	04/14/2023	1,107,784
GBP	158,312	USD	191,712	04/14/2023	3,622
USD	4,736,637	EUR	4,416,025	04/14/2023	(55,179)
USD	3,121	GBP	2,576	04/14/2023	(58)
EUR	58,579,096	USD	62,023,657	04/17/2023	1,551,129
USD	2,299,529	EUR	2,140,695	04/17/2023	(23,728)
BRL	8,783,900	USD	1,701,147	05/03/2023	23,439
					<u>2,630,905</u>
					<u>2,716,469</u>

The above contracts were opened with the below counterparties:	
J.P. Morgan	2,630,905
Morgan Stanley	85,564
	<u>2,716,469</u>

Franklin K2 Ellington Structured Credit UCITS Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for efficient portfolio management:					
USD	3,289,511	EUR	3,090,832	06/21/2023	(77,593)
USD	943,291	GBP	790,175	06/21/2023	(32,993)
					<u>(110,586)</u>
Forward foreign exchange contracts used for share class hedging:					
EUR	12,402,805	USD	13,275,898	04/14/2023	182,350
GBP	73,937	USD	89,536	04/14/2023	1,691
USD	615,515	EUR	570,204	04/14/2023	(3,212)
					<u>180,829</u>
					<u>70,243</u>

Note 4 - Forward foreign exchange contracts (continued)

Franklin K2 Ellington Structured Credit UCITS Fund (continued)

	Unrealised profit/(loss) USD
The above contracts were opened with the below counterparties:	
J.P. Morgan	70,243
	<u>70,243</u>

Franklin K2 Wellington Technology Long Short UCITS Fund

Purchases		Sales		Maturity Date	Unrealised profit/(loss) USD
Forward foreign exchange contracts used for efficient portfolio management:					
EUR	306,000	USD	331,161	06/21/2023	2,190
JPY	48,100,000	USD	367,927	06/21/2023	(1,402)
					<u>788</u>
Forward foreign exchange contracts used for share class hedging:					
BRL	123,114,539	USD	23,564,170	04/04/2023	726,203
USD	23,863,642	BRL	123,114,539	04/04/2023	(426,731)
EUR	157,239	USD	168,387	04/14/2023	2,232
BRL	109,222,942	USD	21,145,313	05/03/2023	298,973
USD	960,000	BRL	4,941,888	05/03/2023	(10,266)
					<u>590,411</u>
					<u>591,199</u>

The above contracts were opened with the below counterparties:		
J.P. Morgan		590,411
Morgan Stanley		788
		<u>591,199</u>

Note 5 - Open positions on financial future contracts

As at March 31, 2023, the Company had entered into the following outstanding contracts:

Franklin K2 Electron Global UCITS Fund

Number of contracts purchased/(sold)	Description	Counterparty	Trading currency	Commitment USD	Unrealised profit/(loss) USD
Index Future					
87	Hang Seng China Enterprises Index, 04/27/2023	Morgan Stanley	HKD	3,885,680	214,080
16	Hang Seng China Enterprises Index, 06/29/2023	Morgan Stanley	HKD	713,793	44,545
(7)	NASDAQ 100 Emini Index, 06/16/2023	Morgan Stanley	USD	(1,862,245)	(136,009)
(72)	S&P 500 Emini Index, 06/16/2023	Morgan Stanley	USD	(14,895,900)	(671,324)
(66)	SGX NIFTY 50 Index, 04/27/2023	Morgan Stanley	USD	(2,299,110)	(43,720)
					<u>(592,428)</u>

Note 6 - Open positions on interest rate swap contracts

As at March 31, 2023, the Company had entered into the following outstanding contracts:

Franklin K2 Ellington Structured Credit UCITS Fund

Nominal amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
1,000,000	Receive floating SOFR 1 day Pay fixed 1.36%	J.P. Morgan	03/08/2024	USD	33,044
2,187,000	Receive floating LIBOR 3 month Pay fixed 0.978%	J.P. Morgan	04/13/2026	USD	200,819
1,000,000	Receive floating SOFR 1 day Pay fixed 1.418%	J.P. Morgan	03/08/2027	USD	78,532

Note 6 - Open positions on interest rate swap contracts (continued)

Franklin K2 Ellington Structured Credit UCITS Fund (continued)

Nominal amount	Description	Counterparty	Maturity date	Trading currency	Unrealised profit/(loss) USD
1,435,000	Receive floating LIBOR 3 month Pay fixed 1.691%	J.P. Morgan	04/13/2031	USD	185,191
1,000,000	Receive floating SOFR 1 day Pay fixed 1.521%	J.P. Morgan	03/08/2032	USD	131,875
					629,461

Note 7 - Open positions on total return swap contracts

As at March 31, 2023, the Company had entered into the following outstanding contracts:

Franklin K2 Athena Risk Premia UCITS Fund

Trading currency	Nominal amount	Fund receives	Fund pays	Counterparty	Maturity date	Market Value / Unrealised profit/(loss) USD
USD	58,961,520	CIFXPPDD Index	Spread of 0.030% on Notional	Citibank	07/05/2023	452,894
USD	13,955,021	DBCFLBU Index	Spread of (0.188)% on Notional	Deutsche Bank	07/05/2023	546,274
USD	14,395,369	CIFXCADM Index	Spread of 0% on Notional	Citibank	07/05/2023	(73,665)
USD	476,621	CIFXCADM Index	Spread of 0% on Notional	Citigroup	07/05/2023	(2,439)
USD	20,116,826	DBCAUCTT index	Spread of (0.500)% on Notional	Deutsche Bank	07/05/2023	(263,887)
USD	31,919,336	DBCOWNVU Index	Spread of (0.188)% on Notional	Deutsche Bank	07/05/2023	(486,761)
USD	16,559,889	DBCRCFMNU Index	Spread of (0.188)% on Notional	Deutsche Bank	07/05/2023	(80,847)
USD	4,841,976	JPUSFLOW Index	Spread of 0.100% on Notional	J.P. Morgan	07/06/2023	(59,821)
						31,748

Franklin K2 Wellington Technology Long Short UCITS Fund

Trading currency	Nominal amount	Fund receives	Fund pays	Counterparty	Maturity date	Market Value / Unrealised profit/(loss) USD
EUR	305,383	Adyen NV	EUR ESTR 1 day 0%	Morgan Stanley	05/18/2033	19,781
JPY	9,862,499	Nikon Corp.	JPY TONAR 1 day 0%	Morgan Stanley	05/18/2033	2,260
JPY	10,284,999	Tokyo Electron Ltd.	JPY TONAR 1 day 0%	Morgan Stanley	05/18/2033	2,602
JPY	20,140,000	Ulvac, Inc.	JPY TONAR 1 day 0%	J.P. Morgan	05/10/2028	12,881
JPY	8,721,000	Ulvac, Inc.	JPY TONAR 1 day 0%	Morgan Stanley	05/18/2033	7,939
USD	277,172	Activision Blizzard, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	21,628
USD	106,765	Airbnb, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	9,975
USD	668,543	Alphabet, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	51,197
USD	499,816	Alphabet, Inc.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	43,089
USD	908,813	Amazon.com, Inc.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	89,774
USD	634,631	ASML Holding NV	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	59,164
USD	74,016	ASML Holding NV	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	8,894
USD	25,889	Ceridian HCM Holding, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	1,668
USD	111,509	Datadog, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	8,249
USD	107,727	Datadog, Inc.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	897
USD	159,651	Dynatrace, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	16,151
USD	81,383	Etsy, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	4,971
USD	182,048	Five9 Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	29,572
USD	85,299	Five9 Inc.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	4,954
USD	378,440	FleetCor Technologies, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	42,566
USD	260,166	Genpact Ltd.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	15,787
USD	31,286	HubSpot, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	2,956
USD	283,532	Intuit, Inc.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	21,909
USD	191,783	Intuit, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	18,297
USD	650,008	KLA Corp.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	53,156
USD	79,389	Lam Research Corp.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	7,156

Note 7 - Open positions on total return swap contracts (continued)

Franklin K2 Wellington Technology Long Short UCITS Fund (continued)

Trading currency	Nominal amount	Fund receives	Fund pays	Counterparty	Maturity date	Market Value / Unrealised profit/(loss) USD
USD	199,499	Marvell Technology Group Ltd.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	29,755
USD	830,732	Marvell Technology Group Ltd.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	17,769
USD	213,373	Mastercard, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	9,006
USD	117,473	MercadoLibre, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	11,665
USD	224,644	Meta Platforms, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	15,708
USD	427,442	MongoDB, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	41,511
USD	284,651	Nova Ltd.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	20,611
USD	54,262	Nova Ltd.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	6,900
USD	758,821	NVIDIA Corp.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	109,888
USD	253,791	Okta, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	8,776
USD	348,009	Palo Alto Networks, Inc.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	20,873
USD	166,707	Palo Alto Networks, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	14,151
USD	60,188	Rambus, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	13,055
USD	584,286	ServiceNow, Inc.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	22,757
USD	327,334	Shopify, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	32,479
USD	208,747	Spotify Technology SA	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	11,961
USD	51,517	Spotify Technology SA	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	3,173
USD	342,095	Taiwan Semiconductor Manufacturing Co. Ltd.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	10,007
USD	128,088	Taiwan Semiconductor Manufacturing Co. Ltd.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	6,595
USD	61,984	VeriSign, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	6,162
USD	12,759	Airbnb, Inc.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	(233)
USD	22,130	Bumble, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	(353)
USD	681,326	Ceridian HCM Holding, Inc.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	(13,465)
USD	306,982	Genpact Ltd.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	(7,222)
USD	488,277	Global Payments, Inc.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	(32,326)
USD	1,531,266	USD OBFR 1 day 0%	NASDAQ-100 Total Return Index	Morgan Stanley	05/16/2033	(113,785)
USD	191,796	Paypal Holdings, Inc.	USD OBFR 1 day 0%	J.P. Morgan	05/09/2028	(2,670)
USD	3,403,151	USD OBFR 1 day 0%	PHLX Semiconductor Index	Morgan Stanley	05/16/2033	(286,415)
USD	4,763,417	USD OBFR 1 day 0%	Russell Midcap Growth Index Total Return	Morgan Stanley	05/16/2033	(163,150)
USD	5,897,420	USD OBFR 1 day 0%	S&P North American Technology Software Index	Morgan Stanley	05/16/2033	(515,983)
USD	77,241	Trupanion, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	(16,135)
USD	114,708	Uber Technologies, Inc.	USD OBFR 1 day 0%	Morgan Stanley	05/18/2033	(1,179)
						(182,641)

Note 8 - Open positions on contract for differences

As at March 31, 2023, the Company had entered into the following outstanding contracts:

Franklin K2 ActusRay European Alpha UCITS Fund

Trading currency	Nominal amount	Fund receives	Fund pays	Counterparty	Maturity date	Global exposure EUR	Unrealised profit/(loss) EUR
CHF	208,111	Receive Performance of the underlying equity basket of 1 Securities.	Pay SARON 1 day 0.350%	Morgan Stanley	12/20/2024	8,417,629	430,072
CHF	3,147	Receive Performance of the underlying equity basket of 1 Securities.	Pay SARON 1 day (0.638)%	Morgan Stanley	12/20/2024	(180,143)	16,547
CHF	3,931	Receive Performance of the underlying equity basket of 1 Securities.	Pay SARON 1 day (12.750)%	Morgan Stanley	12/20/2024	(39,848)	11,929

Note 8 - Open positions on contract for differences (continued)

Franklin K2 ActusRay European Alpha UCITS Fund (continued)

Trading currency	Nominal amount	Fund receives Fund pays	Counterparty	Maturity date	Global exposure EUR	Unrealised profit/(loss) EUR
CHF	591	Receive Performance of the underlying equity basket of 1 Securities. Pay SARON 1 day (1.875)%	Morgan Stanley	12/20/2024	(42,866)	5,490
CHF	591	Receive Performance of the underlying equity basket of 1 Securities. Pay SARON 1 day (1.250)%	Morgan Stanley	12/20/2024	(49,316)	4,504
CHF	1,320	Receive Performance of the underlying equity basket of 1 Securities. Pay SARON 1 day (1.375)%	Morgan Stanley	12/20/2024	(347,578)	(2,946)
CHF	1,003,581	Receive Performance of the underlying equity basket of 33 Securities. Pay SARON 1 day (0.350)%	Morgan Stanley	12/20/2024	(8,758,463)	(448,589)
DKK	17,646	Receive Performance of the underlying equity basket of 1 Securities. Pay CIBOR 1 week (1.810)%	SEB	11/28/2024	(244,671)	(7,031)
DKK	152,598	Receive Performance of the underlying equity basket of 15 Securities. Pay CIBOR 1 week 0.275%	SEB	11/28/2024	3,934,301	(63,485)
DKK	300,741	Receive Performance of the underlying equity basket of 10 Securities. Pay CIBOR 1 week (0.275)%	SEB	11/28/2024	(3,563,879)	(198,941)
EUR	3,705,684	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day 0.350%	Morgan Stanley	12/20/2024	34,280,709	999,243
EUR	759,620	Receive Performance of the underlying equity basket of 37 Securities. Pay EONIA 1 day 0.300%	Morgan Stanley	12/20/2024	9,594,538	429,574
EUR	92,542	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (1.700)%	Morgan Stanley	12/20/2024	(121,985)	91,684
EUR	101,197	Receive Performance of the underlying equity basket of 10 Securities. Pay ESTR O/N (0.275)%	SEB	11/28/2024	(1,952,517)	87,770
EUR	19,133	Receive Performance of the underlying equity basket of 2 Securities. Pay EONIA 1 day (1.275)%	Morgan Stanley	12/20/2024	(421,756)	52,868
EUR	12,635	Receive Performance of the underlying equity basket of 2 Securities. Pay EONIA 1 day (0.875)%	Morgan Stanley	12/20/2024	(321,456)	34,007
EUR	50,795	Receive Performance of the underlying equity basket of 5 Securities. Pay EONIA 1 day (0.750)%	Morgan Stanley	12/20/2024	(862,176)	26,800
EUR	6,304	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (1.500)%	Morgan Stanley	12/20/2024	(183,278)	12,484
EUR	3,284	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (5.500)%	Morgan Stanley	12/20/2024	(122,822)	12,166
EUR	7,312	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (2.019)%	Morgan Stanley	12/20/2024	(205,270)	11,163
EUR	4,751	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (16.375)%	Morgan Stanley	12/20/2024	(36,383)	5,605
EUR	4,425	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (2.250)%	Morgan Stanley	12/20/2024	(95,757)	3,743
EUR	7,319	Receive Performance of the underlying equity basket of 1 Securities. Pay ESTR O/N (1.092)%	SEB	11/28/2024	(63,690)	2,481

Note 8 - Open positions on contract for differences (continued)**Franklin K2 ActusRay European Alpha UCITS Fund (continued)**

Trading currency	Nominal amount	Fund receives Fund pays	Counterparty	Maturity date	Global exposure EUR	Unrealised profit/(loss) EUR
EUR	1,374	Receive EONIA 1 day (7.500)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	12/20/2024	(31,097)	1,983
EUR	904	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (2.875)%	Morgan Stanley	12/20/2024	(5,686)	1,922
EUR	196	Receive EONIA 1 day (1.348)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	12/20/2024	(4,365)	1,894
EUR	217,672	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (5.250)%	Morgan Stanley	12/20/2024	(300,534)	1,751
EUR	829	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (2.058)%	Morgan Stanley	12/20/2024	(8,380)	853
EUR	8,113	Receive Performance of the underlying equity basket of 1 Securities. Pay ESTR O/N (15.175)%	SEB	11/28/2024	(47,218)	610
EUR	2,753	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (3.875)%	Morgan Stanley	12/20/2024	(149,243)	161
EUR	756	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (3.625)%	Morgan Stanley	12/20/2024	(50,649)	(31)
EUR	969	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (1.625)%	Morgan Stanley	12/20/2024	(27,069)	(1,193)
EUR	64	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (2.750)%	Morgan Stanley	12/20/2024	(56,192)	(1,791)
EUR	42,236	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (11.625)%	Morgan Stanley	12/20/2024	(130,267)	(2,735)
EUR	60,326	Receive EONIA 1 day (16.000)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	12/20/2024	(20,016)	(3,155)
EUR	216,595	Receive Performance of the underlying equity basket of 3 Securities. Pay EONIA 1 day (0.531)%	Morgan Stanley	12/20/2024	(671,508)	(4,085)
EUR	396,652	Receive Performance of the underlying equity basket of 12 Securities. Pay ESTR O/N 0.275%	SEB	11/28/2024	2,772,779	(4,113)
EUR	33,143	Receive Performance of the underlying equity basket of 2 Securities. Pay EONIA 1 day (1.125)%	Morgan Stanley	12/20/2024	(327,946)	(5,217)
EUR	3,975	Receive Performance of the underlying equity basket of 1 Securities. Pay ESTR O/N (6.500)%	SEB	11/28/2024	(98,847)	(8,120)
EUR	423,151	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (3.750)%	Morgan Stanley	12/20/2024	(224,852)	(11,503)
EUR	41,875	Receive EONIA 1 day (2.000)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	12/20/2024	(171,987)	(13,359)
EUR	12,981	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (1.750)%	Morgan Stanley	12/20/2024	(259,993)	(14,864)
EUR	16,101	Receive Performance of the underlying equity basket of 2 Securities. Pay EONIA 1 day (0.625)%	Morgan Stanley	12/20/2024	(436,627)	(16,795)

Note 8 - Open positions on contract for differences (continued)

Franklin K2 ActusRay European Alpha UCITS Fund (continued)

Trading currency	Nominal amount	Fund receives Fund pays	Counterparty	Maturity date	Global exposure EUR	Unrealised profit/(loss) EUR
EUR	58,593	Receive Performance of the underlying equity basket of 3 Securities. Pay EONIA 1 day (0.638)%	Morgan Stanley	12/20/2024	(485,894)	(17,646)
EUR	9,477	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (1.913)%	Morgan Stanley	12/20/2024	(272,717)	(20,078)
EUR	37,757	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (0.744)%	Morgan Stanley	12/20/2024	(374,290)	(21,059)
EUR	2,388	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (7.750)%	Morgan Stanley	12/20/2024	(86,822)	(23,102)
EUR	9,506	Receive Performance of the underlying equity basket of 1 Securities. Pay EONIA 1 day (0.956)%	Morgan Stanley	12/20/2024	(171,627)	(26,217)
EUR	618,995	Receive Performance of the underlying equity basket of 32 Securities. Pay EONIA 1 day (0.300)%	Morgan Stanley	12/20/2024	(7,277,838)	(315,322)
EUR	3,441,912	Receive Performance of the underlying equity basket of 107 Securities. Pay EONIA 1 day (0.350)%	Morgan Stanley	12/20/2024	(26,855,229)	(664,268)
GBP	389,059	Receive Performance of the underlying equity basket of 1 Securities. Pay SONIA 1 day (1.625)%	Morgan Stanley	12/20/2024	(119,931)	83,234
GBP	200,364	Receive Performance of the underlying equity basket of 2 Securities. Pay SONIA 1 day (1.125)%	Morgan Stanley	12/20/2024	(346,360)	27,898
GBP	40,609	Receive Performance of the underlying equity basket of 1 Securities. Pay SONIA 1 day (1.000)%	Morgan Stanley	12/20/2024	(268,838)	12,808
GBP	1,086,801	Receive Performance of the underlying equity basket of 1 Securities. Pay SONIA 1 day (18.500)%	Morgan Stanley	12/20/2024	(70,516)	8,909
GBP	17,997	Receive Performance of the underlying equity basket of 1 Securities. Pay SONIA 1 day (12.000)%	Morgan Stanley	12/20/2024	(27,841)	653
GBP	48,315	Receive Performance of the underlying equity basket of 1 Securities. Pay SONIA 1 day (4.750)%	Morgan Stanley	12/20/2024	(54,562)	(2,602)
GBP	259,169	Receive Performance of the underlying equity basket of 2 Securities. Pay SONIA 1 day (5.250)%	Morgan Stanley	12/20/2024	(334,733)	(3,137)
GBP	8,625	Receive SONIA 1 day (3.750)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	12/20/2024	(80,764)	(13,986)
GBP	323,552	Receive Performance of the underlying equity basket of 1 Securities. Pay SONIA 1 day (3.518)%	Morgan Stanley	12/20/2024	(249,930)	(24,345)
GBP	9,979,470	Receive Performance of the underlying equity basket of 87 Securities. Pay SONIA 1 day (0.300)%	Morgan Stanley	12/20/2024	(22,838,919)	(27,529)
GBP	828,753	Receive Performance of the underlying equity basket of 2 Securities. Pay SONIA 1 day (1.375)%	Morgan Stanley	12/20/2024	(332,444)	(38,766)
GBP	12,851,683	Receive Performance of the underlying equity basket of 87 Securities. Pay SONIA 1 day 0.350%	Morgan Stanley	12/20/2024	22,637,272	(90,812)
NOK	218,150	Receive Performance of the underlying equity basket of 9 Securities. Pay NIBOR 1 week (0.275)%	SEB	11/28/2024	(1,638,034)	72,159

Note 8 - Open positions on contract for differences (continued)

Franklin K2 ActusRay European Alpha UCITS Fund (continued)

Trading currency	Nominal amount	Fund receives Fund pays	Counterparty	Maturity date	Global exposure EUR	Unrealised profit/(loss) EUR
NOK	75,215	Receive Performance of the underlying equity basket of 1 Securities. Pay NIBOR 1 week (4.250)%	SEB	11/28/2024	(62,035)	25,315
NOK	28,813	Receive Performance of the underlying equity basket of 1 Securities. Pay NIBOR 1 week (0.313)%	SEB	11/28/2024	(313,863)	5,890
NOK	12,466	Receive Performance of the underlying equity basket of 1 Securities. Pay NIBOR 1 week (0.578)%	SEB	11/28/2024	(97,008)	4,437
NOK	37,546	Receive Performance of the underlying equity basket of 1 Securities. Pay NIBOR 1 week (2.623)%	SEB	11/28/2024	(47,079)	3,123
NOK	44,225	Receive Performance of the underlying equity basket of 1 Securities. Pay NIBOR 1 week (1.516)%	SEB	11/28/2024	(44,544)	2,548
NOK	28,173	Receive Performance of the underlying equity basket of 1 Securities. Pay NIBOR 1 week (6.473)%	SEB	11/28/2024	(53,520)	224
NOK	290,206	Receive Performance of the underlying equity basket of 1 Securities. Pay NIBOR 1 week (9.000)%	SEB	11/28/2024	(211,853)	(624)
NOK	39,438	Receive Performance of the underlying equity basket of 1 Securities. Pay NIBOR 1 week (3.312)%	SEB	11/28/2024	(90,497)	(3,293)
NOK	70,605	Receive Performance of the underlying equity basket of 1 Securities. Pay NIBOR 1 week (5.169)%	SEB	11/28/2024	(264,983)	(10,372)
NOK	61,485	Receive Performance of the underlying equity basket of 1 Securities. Pay NIBOR 1 week (1.250)%	SEB	11/28/2024	(130,994)	(23,513)
NOK	1,427,492	Receive Performance of the underlying equity basket of 19 Securities. Pay NIBOR 1 week 0.275%	SEB	11/28/2024	4,451,345	(62,801)
SEK	1,874,265	Receive Performance of the underlying equity basket of 39 Securities. Pay STIBOR 1 week 0.275%	SEB	11/28/2024	10,851,246	279,773
SEK	5,273	Receive Performance of the underlying equity basket of 1 Securities. Pay STIBOR 1 week (0.506)%	SEB	11/28/2024	(114,043)	12,704
SEK	7,186	Receive Performance of the underlying equity basket of 1 Securities. Pay STIBOR 1 week (11.500)%	SEB	11/28/2024	(22,670)	9,908
SEK	6,478	Receive Performance of the underlying equity basket of 1 Securities. Pay STIBOR 1 week (1.750)%	SEB	11/28/2024	(67,954)	9,549
SEK	31,803	Receive Performance of the underlying equity basket of 1 Securities. Pay STIBOR 1 week (3.759)%	SEB	11/28/2024	(137,457)	8,992
SEK	10,927	Receive Performance of the underlying equity basket of 1 Securities. Pay STIBOR 1 week (1.210)%	SEB	11/28/2024	(49,908)	6,213
SEK	5,626	Receive Performance of the underlying equity basket of 1 Securities. Pay STIBOR 1 week (0.750)%	SEB	11/28/2024	(109,863)	4,389
SEK	15,395	Receive Performance of the underlying equity basket of 1 Securities. Pay STIBOR 1 week (8.373)%	SEB	11/28/2024	(111,195)	1,951
SEK	1,137	Receive Performance of the underlying equity basket of 1 Securities. Pay STIBOR 1 week (8.543)%	SEB	11/28/2024	(5,111)	1,574

Note 8 - Open positions on contract for differences (continued)

Franklin K2 ActusRay European Alpha UCITS Fund (continued)

Trading currency	Nominal amount	Fund receives Fund pays	Counterparty	Maturity date	Global exposure EUR	Unrealised profit/(loss) EUR
SEK	347	Receive Performance of the underlying equity basket of 1 Securities. Pay STIBOR 1 week (0.275)%	SEB	04/04/2023	(6,532)	773
SEK	18,331	Receive Performance of the underlying equity basket of 1 Securities. Pay ESTR O/N 0.275%	SEB	11/28/2024	180,492	(22,034)
SEK	13,865	Receive Performance of the underlying equity basket of 1 Securities. Pay STIBOR 1 week (1.006)%	SEB	11/28/2024	(224,340)	(28,164)
SEK	696,698	Receive Performance of the underlying equity basket of 33 Securities. Pay STIBOR 1 week (0.275)%	SEB	11/28/2024	(7,441,819)	(306,916)
USD	208,788	Receive Performance of the underlying equity basket of 2 Securities. Pay FEDEF 1 day (7.000)%	Morgan Stanley	12/20/2024	(435,176)	88,237
USD	8,815	Receive Performance of the underlying equity basket of 1 Securities. Pay FEDEF 1 day (1.500)%	Morgan Stanley	12/20/2024	(210,414)	32,648
USD	250,323	Receive FEDEF 1 day (0.875)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	12/20/2024	(49,380)	7,703
USD	307,290	Receive Performance of the underlying equity basket of 1 Securities. Pay FEDEF 1 day (0.750)%	Morgan Stanley	12/20/2024	(293,918)	5,335
USD	1,141	Receive FEDEF 1 day (2.750)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	12/20/2024	(2,602)	1,407
USD	10,377	Receive Performance of the underlying equity basket of 1 Securities. Pay FEDEF 1 day (1.125)%	Morgan Stanley	12/20/2024	(79,743)	(1,261)
USD	6,496	Receive FEDEF 1 day (11.125)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	12/20/2024	(53,793)	(2,077)
USD	3,756	Receive FEDEF 1 day (0.531)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	12/20/2024	(314,577)	(11,959)
USD	1,578	Receive Performance of the underlying equity basket of 1 Securities. Pay FEDEF 1 day (1.375)%	Morgan Stanley	12/20/2024	(178,739)	(13,184)
USD	41,416	Receive Performance of the underlying equity basket of 1 Securities. Pay FEDEF 1 day (1.250)%	Morgan Stanley	12/20/2024	(260,751)	(20,695)
USD	1,629,498	Receive Performance of the underlying equity basket of 25 Securities. Pay FEDEF 1 day 1.250%	Morgan Stanley	12/20/2024	3,839,886	(52,116)
USD	76,955	Receive Performance of the underlying equity basket of 5 Securities. Pay FEDEF 1 day (0.500)%	Morgan Stanley	12/20/2024	(1,406,821)	(58,669)
ZAR	156,758	Receive Performance of the underlying equity basket of 1 Securities. Pay SABOR 1 day (0.638)%	Morgan Stanley	12/20/2024	(103,163)	159,644
ZAR	305,859	Receive Performance of the underlying equity basket of 1 Securities. Pay SABOR 1 day (1.375)%	Morgan Stanley	12/20/2024	(125,134)	8,356
ZAR	6,945	Receive Performance of the underlying equity basket of 1 Securities. Pay SABOR 1 day (0.744)%	Morgan Stanley	12/20/2024	(35,233)	1,313
ZAR	2,359,875	Receive Performance of the underlying equity basket of 21 Securities. Pay SABOR 1 day (0.500)%	Morgan Stanley	12/20/2024	(5,396,952)	(139,562)

Note 8 - Open positions on contract for differences (continued)**Franklin K2 ActusRay European Alpha UCITS Fund (continued)**

Trading currency	Nominal amount	Fund receives Fund pays	Counterparty	Maturity date	Global exposure EUR	Unrealised profit/(loss) EUR
ZAR	4,976,435	Receive Performance of the underlying equity basket of 22 Securities. Pay SABOR 1 day 0.700%	Morgan Stanley	12/20/2024	4,637,418	(403,482)
						(122,573)

Franklin K2 ActusRay European Alpha UCITS Fund**Geographic distribution based on economic exposure:**

	Global Exposure EUR	% of Basket Global Exposure
Italy	(2,128,389)	(47.08)
Belgium	(1,597,090)	(35.33)
United Kingdom	(1,571,386)	(34.76)
South Africa	(1,547,442)	(34.23)
Luxembourg	(1,528,465)	(33.81)
Spain	(1,313,506)	(29.06)
Switzerland	(1,153,012)	(25.51)
Jersey	(368,563)	(8.15)
Singapore	(306,685)	(6.78)
Denmark	(139,230)	(3.08)
Malta	(113,674)	(2.51)
Australia	(70,516)	(1.56)
Isle of Man	(54,562)	(1.21)
Guernsey	(40,131)	(0.89)
Poland	164,732	3.64
Bermuda	169,564	3.75
United States of America	221,528	4.90
Virgin Islands, British	268,732	5.94
Cyprus	280,175	6.20
Turkey	344,895	7.63
Ireland	635,358	14.06
Finland	791,000	17.50
Austria	1,287,969	28.49
France	1,422,916	31.48
Norway	1,960,919	43.38
Sweden	2,674,028	59.16
Netherlands	2,842,581	62.88
Germany	3,388,586	74.96
	4,520,332	100.00

Franklin K2 Bardin Hill Arbitrage UCITS Fund

Trading currency	Nominal amount	Fund receives Fund pays	Counterparty	Maturity date	Global exposure USD	Unrealised profit/(loss) USD
AUD	12,383	Receive Performance of the underlying equity basket of 1 Securities. Pay BBSW 1 month 0.400%	Barclays	05/18/2023	553,312	14,617
CHF	1,828	Receive SARON O/N (0.350)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/14/2024	(81,526)	(1,429)
CHF	1,860	Receive SARON O/N (0.350)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/13/2024	(82,953)	(1,454)
CHF	4,052	Receive SARON O/N (0.350)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/07/2024	(180,713)	(3,168)

Note 8 - Open positions on contract for differences (continued)

Franklin K2 Bardin Hill Arbitrage UCITS Fund (continued)

Trading currency	Nominal amount	Fund receives Fund pays	Counterparty	Maturity date	Global exposure USD	Unrealised profit/(loss) USD
CHF	4,786	Receive SARON O/N (0.350)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	02/28/2024	(213,448)	(3,742)
CHF	4,858	Receive SARON O/N (0.350)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/11/2024	(216,659)	(3,798)
CHF	5,899	Receive SARON O/N (0.350)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/04/2024	(263,086)	(4,612)
CHF	9,166	Receive SARON O/N (0.350)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	02/15/2024	(408,789)	(7,166)
CHF	13,388	Receive SARON O/N (0.350)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	02/16/2024	(597,084)	(10,467)
CHF	19,267	Receive SARON O/N (0.350)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	04/05/2024	(859,278)	(15,063)
CHF	23,718	Receive SARON O/N (0.350)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	02/29/2024	(1,057,786)	(18,543)
DKK	4,994	Receive DKCIBOR 1 week (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	04/19/2024	(379,896)	(6,365)
DKK	5,907	Receive DKCIBOR 1 week (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	04/22/2024	(449,348)	(7,528)
DKK	12,152	Receive DKCIBOR 1 week (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	04/15/2024	(924,408)	(15,487)
GBP	48,619	Receive SONIA O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	04/05/2023	(899,646)	173,932
GBP	15,967	Receive SONIA O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	04/22/2024	(295,453)	57,121
GBP	239	Receive SONIA O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	04/19/2024	(4,423)	855
USD	121,825	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 2 Securities.	Barclays	02/07/2024	(2,977,610)	30,978
USD	86,754	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 2 Securities.	Barclays	12/13/2023	(2,120,447)	22,060
USD	56,658	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 2 Securities.	Barclays	12/21/2023	(1,384,829)	14,407
USD	54,268	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 2 Securities.	Barclays	12/07/2023	(1,326,388)	13,799
USD	35,710	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 2 Securities.	Barclays	12/06/2023	(872,791)	9,080
USD	18,325	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 2 Securities.	Barclays	12/20/2023	(447,882)	4,660
USD	4,894	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	04/08/2024	(238,240)	(489)

Note 8 - Open positions on contract for differences (continued)

Franklin K2 Bardin Hill Arbitrage UCITS Fund (continued)

Trading currency	Nominal amount	Fund receives Fund pays	Counterparty	Maturity date	Global exposure USD	Unrealised profit/(loss) USD
USD	954	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/07/2024	(46,765)	(649)
USD	9,789	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	02/22/2024	(476,529)	(979)
USD	2,813	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/27/2024	(137,893)	(1,913)
USD	3,510	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/11/2024	(172,060)	(2,387)
USD	4,888	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/13/2024	(239,610)	(3,324)
USD	4,889	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/19/2024	(239,659)	(3,325)
USD	3,913	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	04/05/2024	(225,232)	(4,617)
USD	6,666	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	05/02/2024	(377,562)	(4,664)
USD	7,020	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/12/2024	(344,120)	(4,774)
USD	7,033	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/25/2024	(344,758)	(4,783)
USD	8,349	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	03/28/2024	(409,268)	(5,677)
USD	10,847	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	04/25/2024	(531,720)	(7,376)
USD	6,666	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	05/01/2024	(377,562)	(7,536)
USD	11,429	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	Barclays	04/18/2024	(560,250)	(7,772)
USD	24,807	Receive USONBFR O/N (0.300)% Pay Performance of the underlying equity basket of 2 Securities.	Barclays	04/11/2024	(1,337,513)	(23,980)
					158,442	

Franklin K2 Bardin Hill Arbitrage UCITS Fund

Geographic distribution based on economic exposure:

	Global Exposure USD	% of Basket Global Exposure
Canada	(9,129,948)	42.37
United States of America	(6,058,740)	28.11
Switzerland	(3,961,322)	18.38
Denmark	(1,753,652)	8.14
United Kingdom	(1,199,522)	5.57
Australia	553,312	(2.57)

Note 8 - Open positions on contract for differences (continued)

Geographic distribution based on economic exposure:

Global Exposure USD	% of Basket Global Exposure
(21,549,872)	100.00

Franklin K2 Chilton Equity Long Short UCITS Fund

Trading currency	Nominal amount	Fund receives Fund pays	Counterparty	Maturity date	Global exposure USD	Unrealised profit/(loss) USD
EUR	624	Receive ESTRON O/N (0.400)% Pay Performance of the underlying equity basket of 2 Securities.	J.P. Morgan	02/05/2024	(17,737)	(985)
GBP	4,209	Receive Performance of the underlying equity basket of 1 Securities. Pay SONIA O/N 0.400%	J.P. Morgan	05/12/2023	42,453	2,914
USD	3,492	Receive Performance of the underlying equity basket of 3 Securities. Pay OBFR O/N 0.400%	J.P. Morgan	10/04/2024	380,923	15,614
USD	1,058	Receive Performance of the underlying equity basket of 2 Securities. Pay OBFR O/N 0.400%	J.P. Morgan	02/28/2024	397,577	9,282
USD	59	Receive Performance of the underlying equity basket of 1 Securities. Pay OBFR O/N 0.400%	J.P. Morgan	11/29/2023	26,304	2,331
USD	1	Receive Performance of the underlying equity basket of 1 Securities. Pay OBFR O/N (0.300)%	J.P. Morgan	01/05/2024	13,181	226
USD	57	Receive OBFR O/N 0.000% Pay Performance of the underlying equity basket of 1 Securities.	J.P. Morgan	02/05/2024	(2,986)	15
USD	486	Receive OBFR O/N (0.400)% Pay Performance of the underlying equity basket of 1 Securities.	J.P. Morgan	01/04/2024	(26,968)	(10)
USD	155	Receive OBFR O/N (0.400)% Pay Performance of the underlying equity basket of 1 Securities.	J.P. Morgan	03/27/2024	(6,575)	(167)
USD	1,004	Receive OBFR O/N (0.400)% Pay Performance of the underlying equity basket of 2 Securities.	J.P. Morgan	10/04/2024	(23,596)	(471)
USD	115	Receive OBFR O/N (0.445)% Pay Performance of the underlying equity basket of 1 Securities.	J.P. Morgan	01/05/2024	(4,932)	(637)
USD	2,394	Receive OBFR O/N (0.400)% Pay Performance of the underlying equity basket of 10 Securities.	J.P. Morgan	01/05/2024	(135,285)	(3,438)
USD	297	Receive OBFR O/N (0.300)% Pay Performance of the underlying equity basket of 1 Securities.	J.P. Morgan	01/05/2024	(1,220,465)	(57,812)
						(33,138)

Franklin K2 Chilton Equity Long Short UCITS Fund

Geographic distribution based on economic exposure:

	Global Exposure USD	% of Basket Global Exposure
United States of America	(602,821)	104.27
Italy	(9,048)	1.57
Spain	(8,689)	1.50
United Kingdom	42,452	(7.34)

Note 8 - Open positions on contract for differences (continued)

Geographic distribution based on economic exposure:

Global Exposure USD	% of Basket Global Exposure
(578,106)	100.00

Franklin K2 Electron Global UCITS Fund

Trading currency	Nominal amount	Fund receives Fund pays	Counterparty	Maturity date	Global exposure USD	Unrealised profit/(loss) USD
DKK	799	Receive CIBOR 1 week (0.500)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	11/08/2023	(1,452,350)	419,720
EUR	1,422,915	Receive Performance of the underlying equity basket of 4 Securities. Pay EONIA 1 day 0.400%	Morgan Stanley	10/16/2024	26,398,257	2,201,500
EUR	12,355	Receive EONIA 1 day (0.450)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	02/05/2025	(9,570,904)	(196,028)
EUR	15,862	Receive FEDEF 1 day (0.150)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	08/22/2023	(6,612,407)	(324,780)
GBP	519,461	Receive Performance of the underlying equity basket of 2 Securities. Pay SONIA 1 day 0.400%	Morgan Stanley	01/22/2025	8,429,441	387,120
USD	26,430	Receive Performance of the underlying equity basket of 1 Securities. Pay FEDEF 1 day 0.300%	Morgan Stanley	08/10/2023	3,662,051	350,987
USD	24,968	Receive FEDEF 1 day (6.680)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	10/06/2023	(543,304)	(38,701)
USD	4,970	Receive OBFR 1 day (0.480)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	05/18/2033	(4,358,441)	(60,684)
USD	2,983	Receive FEDEF 1 day (0.146)% Pay Performance of the underlying equity basket of 1 Securities.	Morgan Stanley	08/22/2023	(10,751,239)	(351,755)
USD	386,148	Receive FEDEF 1 day (0.350)% Pay Performance of the underlying equity basket of 15 Securities.	Morgan Stanley	10/06/2023	(29,447,732)	(879,271)
						1,508,108

Franklin K2 Electron Global UCITS Fund

Geographic distribution based on economic exposure:

	Global Exposure USD	% of Basket Global Exposure
United States of America	(60,740,723)	250.51
Denmark	(1,452,350)	5.99
Canada	(543,304)	2.24
South Korea	3,662,051	(15.10)
France	7,822,830	(32.26)
United Kingdom	8,429,441	(34.77)
Germany	18,575,427	(76.61)
	(24,246,628)	100.00

Note 9 - Open positions on option contracts

As at March 31, 2023, the Company had entered into the following outstanding contracts:

Franklin K2 Bardin Hill Arbitrage UCITS Fund

Purchase/ Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/ (sold)	Commitment USD	Market value USD	Unrealised profit/(loss) USD
Equity Option							
Sale	Activision Blizzard, Inc., Call Option, Strike Price 90.00, May. 2023	Morgan Stanley	USD	(258)	2,208,222	(40,764)	(11,323)
Sale	Activision Blizzard, Inc., Put Option, Strike Price 55.00, May. 2023	Morgan Stanley	USD	(692)	5,922,828	(4,152)	333
Purchase	Activision Blizzard, Inc., Put Option, Strike Price 75.00, May. 2023	Morgan Stanley	USD	498	4,262,382	42,330	(13,710)
Purchase	First Horizon Corp., Put Option, Strike Price 15.00, Apr. 2023	Morgan Stanley	USD	1,444	2,567,432	43,320	(221,956)
Purchase	Manchester United plc, Call Option, Strike Price 25.00, Jun. 2023	Morgan Stanley	USD	243	538,245	72,900	11,852
Purchase	Manchester United plc, Call Option, Strike Price 26.00, Apr. 2023	Morgan Stanley	USD	242	536,030	30,250	(24,567)
Sale	Manchester United plc, Call Option, Strike Price 30.00, Jun. 2023	Morgan Stanley	USD	(243)	538,245	(32,562)	(12,903)
Sale	Manchester United plc, Call Option, Strike Price 31.00, Apr. 2023	Morgan Stanley	USD	(485)	1,074,275	(20,613)	5,326
Sale	Qualtrics International, Inc., Call Option, Strike Price 17.50, Apr. 2023	Morgan Stanley	USD	(92)	164,036	(3,680)	(983)
Purchase	TEGNA, Inc., Call Option, Strike Price 22.00, Apr. 2023	Morgan Stanley	USD	1	1,691	5	(87)
Purchase	TEGNA, Inc., Call Option, Strike Price 23.00, Apr. 2023	Morgan Stanley	USD	356	601,996	7,120	(16,106)
Sale	TravelCenters of America, Inc., Call Option, Strike Price 85.00, Jun. 2023	Morgan Stanley	USD	(673)	5,821,450	(201,900)	(74,965)
Purchase	Vnet Group, Inc., Put Option, Strike Price 4.00, Jun. 2023	Morgan Stanley	USD	566	183,384	56,600	17,536
Sale	World Wrestling Entertainment, Inc., Put Option, Strike Price 75.00, Jul. 2023	Morgan Stanley	USD	(219)	1,998,594	(53,655)	10,481
Purchase	World Wrestling Entertainment, Inc., Put Option, Strike Price 80.00, Jul. 2023	Morgan Stanley	USD	219	1,998,594	74,460	(75,718)
						(30,341)	(406,790)

Franklin K2 Wellington Technology Long Short UCITS Fund

Purchase/ Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/ (sold)	Commitment USD	Market value USD	Unrealised profit/(loss) USD
Equity Option							
Purchase	Alphabet, Inc., Call Option, Strike Price 110.00, Jun. 2023	Morgan Stanley	USD	29	301,600	11,310	(4,436)
Sale	Alphabet, Inc., Call Option, Strike Price 125.00, Jun. 2023	Morgan Stanley	USD	(29)	301,600	(2,175)	1,841
Sale	Atlassian Corp., Put Option, Strike Price 120.00, Apr. 2023	Morgan Stanley	USD	(19)	325,223	(361)	1,563
Purchase	Atlassian Corp., Put Option, Strike Price 145.00, Apr. 2023	Morgan Stanley	USD	19	325,223	2,204	(8,584)
Purchase	Block, Inc., Call Option, Strike Price 80.00, Jun. 2023	Morgan Stanley	USD	37	254,005	12,580	(6,105)
Sale	Block, Inc., Call Option, Strike Price 100.00, Jun. 2023	Morgan Stanley	USD	(19)	130,435	(1,406)	(291)
Sale	Block, Inc., Call Option, Strike Price 110.00, Jun. 2023	Morgan Stanley	USD	(18)	123,570	(666)	1,954
Purchase	Datadog, Inc., Call Option, Strike Price 95.00, Jun. 2023	Morgan Stanley	USD	30	217,980	4,800	(27,186)

Note 9 - Open positions on option contracts (continued)

Franklin K2 Wellington Technology Long Short UCITS Fund (continued)

Purchase/ Sale position	Description	Counterparty	Trading currency	Number of contracts purchased/ (sold)	Commitment USD	Market value USD	Unrealised profit/(loss) USD
Sale	Datadog, Inc., Put Option, Strike Price 65.00, Jun. 2023	Morgan Stanley	USD	(15)	108,990	(6,450)	(820)
Sale	Datadog, Inc., Put Option, Strike Price 70.00, Jun. 2023	Morgan Stanley	USD	(15)	108,990	(9,075)	(1,524)
Purchase	Etsy, Inc., Call Option, Strike Price 150.00, Jun. 2023	Morgan Stanley	USD	19	211,527	2,755	(26,079)
Sale	Etsy, Inc., Call Option, Strike Price 190.00, Jun. 2023	Morgan Stanley	USD	(19)	211,527	(294)	8,532
Sale	Etsy, Inc., Put Option, Strike Price 110.00, Jun. 2023	Morgan Stanley	USD	(19)	211,527	(20,083)	(7,777)
Purchase	Marvell Technology, Inc., Call Option, Strike Price 42.50, May. 2023	Morgan Stanley	USD	31	134,230	10,850	4,688
Sale	Marvell Technology, Inc., Call Option, Strike Price 50.00, May. 2023	Morgan Stanley	USD	(31)	134,230	(2,604)	(1,149)
Purchase	Netflix, Inc., Call Option, Strike Price 350.00, Apr. 2023	Morgan Stanley	USD	7	241,836	11,795	1,622
Sale	Netflix, Inc., Call Option, Strike Price 400.00, Apr. 2023	Morgan Stanley	USD	(10)	345,480	(3,270)	(149)
Purchase	Shopify, Inc., Call Option, Strike Price 50.00, Jun. 2023	Morgan Stanley	USD	54	258,876	23,652	7,933
Sale	Shopify, Inc., Call Option, Strike Price 70.00, Jun. 2023	Morgan Stanley	USD	(54)	258,876	(2,214)	(667)
Sale	Shopify, Inc., Put Option, Strike Price 35.00, Jun. 2023	Morgan Stanley	USD	(54)	258,876	(4,968)	5,640
						26,380	(50,995)

Note 10 - Investment management fees

The Management Company receives from the Company a monthly investment management fee equivalent to a certain percentage per annum (as detailed below) of each Fund's average daily net assets during the accounting year. When Funds invest in other Franklin Templeton funds, a management fee is not applied to the amounts invested. The following percentages apply in respect of the different Funds as at March 31, 2023.

The Investment Managers will be remunerated by the Management Company out of the investment management fee received from the Company.

No management fee is payable by an investor on the acquisition of Class X and Class Y shares, instead a fee is paid to the Investment Manager or affiliates under a separate agreement.

	Class A	Class EB	Class EO	Class I	Class J	Class S	Class W
Franklin K2 ActusRay European Alpha UCITS Fund	1.45%	0.75%	1.00%	1.25%	–	–	1.25%
Franklin K2 Athena Risk Premia UCITS Fund	0.70%	0.30%	0.45%	0.60%	–	–	0.60%
Franklin K2 Bardin Hill Arbitrage UCITS Fund	1.45%	0.63%	0.75%	1.25%	–	Up to 1.25%	1.25%
Franklin K2 Cat Bond UCITS Fund	–	0.40%	0.55%	0.75%	–	–	–
Franklin K2 Chilton Equity Long Short UCITS Fund	1.40%	0.60%	0.75%	1.20%	–	Up to 1.20%	1.20%
Franklin K2 Electron Global UCITS Fund	1.45%	0.60%	0.75%	1.25%	Up to 1.25%	Up to 1.25%	1.25%
Franklin K2 Ellington Structured Credit UCITS Fund	1.40%	0.50%	0.65%	1.00%	–	Up to 1.00%	1.00%
Franklin K2 Wellington Technology Long Short UCITS Fund	1.40%	0.60%	0.75%	1.20%	–	–	1.20%

Note 11 - Performance fees

The Management Company may be entitled to receive from the net assets attributable to a Share Class an annual performance-based incentive fee (the "Performance Fee") which, if applicable, will be calculated and accrued daily and payable as of the end of each fiscal year.

Note 11 - Performance fees (continued)

The Performance Fee becomes due in the event of outperformance, that is, if the increase in the NAV during the relevant Performance Period (after deduction of any subscription and/or redemption fees levied) exceeds (i) the increase in the Target Benchmark over the same period and (ii) the applicable High Water Mark point as defined in the Prospectus.

If Shareholders redeem all or part of their Shares before the end of a Performance Period, any accrued Performance Fee with respect to such Shares will crystallise on that Dealing Day and will then become payable.

The following performance fees apply in respect of the PF shares as at March 31, 2023.

Fund and Share Classes	Fund currency	Performance fees	Performance fees (amount)	Percentage of average net assets	Target benchmark
Franklin K2 ActusRay European Alpha UCITS Fund¹					
A PF (acc) USD-H1 (hedged)	EUR	20.0%	235	–	N/A
EB PF (acc) EUR	EUR	20.0%	110,270	0.24%	N/A
EB PF (acc) USD-H1 (hedged)	EUR	20.0%	12,314	0.03%	N/A
EO PF (acc) EUR	EUR	20.0%	14,368	0.03%	N/A
EO PF (acc) USD-H1 (hedged)	EUR	20.0%	251	–	N/A
I PF (acc) EUR	EUR	20.0%	9	–	N/A
I PF (acc) USD-H1 (hedged)	EUR	20.0%	247	–	N/A
W PF (acc) USD-H1 (hedged)	EUR	20.0%	247	–	N/A
Franklin K2 Bardin Hill Arbitrage UCITS Fund					
A PF (acc) USD	USD	12.5%	139	–	N/A
EB PF (acc) EUR-H1 (hedged)	USD	10.0%	–	–	N/A
EB PF (acc) USD	USD	10.0%	42	–	N/A
EO PF (acc) EUR-H1 (hedged)	USD	20.0%	12,040	0.01%	N/A
EO PF (acc) USD	USD	20.0%	21,508	0.01%	N/A
I PF (acc) EUR*	USD	12.5%	131	–	N/A
I PF (acc) EUR-H1 (hedged)	USD	12.5%	4	–	N/A
I PF (acc) USD	USD	12.5%	24,695	0.01%	N/A
S PF (acc) USD*	USD	20.0%	1	–	N/A
S PF (acc) EUR-H1 (hedged)*	USD	20.0%	–	–	N/A
W PF (acc) USD	USD	12.5%	1	–	N/A
Franklin K2 Chilton Equity Long Short UCITS Fund					
A PF (acc) USD	USD	15.0%	–	–	N/A
EB PF (acc) EUR-H1 (hedged) ²	USD	15.0%	–	–	N/A
EB PF (acc) USD ²	USD	15.0%	–	–	N/A
EO PF (acc) EUR-H1 (hedged)	USD	20.0%	–	–	N/A
EO PF (acc) USD ²	USD	20.0%	–	–	N/A
I PF (acc) EUR-H1 (hedged)	USD	15.0%	–	–	N/A
I PF (acc) USD	USD	15.0%	–	–	N/A
S PF (acc) USD	USD	15.0%	–	–	N/A
S PF (acc) USD-H4E (BRL) (hedged)	USD	15.0%	–	–	N/A
W PF (acc) USD	USD	15.0%	–	–	N/A
Franklin K2 Electron Global UCITS Fund					
A PF (acc) EUR-H1 (hedged)*	USD	15.0%	–	–	N/A
A PF (acc) USD	USD	15.0%	7,574	–	N/A
EB PF (acc) EUR-H1 (hedged) ²	USD	10.0%	–	–	N/A
EB PF (acc) EUR-H2 (hedged)	USD	10.0%	339,770	0.17%	N/A
EO PF (acc) EUR-H1 (hedged) ²	USD	20.0%	92	–	N/A
EO PF (acc) EUR-H2 (hedged)	USD	20.0%	208,712	0.10%	N/A
EO PF (acc) USD	USD	20.0%	62,748	0.03%	N/A
I PF (acc) EUR-H1 (hedged)	USD	15.0%	69,171	0.03%	N/A
I PF (acc) EUR-H2 (hedged)	USD	15.0%	25,393	0.01%	N/A
I PF (acc) USD	USD	15.0%	68,364	0.03%	N/A
J PF (acc) EUR-H1 (hedged)	USD	18.0%	496,408	0.25%	Euro Short-term Rate
J PF (acc) USD	USD	18.0%	621,545	0.31%	Secured Overnight Financing Rate
J PF (Qdis) GBP-H1 (hedged)	USD	18.0%	557	–	Sterling Overnight Index Average
S PF (acc) USD-H4E (BRL) (hedged)	USD	15.0%	34,244	0.02%	N/A
W PF (acc) GBP-H1 (hedged)	USD	15.0%	9,226	–	N/A
W PF (acc) USD	USD	15.0%	2,763	–	N/A

Note 11 - Performance fees (continued)

Fund and Share Classes	Fund currency	Performance fees	Performance fees (amount)	Percentage of average net assets	Target benchmark
Franklin K2 Ellington Structured Credit UCITS Fund					
EB PF (acc) EUR-H1 (hedged)	USD	10.0%	–	–	N/A
EO PF (acc) EUR-H1 (hedged)	USD	15.0%	45	–	N/A
EO PF (acc) USD	USD	15.0%	9,287	0.03%	N/A
Franklin K2 EMSO Emerging Markets UCITS Fund^a					
A PF (acc) USD	USD	15.0%	–	–	N/A
EB PF (acc) EUR-H1 (hedged)	USD	15.0%	–	–	N/A
EB PF (acc) USD	USD	15.0%	–	–	N/A
EO PF (acc) EUR-H1 (hedged)	USD	15.0%	–	–	N/A
EO PF (acc) USD	USD	15.0%	–	–	N/A
I PF (acc) EUR-H1 (hedged)	USD	15.0%	–	–	N/A
I PF (acc) USD	USD	15.0%	–	–	N/A
Franklin K2 Wellington Technology Long Short UCITS Fund					
A PF (acc) USD	USD	15.0%	–	–	N/A
EB PF (acc) EUR-H1 (hedged) ^b	USD	12.5%	–	–	N/A
EB PF (acc) USD	USD	12.5%	–	–	N/A
EO PF (acc) EUR-H1 (hedged)	USD	20.0%	–	–	N/A
EO PF (acc) USD	USD	20.0%	–	–	N/A
I PF (acc) EUR-H1 (hedged)	USD	15.0%	–	–	N/A
I PF (acc) USD	USD	15.0%	–	–	N/A
I PF (acc) USD-H4 (BRL) (hedged)	USD	15.0%	–	–	N/A
W PF (acc) USD	USD	15.0%	–	–	N/A

* This fund/share class was launched during the year.

Ω This fund/share class was closed during the year.

Please refer Note 1 for fund changes.

Note 12 - Soft commission

Consistent with obtaining best execution, brokerage commissions on portfolio transactions for the Company may be directed by the Investment Managers to broker-dealers in recognition of research services furnished by them as well as for services rendered in the execution of orders by such broker-dealers.

The receipt of investment research and information and related services permits the Investment Managers to supplement their own research and analysis and makes available to them the views and information of individuals and research staffs of other firms.

Such services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payment, which are paid for directly by the Investment Managers.

Note 13 - Connected party transactions

Certain directors of the Company are or may also be officers and/or directors of the Management Company. All transactions with connected parties were entered into in the ordinary course of business and under normal commercial terms.

The investment management fees that are accrued by the Company in respect of the Management Company are detailed in note 10 to the financial statements.

There are no connected brokers in Franklin Templeton, and no transactions were entered into with connected brokers during the year ended March 31, 2023.

During the year ended March 31, 2023, the Company accrued administration and transfer agency fees and shares' maintenance and service charges in respect of Franklin Templeton International Services S.à r.l. as Management Company and Principal Distributor of the Funds.

Note 14 - Taxation

Under current tax laws and practice, the Company is not liable in the Grand Duchy of Luxembourg to any taxes on income or on realised or unrealised capital gains.

The Company is liable in the Grand Duchy of Luxembourg to a tax of 0.05% per annum, such tax being paid quarterly, and calculated on the net asset value of each Fund at the end of each relevant quarter. This tax is not applicable for the portion of the assets of a Fund invested in other undertakings for collective investment that have already been subject to such tax. A reduced tax rate of 0.01% may apply to Share Classes reserved for Institutional Investors.

Investment income received or capital gains realised by the Company may be subject to tax in the countries of origin. All liabilities in respect of taxes payable on unrealised capital gains on investments are provided for as soon as there is a reasonable certainty that a liability will crystallise.

No stamp duty or other tax is payable in the Grand Duchy of Luxembourg on the issue of shares in the Company.

The Company is registered for Value Added Tax in the Grand Duchy of Luxembourg and subject to account for Value Added Tax in accordance with current law.

Note 15 - Share classes

Class A shares: are offered for subscription to retail investors and will also be available to Institutional Investors. Purchases of Class A shares are subject to any entry charge of up to 5.75% and maintenance charge of up to 0.50% per annum of the applicable average net asset value is deducted and paid to the Principal Distributor. This charge is accrued daily and is deducted and paid monthly to the Principal Distributor.

Class EB shares: these "early bird" share classes are only offered to institutional investors who invest at Fund launch as more fully described in the current issuing document of the Company. Purchases of Class EB shares are not subject to any entry, maintenance or servicing charges.

Class EO shares: these "early bird open" share classes are only offered to institutional investors who invest at Fund launch or to institutional investors who entered into an advisory or investment management agreement with K2/D&S Management Co., L.L.C., the Management Company or its affiliates prior to Fund launch as more fully described in the current issuing document of the Company. Purchases of Class EB shares are not subject to any entry, maintenance or servicing charges.

Class I shares: are offered to institutional investors as more fully described in the current prospectus of the Company. Purchases of Class I shares are not subject to any entry, maintenance or servicing charges.

Class J shares: shall only be offered in limited circumstances by invitation to intermediaries, distributors, platforms and/or Brokers/Dealers as more fully described in the current prospectus of the Company. Purchases of Class J shares are not subject to any entry, maintenance or servicing charges.

Class S shares: shall only be offered in limited circumstances by invitation to intermediaries, distributors, platforms and/or Brokers/Dealers as more fully described in the current prospectus of the Company. Purchases of Class S shares are not subject to any entry, maintenance or servicing charges.

Class W shares: are offered through intermediaries, distributors, platforms and/or Brokers/Dealers as more fully described in the current prospectus of the Company. Intermediaries or distributors selling Class W Shares may apply their own selling charges, but which should not exceed 5.75%. Purchases of Class W shares are not subject to any entry, maintenance or servicing charges.

Class X shares: may only be offered to Institutional Investors, in certain limited circumstances, at the discretion of the Management Company or the Investment Manager and its affiliates as more fully described in the current prospectus of the Company. Purchases of Class X shares are not subject to any entry, maintenance or servicing charges.

Class Y shares: may only be offered to Institutional Investors, in certain limited circumstances, at the discretion of the Management Company and/or its affiliates as more fully described in the current prospectus of the Company. Purchases of Class Y shares are not subject to any entry, maintenance or servicing charges.

Note 15 - Share classes (continued)

Accumulating shares (acc): do not distribute any dividends but the income attributable is reflected in the increased value of the shares. All other terms and conditions are the same as those which apply to distributing share classes.

Distributing shares: may have different frequencies. (Mdis) share classes distribute monthly, (Qdis) share classes distribute quarterly and (Bdis) share classes distribute bi-annually.

Performance fee classes: are classes that are subject to performance fees and are denoted by the inclusion of "PF" in their names.

Hedged share classes: In respect of hedged share classes, the Company offers the following alternatives:

- H1: in order to reduce exchange rate fluctuations and return fluctuations, the base currency exposure of the fund is hedged into the hedged share class alternative currency.
- H2: a hedging strategy is applied in order to reduce the risk of currency movements between the currency of the hedged share class and other material currencies of the securities and cash held by the Fund.
- H4: where currency controls imposed by a country's monetary authority prevent free movement of currency ("Restricted Currency"), another hedging methodology is used. The share class is denominated in the base currency of the Fund but hedges the Fund's base currency into a specified Restricted Currency for investors in that Restricted Currency.

Note 16 - Expenses reimbursement

On a daily basis, for share classes where the expenses are capped, the level of expenses is calculated and compared to the cap and where the level of expenses is higher than the cap, this difference is booked as a decrease of expense (the "waiver fees"). The performance fees do not form part of the capped expenses. On a monthly basis the waiver fees are deducted from the fees received by Franklin Templeton International Services S.à r.l.

The amount of waiver fees is disclosed as "Expenses reimbursement" in the "Statement of Operations and Changes in Net Assets".

Note 17 - Statement of changes in the investment portfolio

A list, specifying for each Fund total purchases and sales transacted during the year under review, may be obtained, upon request, at the registered office of the Company.

Note 18 - Transaction costs

Transaction costs are costs incurred to acquire and dispose of financial assets or liabilities. They include fees and commissions paid to agents, brokers and dealers. During the year ended March 31, 2023, the Company incurred the following transaction costs:

Fund Name	Currency	Amount¹
Franklin K2 ActusRay European Alpha UCITS Fund	EUR	–
Franklin K2 Athena Risk Premia UCITS Fund	USD	9,149
Franklin K2 Bardin Hill Arbitrage UCITS Fund	USD	834,017
Franklin K2 Cat Bond UCITS Fund	USD	–
Franklin K2 Chilton Equity Long Short UCITS Fund	USD	19,482
Franklin K2 Electron Global UCITS Fund	USD	400,935
Franklin K2 Ellington Structured Credit UCITS Fund	USD	–
Franklin K2 EMSO Emerging Markets UCITS Fund ¹	USD	1,905
Franklin K2 Wellington Technology Long Short UCITS Fund	USD	27,438

¹This fund was closed on November 09, 2022

¹For debt securities and derivatives, transaction costs are not separately identifiable from the purchase price of the security and therefore cannot be disclosed separately.

Note 19 - Equalisation

The Funds use an accounting practice known as equalisation, by which a portion of the proceeds from issue and costs of redemption of shares, equivalent on a per share basis to the amount of undistributed investment income on the date of the transaction, is credited or charged to undistributed income which is disclosed as equalisation in the “Statement of Operations and Changes in Net Assets”. As a result, undistributed investment income per share is unaffected by issue or redemptions of shares. However, in respect of any Fund offering only Accumulation Shares, the Board of Directors reserve the right not to apply equalization.

Note 20 - Other Charges

Other expenses mainly consist of legal fees, registration & filing fees, paying agent fees, tax fees, Distribution fee and shareholders reporting fee.

Note 21 - Total Expense Ratio

The Total Expense Ratio (“TER”), expressed as a percentage, represents how the total annualised expenses of each share class relate to the average net assets of each share class for the year ended March 31, 2023. The total expenses comprise the investment management fees, the performance fees, the administration and transfer agency fees, the custodian fees and other expenses as summarised in the “Statement of Operations and Changes in Net Assets”.

For share classes launched during the year, the TER is annualised.

Note 22 - Global Credit facility

Effective February 3, 2023, the Company together with other European and U.S. registered investment funds managed by Franklin Templeton Investments (individually, “Borrower”; collectively, “Borrowers”), entered into a joint syndicated senior unsecured credit facility totalling USD 2,675 million (Global Credit Facility) to provide a source of funds to the Borrowers for temporary and emergency purposes, including the ability, to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Company will, in addition to interest charged on any borrowings made by the company and other costs incurred by the Company, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee based upon the unused portion of the Global Credit Facility.

During the financial year ended March 31, 2023, the Company did not use the Global Credit Facility.

Note 23 - Abbreviations

Countries

AUS	Australia	DEU	Germany	ITA	Italy	SGP	Singapore
BMD	Bermuda	DNK	Denmark	JPN	Japan	SP	Supranational
BRA	Brazil	FRA	France	KOR	Korea	SWE	Sweden
CAN	Canada	GBR	United Kingdom	MEX	Mexico	TWN	Taiwan
CHE	Switzerland	HKG	Hong Kong	NLD	Netherlands	USA	United States of America
CHN	China	IRL	Ireland	NOR	Norway		
CYM	Cayman Islands	ISR	Israel	NZL	New Zealand		

Currencies

AUD	Australian Dollar	EUR	Euro	MXN	Mexican Peso	USD	US Dollar
BRL	Brazilian Real	GBP	British Pound Sterling	NOK	Norwegian Krone	ZAR	South African Rand
CAD	Canadian Dollar	HKD	Hong Kong Dollar	NZD	New Zealand Dollar		
CHF	Swiss Franc	JPY	Japanese Yen	PLN	Polish Zloty		
DKK	Danish Krone	KRW	South Korean Won	SEK	Swedish Krona		

Note 24 - Additional Information

Until October 2, 2022, the registrar and transfer agency services were performed internally by the Management Company, Franklin Templeton International Services S.à r.l. Effective October 3, 2022, Virtus Partners Fund Services Luxembourg S.à r.l. has been appointed by the Management Company as the registrar and transfer agent of the Company.

Note 25 - Subsequent events

Franklin K2 Chilton Equity Long Short UCITS Fund closed on May 15, 2023.

Schedule of Investments, March 31, 2023

Franklin K2 Bardin Hill Arbitrage UCITS Fund

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING				
	SHARES				
	Aerospace & Defense				
106,620	Maxar Technologies, Inc.	USA	USD	5,444,017	3.47
				5,444,017	3.47
	Banks				
144,400	First Horizon Corp.	USA	USD	2,567,432	1.63
	Banco Santander Mexico SA Institucion de Banca Multiple Grupo				
71,526	Financiero Santander, ADR	MEX	USD	484,231	0.31
5,464	First Horizon Corp. Preference 6.5%	USA	USD	120,700	0.08
	Banco Santander Mexico SA Institucion de Banca Multiple Grupo				
72,558	Financiero Santander	MEX	MXN	98,046	0.06
				3,270,409	2.08
	Biotechnology				
84,751	Horizon Therapeutics plc	USA	USD	9,249,724	5.89
				9,249,724	5.89
	Capital Markets				
104,079	Focus Financial Partners, Inc. 'A'	USA	USD	5,398,578	3.44
173,856	Canaccord Genuity Group, Inc.	CAN	CAD	1,408,600	0.90
36,968	Churchill Capital Corp. VII 'A'	USA	USD	374,855	0.24
36,149	Khosla Ventures Acquisition Co.	USA	USD	366,551	0.23
13,855	Valor Latitude Acquisition Corp. 'A'	USA	USD	142,014	0.09
3,517	Churchill Capital Corp. VI 'A'	USA	USD	35,557	0.02
855	Apollo Strategic Growth Capital II	USA	USD	8,764	–
				7,734,919	4.92
	Chemicals				
35,331	Novozymes A/S 'B'	DNK	DKK	1,809,060	1.15
				1,809,060	1.15
	Consumer Staples Distribution & Retail				
77,935	Albertsons Cos., Inc. 'A'	USA	USD	1,619,489	1.03
				1,619,489	1.03
	Diversified Telecommunication Services				
290,009	Radius Global Infrastructure, Inc.	USA	USD	4,254,432	2.71
25,455	Vantage Towers AG	DEU	EUR	934,409	0.59
				5,188,841	3.30
	Electric Utilities				
519,962	Origin Energy Ltd.	AUS	AUD	2,895,713	1.84
				2,895,713	1.84
	Electronic Equipment, Instruments & Components				
168,913	Hollysys Automation Technologies Ltd.	CHN	USD	2,927,262	1.86
20,330	National Instruments Corp.	USA	USD	1,065,495	0.68
				3,992,757	2.54
	Energy Equipment & Services				
275,044	John Wood Group plc	GBR	GBP	680,989	0.43
				680,989	0.43
	Entertainment				
49,824	Activision Blizzard, Inc.	USA	USD	4,264,436	2.72
21,900	World Wrestling Entertainment, Inc. 'A'	USA	USD	1,998,594	1.27
86,467	Manchester United plc 'A'	GBR	USD	1,915,244	1.22
54,698	AMC Entertainment Holdings, Inc. Preference 0%	USA	USD	80,406	0.05
14,030	MGM Holdings, Inc.	USA	USD	64,363	0.04
				8,323,043	5.30
	Equity Real Estate Investment Trusts (REITs)				
74,465	Indus Realty Trust, Inc.	USA	USD	4,936,285	3.14
				4,936,285	3.14
	Financial Services				
2,990,885	Pushpay Holdings Ltd.	NZL	NZD	2,613,999	1.66
172,876	MoneyGram International, Inc.	USA	USD	1,801,368	1.15
				4,415,367	2.81

Franklin K2 Bardin Hill Arbitrage UCITS Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Food Products					
133,776	United Malt Group Ltd.	AUS	AUD	427,557	0.27
				<u>427,557</u>	<u>0.27</u>
Ground Transportation					
139,255	US Xpress Enterprises, Inc. 'A'	USA	USD	827,175	0.53
				<u>827,175</u>	<u>0.53</u>
Health Care Equipment & Supplies					
259,094	Apollo Endosurgery, Inc.	USA	USD	2,570,213	1.64
10,256	NuVasive, Inc.	USA	USD	423,675	0.27
				<u>2,993,888</u>	<u>1.91</u>
Health Care Providers & Services					
163,387	Synlab AG	DEU	EUR	1,700,841	1.08
22,884	Oak Street Health, Inc.	USA	USD	885,153	0.57
				<u>2,585,994</u>	<u>1.65</u>
Hotels, Restaurants & Leisure					
936,940	Autogrill SpA	ITA	EUR	6,711,785	4.27
289,502	F45 Training Holdings, Inc.	USA	USD	335,822	0.22
				<u>7,047,607</u>	<u>4.49</u>
Independent Power and Renewable Electricity Producers					
26,738	Energy Harbor Corp.	USA	USD	2,090,911	1.33
				<u>2,090,911</u>	<u>1.33</u>
Insurance					
64,632	Argo Group International Holdings Ltd.	USA	USD	1,893,071	1.21
				<u>1,893,071</u>	<u>1.21</u>
IT Services					
56,600	Vnet Group, Inc., ADR	CHN	USD	183,384	0.12
				<u>183,384</u>	<u>0.12</u>
Media					
263,961	Shaw Communications, Inc. 'B'	CAN	CAD	7,898,322	5.03
64,914	TEGNA, Inc.	USA	USD	1,097,696	0.70
29,904	Shaw Communications, Inc. 'B'	CAN	USD	894,429	0.57
485,614	Clear Channel Outdoor Holdings, Inc.	USA	USD	582,737	0.37
				<u>10,473,184</u>	<u>6.67</u>
Metals & Mining					
1,892,344	Yamana Gold, Inc.	CAN	USD	11,070,212	7.05
518,231	OZ Minerals Ltd.	AUS	AUD	9,759,708	6.21
190,304	Newcrest Mining Ltd.	AUS	USD	3,384,652	2.16
				<u>24,214,572</u>	<u>15.42</u>
Pharmaceuticals					
68,300	Provention Bio, Inc.	USA	USD	1,646,030	1.05
18,362	Amryt Pharma plc, ADR	GBR	USD	267,718	0.17
				<u>1,913,748</u>	<u>1.22</u>
Professional Services					
204,172	Atlas Technical Consultants, Inc.	USA	USD	2,488,857	1.58
				<u>2,488,857</u>	<u>1.58</u>
Semiconductors & Semiconductor Equipment					
40,434	Tower Semiconductor Ltd.	ISR	USD	1,717,232	1.09
6,600	Silicon Motion Technology Corp., ADR	TWN	USD	432,432	0.28
				<u>2,149,664</u>	<u>1.37</u>
Software					
443,614	Qualtrics International, Inc. 'A'	USA	USD	7,909,638	5.04
385,665	Momentive Global, Inc.	USA	USD	3,594,398	2.29
419,052	Cvent Holding Corp.	USA	USD	3,503,275	2.23
249,422	Sumo Logic, Inc.	USA	USD	2,988,075	1.90
69,642	Magnet Forensics, Inc.	CAN	CAD	2,277,085	1.45
1,102,296	Infomedia Ltd.	AUS	AUD	1,103,895	0.70
				<u>21,376,366</u>	<u>13.61</u>
Specialty Retail					
67,437	TravelCenters of America, Inc.	USA	USD	5,833,300	3.71
				<u>5,833,300</u>	<u>3.71</u>

Franklin K2 Bardin Hill Arbitrage UCITS Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
Trading Companies & Distributors					
106,468	Univar Solutions, Inc.	USA	USD	3,729,574	2.37
				<u>3,729,574</u>	<u>2.37</u>
				<u>149,789,465</u>	<u>95.36</u>
TOTAL SHARES					
WARRANTS					
Capital Markets					
30,385	Rosecliff Acquisition Corp. I 12/31/2027	USA	USD	2,738	0.01
20,228	Digital Transformation Opportunities Corp. 03/31/2028	USA	USD	1,448	—
5,341	Social Leverage Acquisition Corp. I 02/17/2028	USA	USD	601	—
6,201	Sustainable Development Acquisition I Corp. 12/31/2028	USA	USD	574	—
2,273	Jaws Mustang Acquisition Corp. 01/30/2026	USA	USD	247	—
4,618	Valor Latitude Acquisition Corp. 12/31/2028	USA	USD	184	—
828	RMG Acquisition Corp. III 12/31/2027	USA	USD	128	—
165	CC Neuberger Principal Holdings III 12/31/2027	USA	USD	34	—
				<u>5,954</u>	<u>0.01</u>
Electronic Equipment, Instruments & Components					
8,514	Movella Holdings, Inc. 12/31/2027	USA	USD	1,234	—
				<u>1,234</u>	<u>—</u>
IT Services					
2,095	Core Scientific, Inc. 01/19/2027	USA	USD	272	—
				<u>272</u>	<u>—</u>
Media					
106	Innovid Corp. 12/31/2027	ISR	USD	12	—
				<u>12</u>	<u>—</u>
				<u>7,472</u>	<u>0.01</u>
TOTAL WARRANTS					
BONDS					
Corporate Bonds					
3,000,000	Seaspan Corp., Reg. S, 144A 6.5% 04/29/2026	HKG	USD	3,028,050	1.93
				<u>3,028,050</u>	<u>1.93</u>
				<u>3,028,050</u>	<u>1.93</u>
TOTAL BONDS					
TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING					
				152,824,987	97.30
TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET					
BONDS					
Convertible Bonds					
1,712,000	Oak Street Health, Inc. 0% 03/15/2026	USA	USD	1,695,533	1.08
				<u>1,695,533</u>	<u>1.08</u>
				<u>1,695,533</u>	<u>1.08</u>
TOTAL BONDS					
TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET					
				1,695,533	1.08
TOTAL INVESTMENTS					
				<u>154,520,520</u>	<u>98.38</u>

Schedule of Investments, March 31, 2023

Franklin K2 Cat Bond UCITS Fund

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING				
	BONDS				
	Corporate Bonds				
3,525,000	Everglades Re II Ltd., 144A, FRN 10.392% 05/15/2028	BMD	USD	3,256,836	2.60
2,125,000	SD Re Ltd., 144A, FRN 14.086% 07/15/2030	BMD	USD	2,121,334	1.69
2,175,000	Northshore Re II Ltd., 144A, FRN 10.434% 01/08/2027	BMD	USD	2,094,362	1.67
1,975,000	Everglades Re II Ltd., 144A, FRN 11.052% 05/15/2028	BMD	USD	1,719,534	1.37
1,750,000	Acorn Re Ltd., 144A, FRN 7.232% 05/07/2025	BMD	USD	1,674,488	1.33
1,750,000	Tailwind RE Ltd., 144A, FRN 8.75% 04/07/2028	BMD	USD	1,603,700	1.28
1,500,000	Tailwind RE Ltd., 144A, FRN 11.093% 04/07/2028	BMD	USD	1,360,463	1.08
975,000	Everglades Re II Ltd., 144A, FRN 10.632% 05/15/2028	BMD	USD	899,218	0.72
900,000	Easton Re Pte. Ltd., 144A, FRN 9.262% 01/08/2027	SGP	USD	879,705	0.70
925,000	Herbie Re Ltd., 144A, FRN 11.414% 01/08/2025	BMD	USD	837,495	0.67
775,000	Titania RE Ltd., 144A, FRN 9.615% 06/21/2028	BMD	USD	718,444	0.57
750,000	Sanders RE II Ltd., 144A, FRN 16.441% 04/07/2025	BMD	USD	649,406	0.52
675,000	Wrigley Re Ltd., 144A, FRN 7.099% 07/08/2025	BMD	USD	646,819	0.52
750,000	Blue Halo Re Ltd., 144A, FRN 14.482% 02/24/2025	BMD	USD	568,125	0.45
525,000	Alamo Re II Pte. Ltd., 144A, FRN 10.234% 06/08/2027	SGP	USD	529,331	0.42
325,000	Kilimanjaro III Re Ltd., 144A, FRN 14.489% 12/19/2027	BMD	USD	309,229	0.25
200,000	Residential Reinsurance 2021 Ltd., 144A, FRN 7.341% 06/06/2028	CYM	USD	183,545	0.15
				20,052,034	15.99
	Supranational				
2,813,000	International Bank for Reconstruction & Development, 144A, FRN 11.574% 07/13/2024	SP	USD	2,769,328	2.21
1,850,000	International Bank for Reconstruction & Development, 144A, FRN 15.074% 07/13/2024	SP	USD	1,764,808	1.41
1,750,000	International Bank for Reconstruction & Development, 144A, FRN 9.625% 03/31/2026	SP	USD	1,757,685	1.40
1,250,000	International Bank for Reconstruction & Development, 144A, FRN 14.074% 06/13/2024	SP	USD	1,256,249	1.00
1,175,000	International Bank for Reconstruction & Development, 144A, FRN 8.574% 06/13/2024	SP	USD	1,173,061	0.93
				8,721,131	6.95
				28,773,165	22.94
	TOTAL BONDS				
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			28,773,165	22.94
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	BONDS				
	Corporate Bonds				
4,000,000	SD Re Ltd., 144A, FRN 13.586% 11/19/2031	BMD	USD	3,857,500	3.08
3,768,000	Cape Lookout Re Ltd., 144A, FRN 7.833% 03/22/2028	BMD	USD	3,580,071	2.85
3,575,000	Alamo Re Ltd., 144A, FRN 8.804% 06/07/2028	BMD	USD	3,480,620	2.78
3,250,000	Gateway Re Ltd., 144A, FRN 17.714% 02/24/2026	USA	USD	3,258,369	2.60
2,675,000	Sakura RE Ltd., 144A, FRN 8.486% 04/07/2029	BMD	USD	2,563,921	2.04
2,500,000	Long Point Re IV Ltd., 144A, FRN 9.031% 06/01/2026	CYM	USD	2,463,813	1.96
2,250,000	Ursa Re II Ltd., 144A, FRN 11.779% 12/06/2025	BMD	USD	2,268,619	1.81
2,250,000	Phoenician Re Ltd., 144A, FRN 7.63% 12/14/2024	BMD	USD	2,134,463	1.70
1,825,000	Torrey Pines Re Pte. Ltd., 144A, FRN 8.702% 06/07/2029	BMD	USD	1,781,839	1.42
1,800,000	Ursa Re II Ltd., 144A, FRN 8.716% 12/07/2027	BMD	USD	1,774,215	1.41
1,750,000	Hypatia Ltd., 144A, FRN 9.5% 04/08/2030	BMD	USD	1,756,387	1.40
1,750,000	Locke Tavern Re Ltd., 144A, FRN 4.75% 04/09/2026	BMD	USD	1,756,388	1.40
1,775,000	Torrey Pines Re Pte. Ltd., 144A, FRN 9.552% 06/07/2029	BMD	USD	1,715,848	1.37
1,750,000	Nakama Re Pte. Ltd., 144A, FRN 7.153% 10/13/2026	SGP	USD	1,671,556	1.33
1,750,000	Black Kite Re Ltd., 144A, FRN 11.741% 06/09/2025	HKG	USD	1,662,106	1.33
1,675,000	Kendall Re Ltd., 144A, FRN 8.636% 05/02/2028	BMD	USD	1,557,666	1.24
1,500,000	Residential Reinsurance 2022 Ltd., 144A, FRN 11.841% 12/06/2029	CYM	USD	1,497,450	1.19
1,500,000	Ursa Re II Ltd., 144A, FRN 9.776% 06/16/2025	BMD	USD	1,443,000	1.15
1,500,000	Cape Lookout Re Ltd., 144A, FRN 9.613% 03/28/2029	BMD	USD	1,419,637	1.13
1,500,000	Gateway Re Ltd., 144A, FRN 13.232% 05/12/2025	USA	USD	1,400,400	1.12
1,500,000	Atlas Capital Reinsurance 2022 DAC, 144A, FRN 14.339% 06/06/2028	IRL	USD	1,391,587	1.11
1,250,000	Ursa Re II Ltd., 144A, FRN 15.029% 12/06/2025	BMD	USD	1,270,281	1.01
1,250,000	Lightning Re, 144A, FRN 15.43% 03/31/2030	USA	USD	1,254,062	1.00

Franklin K2 Cat Bond UCITS Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
1,250,000	Everglades Re II Ltd., 144A, FRN 12.482% 05/19/2025	BMD	USD	1,182,281	0.94
1,000,000	Ursa Re II Ltd., 144A, FRN 11.086% 12/07/2027	BMD	USD	993,625	0.79
1,000,000	Commonwealth RE Ltd., 144A, FRN 8.138% 07/08/2025	BMD	USD	967,475	0.77
1,000,000	Alamo Re Ltd., 144A, FRN 11.982% 06/07/2025	BMD	USD	950,525	0.76
1,000,000	Matterhorn Re Ltd., 144A, FRN 10.075% 03/24/2025	BMD	USD	887,575	0.71
750,000	Mona Lisa Re Ltd., 144A, FRN 17.184% 01/08/2030	BMD	USD	747,900	0.60
750,000	Torrey Pines Re Ltd., 144A, FRN 9.782% 06/06/2025	BMD	USD	734,438	0.59
750,000	Catahoula II Re Pte. Ltd., 144A, FRN 9.5% 06/16/2025	SGP	USD	686,119	0.55
675,000	Kendall Re Ltd., 144A, FRN 10.876% 05/02/2028	BMD	USD	631,581	0.50
675,000	Sussex Capital UK Pcc Ltd., 144A, FRN 12.759% 01/08/2028	GBR	USD	620,342	0.49
750,000	Hestia Re Ltd., 144A, FRN 14.184% 04/22/2025	BMD	USD	618,750	0.49
675,000	Herbie Re Ltd., 144A, FRN 13.814% 07/08/2027	BMD	USD	618,047	0.49
500,000	Veraison Re Ltd., 144A, FRN 7.397% 03/10/2031	BMD	USD	501,500	0.40
500,000	Sakura RE Ltd., 144A, FRN 18.121% 01/06/2030	BMD	USD	500,250	0.40
500,000	Topanga Re Ltd., 144A, FRN 16.8% 01/08/2028	BMD	USD	449,075	0.36
425,000	Sierra Ltd., 144A, FRN 7.432% 01/31/2025	BMD	USD	416,553	0.33
425,000	Everglades Re II Ltd., 144A, FRN 11.226% 05/04/2027	BMD	USD	407,904	0.33
325,000	Sierra Ltd., 144A, FRN 9.482% 01/31/2025	BMD	USD	316,412	0.25
250,000	SD Re Ltd., 144A, FRN 13.086% 11/19/2031	BMD	USD	238,088	0.19
200,000	Hypatia Ltd., 144A, FRN 12.107% 06/07/2023	BMD	USD	201,355	0.16
200,000	Blue Halo Re Ltd., 144A, FRN 17.982% 06/29/2026	BMD	USD	196,775	0.16
37,544	Frontline Re Ltd., 144A, FRN 4.876% 07/06/2026	BMD	USD	26,656	0.02
20,000	FloodSmart Re Ltd., 144A, FRN 19.693% 02/27/2026	BMD	USD	13,250	0.01
209,000	Pelican IV Re Ltd., 144A, FRN 10.294% 05/07/2027	BMD	USD	3,673	—
				<u>59,869,947</u>	<u>47.72</u>
	TOTAL BONDS			<u>59,869,947</u>	<u>47.72</u>
	TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET			<u>59,869,947</u>	<u>47.72</u>
	TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET				
	BONDS				
	Corporate Bonds				
10,938	Putnam Re Pte. Ltd., 144A, FRN 10.19% 06/07/2028 §**	USA	USD	—	—
				<u>—</u>	<u>—</u>
	TOTAL BONDS			<u>—</u>	<u>—</u>
	TOTAL TRANSFERABLE SECURITIES NOT ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING NOR DEALT IN ON ANOTHER REGULATED MARKET			<u>—</u>	<u>—</u>
	TOTAL INVESTMENTS			<u>88,643,112</u>	<u>70.66</u>

§ These Bonds are currently in default

** These securities are submitted to a Fair Valuation

Schedule of Investments, March 31, 2023

Franklin K2 Chilton Equity Long Short UCITS Fund

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING				
	SHARES				
	Automobiles				
163	BYD Co. Ltd., ADR	CHN	USD	9,591	0.37
				<u>9,591</u>	<u>0.37</u>
	Beverages				
380	PepsiCo, Inc.	USA	USD	69,274	2.67
982	Monster Beverage Corp.	USA	USD	53,038	2.04
				<u>122,312</u>	<u>4.71</u>
	Capital Markets				
198	Moody's Corp.	USA	USD	60,592	2.34
232	Morgan Stanley	USA	USD	20,370	0.78
116	Raymond James Financial, Inc.	USA	USD	10,819	0.42
				<u>91,781</u>	<u>3.54</u>
	Chemicals				
560	Sherwin-Williams Co. (The)	USA	USD	125,871	4.85
				<u>125,871</u>	<u>4.85</u>
	Consumer Staples Distribution & Retail				
818	Kroger Co. (The)	USA	USD	40,385	1.56
				<u>40,385</u>	<u>1.56</u>
	Distributors				
269	Pool Corp.	USA	USD	92,116	3.55
				<u>92,116</u>	<u>3.55</u>
	Financial Services				
207	Mastercard, Inc. 'A'	USA	USD	75,226	2.90
				<u>75,226</u>	<u>2.90</u>
	Food Products				
209	Hershey Co. (The)	USA	USD	53,172	2.05
3	Chocoladefabriken Lindt & Spruengli AG	CHE	CHF	35,432	1.37
				<u>88,604</u>	<u>3.42</u>
	Ground Transportation				
1,599	Canadian Pacific Railway Ltd.	CAN	USD	123,027	4.74
3,577	CSX Corp.	USA	USD	107,096	4.13
436	Union Pacific Corp.	USA	USD	87,749	3.38
				<u>317,872</u>	<u>12.25</u>
	Household Durables				
805	Skyline Champion Corp.	USA	USD	60,560	2.33
				<u>60,560</u>	<u>2.33</u>
	Insurance				
315	Aon plc 'A'	USA	USD	99,316	3.83
919	WR Berkley Corp.	USA	USD	57,217	2.20
				<u>156,533</u>	<u>6.03</u>
	Life Sciences Tools & Services				
150	Mettler-Toledo International, Inc.	USA	USD	229,531	8.85
88	Thermo Fisher Scientific, Inc.	USA	USD	50,721	1.95
				<u>280,252</u>	<u>10.80</u>
	Oil, Gas & Consumable Fuels				
1,470	Occidental Petroleum Corp.	USA	USD	91,772	3.54
				<u>91,772</u>	<u>3.54</u>
	Personal Care Products				
271	L'Oreal SA	FRA	EUR	121,094	4.67
				<u>121,094</u>	<u>4.67</u>
	Professional Services				
71	Booz Allen Hamilton Holding Corp.	USA	USD	6,581	0.25
				<u>6,581</u>	<u>0.25</u>
	Software				
637	Microsoft Corp.	USA	USD	183,647	7.08
				<u>183,647</u>	<u>7.08</u>

Franklin K2 Chilton Equity Long Short UCITS Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	Specialty Retail				
46	Murphy USA, Inc.	USA	USD	11,871	0.46
774	Lands' End, Inc.	USA	USD	7,523	0.29
				<u>19,394</u>	<u>0.75</u>
	Textiles, Apparel & Luxury Goods				
40	Hermes International	FRA	EUR	81,010	3.12
				<u>81,010</u>	<u>3.12</u>
	TOTAL SHARES			<u>1,964,601</u>	<u>75.72</u>
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			1,964,601	75.72
	TOTAL INVESTMENTS			<u>1,964,601</u>	<u>75.72</u>

Schedule of Investments, March 31, 2023

Franklin K2 Electron Global UCITS Fund

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING				
	SHARES				
	Automobile Components				
11,815	Autoliv, Inc.	SWE	USD	1,103,048	0.48
				<u>1,103,048</u>	<u>0.48</u>
	Automobiles				
218,745	XPeng, Inc., ADR	CHN	USD	2,430,257	1.05
				<u>2,430,257</u>	<u>1.05</u>
	Construction & Engineering				
139,471	MasTec, Inc.	USA	USD	13,171,641	5.68
66,950	Quanta Services, Inc.	USA	USD	11,156,548	4.81
				<u>24,328,189</u>	<u>10.49</u>
	Electric Utilities				
167,198	Constellation Energy Corp.	USA	USD	13,125,043	5.66
139,504	NextEra Energy, Inc.	USA	USD	10,752,968	4.63
106,352	Edison International	USA	USD	7,507,388	3.24
370,387	PG&E Corp.	USA	USD	5,989,158	2.58
				<u>37,374,557</u>	<u>16.11</u>
	Electrical Equipment				
402,613	Array Technologies, Inc.	USA	USD	8,809,172	3.80
212,998	Fluence Energy, Inc.	USA	USD	4,313,210	1.86
53,238	NEXTracker, Inc. 'A'	USA	USD	1,930,410	0.83
179,312	FREYR Battery SA	NOR	USD	1,594,084	0.69
89,277	Enovix Corp.	USA	USD	1,331,120	0.57
43,486	Sunrun, Inc.	USA	USD	876,243	0.38
				<u>18,854,239</u>	<u>8.13</u>
	Independent Power and Renewable Electricity Producers				
798,155	AES Corp. (The)	USA	USD	19,219,572	8.29
60,372	NextEra Energy Partners LP	USA	USD	3,667,599	1.58
206,787	Sunnova Energy International, Inc.	USA	USD	3,230,013	1.39
				<u>26,117,184</u>	<u>11.26</u>
	Industrial Conglomerates				
137,941	General Electric Co.	USA	USD	13,187,160	5.69
				<u>13,187,160</u>	<u>5.69</u>
	IT Services				
139,496	GDS Holdings Ltd., ADR	CHN	USD	2,602,995	1.12
				<u>2,602,995</u>	<u>1.12</u>
	Machinery				
45,525	FANUC Corp.	JPN	JPY	1,644,008	0.71
				<u>1,644,008</u>	<u>0.71</u>
	Multi-Utilities				
151,933	Dominion Energy, Inc.	USA	USD	8,494,574	3.66
				<u>8,494,574</u>	<u>3.66</u>
	Oil, Gas & Consumable Fuels				
240,377	Tellurian, Inc.	USA	USD	295,664	0.13
				<u>295,664</u>	<u>0.13</u>
	Semiconductors & Semiconductor Equipment				
9,653	SolarEdge Technologies, Inc.	USA	USD	2,934,029	1.26
				<u>2,934,029</u>	<u>1.26</u>
	Trading Companies & Distributors				
30,290	Herc Holdings, Inc.	USA	USD	3,450,031	1.49
				<u>3,450,031</u>	<u>1.49</u>
	TOTAL SHARES			<u>142,815,935</u>	<u>61.58</u>
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			<u>142,815,935</u>	<u>61.58</u>
	TOTAL INVESTMENTS			<u>142,815,935</u>	<u>61.58</u>

Schedule of Investments, March 31, 2023

Franklin K2 Ellington Structured Credit UCITS Fund

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
	TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET				
	BONDS				
	Asset-Backed Securities				
2,800,000	JFIN CLO 2012 Ltd, Series 2012-1A, 144A, FRN 11.258% 07/20/2028	CYM	USD	2,747,634	8.32
2,000,000	NLY Commercial Mortgage Trust, Series 2019-FL2, 144A, FRN 7.034% 02/15/2036	USA	USD	1,942,913	5.88
2,120,153	Bayview Financial Acquisition Trust, Series 2006-D, FRN 5.431% 12/28/2036	USA	USD	1,615,089	4.89
1,550,000	LoanCore Issuer Ltd., Series 2018-CRE1, 144A, FRN 7.634% 05/15/2028	CYM	USD	1,493,832	4.52
1,500,000	FHLMC STACR, Series 2019-HQA3, 144A, FRN 7.845% 09/25/2049	USA	USD	1,466,332	4.44
1,427,384	Citigroup Mortgage Loan Trust, Series 2015-RP2, 144A 4.25% 01/25/2053	USA	USD	1,155,835	3.50
926,802	RALI Trust, Series 2007-QO3, FRN 5.245% 03/25/2047	USA	USD	1,146,109	3.47
1,090,000	Connecticut Avenue Securities Trust, Series 2019-R03, 144A, FRN 8.945% 09/25/2031	USA	USD	1,115,616	3.38
1,479,995	Impac Secured Assets Trust, Series 2006-3, FRN 5.385% 11/25/2036	USA	USD	1,094,268	3.31
1,000,000	STACR Trust, Series 2018-DNA3, 144A, FRN 12.595% 09/25/2048	USA	USD	1,028,939	3.11
810,000	Polo Funding plc, Series 2021-1, Reg. S, FRN 7.328% 09/26/2046	GBR	GBP	992,946	3.01
969,949	Preferred Residential Securities 06-1 plc, Series 2006-1X, Reg. S, FRN 3.907% 12/15/2043	GBR	EUR	979,818	2.97
940,000	TRTX Issuer Ltd., Series 2019-FL3, 144A, FRN 7.308% 10/15/2034	CYM	USD	880,549	2.67
591,511	First Franklin Mortgage Loan Trust, Series 2003-FF1, FRN 7.47% 03/25/2033	USA	USD	833,912	2.52
858,081	IndyMac INDA Mortgage Loan Trust, Series 2007-AR4, FRN 3.853% 08/25/2037	USA	USD	698,225	2.11
432,281	Bear Stearns Asset-Backed Securities I Trust, Series 2007-HE3, FRN 5.065% 04/25/2037	USA	USD	668,881	2.02
553,180	J.P. Morgan Mortgage Trust, Series 2004-A6, FRN 3.528% 12/25/2034	USA	USD	422,991	1.28
380,869	J.P. Morgan Mortgage Trust, Series 2006-A5, FRN 3.702% 08/25/2036	USA	USD	318,365	0.96
317,028	Impac Secured Assets CMN Owner Trust, Series 2004-1 5.537% 03/25/2034	USA	USD	287,025	0.87
377,663	CHL Mortgage Pass-Through Trust, Series 2003-53, FRN 4.129% 02/19/2034	USA	USD	282,516	0.86
295,484	Bayview Financial Revolving Asset Trust, Series 2005-A, 144A, FRN 7.631% 02/28/2040	USA	USD	270,273	0.82
191,307	Banc of America Funding Trust, Series 2004-A, FRN 4.151% 09/20/2034	USA	USD	169,537	0.51
220,454	Alternative Loan Trust Resecuritization, Series 2006-22R 6.25% 05/25/2036	USA	USD	132,391	0.40
229,733	Citigroup Global Markets Mortgage Securities VII, Inc., Series 1998- AQ1 7% 06/25/2028	USA	USD	126,957	0.38
153,929	Citigroup Mortgage Loan Trust, Series 2015-RP2, 144A 0% 01/25/2053	USA	USD	53,686	0.16
62,800	RALI Trust, Series 2005-QA7, FRN 3.88% 07/25/2035	USA	USD	48,138	0.15
76,418	Morgan Stanley Mortgage Loan Trust, Series 2005-6AR, FRN 3.818% 11/25/2035	USA	USD	47,911	0.14
46,647	Countrywide, Series 2002-3, FRN 5.585% 05/25/2032	USA	USD	46,335	0.14
45,513	WaMu Mortgage-Backed Pass-Through Certificates Trust, Series 2006-AR6, FRN 3.737% 08/25/2036	USA	USD	38,077	0.12
2,722,062	Citigroup Mortgage Loan Trust, Series 2015-RP2, 144A, FRN 0.757% 01/25/2053	USA	USD	36,300	0.11
47,136	Alternative Loan Trust, Series 2004-J8 0% 09/25/2034	USA	USD	32,015	0.10
38,035	BCAP LLC Trust, Series 2008-RR2, 144A 5.5% 11/25/2034	USA	USD	31,627	0.10
22,587	Merrill Lynch Bank Mortgage Loan Trust, Series 2002-3, 144A, FRN 5.884% 04/15/2026	USA	USD	22,102	0.07
21,557	CSFB Mortgage-Backed Pass-Through Certificates Trust, Series 2003-AR30, FRN 3.877% 01/25/2034	USA	USD	15,485	0.05

Franklin K2 Ellington Structured Credit UCITS Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
9,432	Impac CMB Trust, Series 2005-6, FRN 5.97% 10/25/2035	USA	USD	9,860	0.03
	TOTAL BONDS			<u>22,252,489</u>	<u>67.37</u>
	TOTAL TRANSFERABLE SECURITIES DEALT IN ON ANOTHER REGULATED MARKET			<u>22,252,489</u>	<u>67.37</u>
	TOTAL INVESTMENTS			<u>22,252,489</u>	<u>67.37</u>

Schedule of Investments, March 31, 2023

Franklin K2 Wellington Technology Long Short UCITS Fund

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING					
SHARES					
Broadline Retail					
1,762	Etsy, Inc.	USA	USD	196,163	0.83
10,452	Coupang, Inc.	KOR	USD	167,232	0.71
98	MercadoLibre, Inc.	BRA	USD	129,170	0.54
				<u>492,565</u>	<u>2.08</u>
Communications Equipment					
899	Ciena Corp.	USA	USD	47,215	0.20
				<u>47,215</u>	<u>0.20</u>
Entertainment					
1,136	Netflix, Inc.	USA	USD	392,465	1.66
631	Activision Blizzard, Inc.	USA	USD	54,007	0.23
367	Spotify Technology SA	USA	USD	49,039	0.21
				<u>495,511</u>	<u>2.10</u>
Financial Services					
11,105	Block, Inc.	USA	USD	762,358	3.22
2,682	WEX, Inc.	USA	USD	493,193	2.09
660	Mastercard, Inc. 'A'	USA	USD	239,851	1.01
13,647	Wise plc 'A'	GBR	GBP	91,615	0.39
226	FleetCor Technologies, Inc.	USA	USD	47,652	0.20
20	Adyen NV, Reg. S, 144A	NLD	EUR	31,869	0.14
				<u>1,666,538</u>	<u>7.05</u>
Ground Transportation					
16,938	Uber Technologies, Inc.	USA	USD	536,935	2.27
				<u>536,935</u>	<u>2.27</u>
Health Care Technology					
932	Veeva Systems, Inc. 'A'	USA	USD	171,292	0.72
				<u>171,292</u>	<u>0.72</u>
Hotels, Restaurants & Leisure					
11	Airbnb, Inc. 'A'	USA	USD	1,368	0.01
				<u>1,368</u>	<u>0.01</u>
Household Durables					
2,000	Nikon Corp.	JPN	JPY	20,532	0.09
				<u>20,532</u>	<u>0.09</u>
Insurance					
14,504	Trupanion, Inc.	USA	USD	622,077	2.63
				<u>622,077</u>	<u>2.63</u>
Interactive Media & Services					
2,167	Meta Platforms, Inc. 'A'	USA	USD	459,274	1.94
11,262	Bumble, Inc. 'A'	USA	USD	220,172	0.93
6,018	Pinterest, Inc. 'A'	USA	USD	164,111	0.69
876	Alphabet, Inc. 'C'	USA	USD	91,104	0.39
				<u>934,661</u>	<u>3.95</u>
IT Services					
3,004	VeriSign, Inc.	USA	USD	634,835	2.68
2,478	Okta, Inc.	USA	USD	213,703	0.90
585	MongoDB, Inc.	USA	USD	136,375	0.58
3,022	Squarespace, Inc. 'A'	USA	USD	96,009	0.41
1,111	Shopify, Inc. 'A'	CAN	USD	53,262	0.23
				<u>1,134,184</u>	<u>4.80</u>
Semiconductors & Semiconductor Equipment					
9,622	Advanced Micro Devices, Inc.	USA	USD	943,052	3.99
6,440	ON Semiconductor Corp.	USA	USD	530,141	2.24
617	Lam Research Corp.	USA	USD	327,084	1.38
1,020	NVIDIA Corp.	USA	USD	283,325	1.20
575	Skyworks Solutions, Inc.	USA	USD	67,839	0.29
1,641	Infineon Technologies AG	DEU	EUR	67,388	0.28
1,218	Rambus, Inc.	USA	USD	62,435	0.26

Franklin K2 Wellington Technology Long Short UCITS Fund (continued)

(Currency - USD)

Number of shares or face value	Description	Country code	Trading currency	Market value	% of net assets
352	Nova Ltd.	ISR	USD	36,773	0.16
300	Tokyo Electron Ltd.	JPN	JPY	36,650	0.15
301	Ulvac, Inc.	JPN	JPY	13,149	0.06
				2,367,836	10.01
	Software				
2,010	HubSpot, Inc.	USA	USD	861,788	3.64
14,956	Dynatrace, Inc.	USA	USD	632,639	2.68
3,640	Atlassian Corp. 'A'	USA	USD	623,059	2.64
1,757	Microsoft Corp.	USA	USD	506,543	2.14
2,352	Datadog, Inc. 'A'	USA	USD	170,896	0.72
1,423	Splunk, Inc.	USA	USD	136,437	0.58
904	Ceridian HCM Holding, Inc.	USA	USD	66,191	0.28
311	Palo Alto Networks, Inc.	USA	USD	62,119	0.26
				3,059,672	12.94
	TOTAL SHARES			11,550,386	48.85
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL STOCK EXCHANGE LISTING			11,550,386	48.85
	TOTAL INVESTMENTS			11,550,386	48.85

Additional Information - Unaudited

Investment Manager

K2/D&S MANAGEMENT CO., LLC
300 Atlantic Street, 12th Floor
Stamford, CT 06901, U.S.A.

Sub-Investment Managers

ACTUSRAYPARTNERS LIMITED
Room 3, 42/F Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

CHILTON INVESTMENT COMPANY, INC. (Previously known as CHILTON INVESTMENT COMPANY, LLC effective name change April 30, 2022)

1290 East Main Street
Stamford, CT 06902, U.S.A.

WELLINGTON MANAGEMENT COMPANY, LLP

280 Congress Street
Boston, MA 02210, U.S.A.

ELECTRON CAPITAL PARTNERS, LLC

10 East 53rd Street, 19th Floor
New York, NY 10022, U.S.A.

ELLINGTON GLOBAL ASSET MANAGEMENT, LLC

53 Forest Avenue
Old Greenwich, CT 06870, U.S.A.

BARDIN HILL ARBITRAGE UCITS MANAGEMENT LP

477 Madison Avenue, 8th Floor
New York, NY 10022, U.S.A.

EMSO ASSET MANAGEMENT LIMITED

Iron Trades House, 21 Grosvenor Place
London SW1X 7HN, United Kingdom.

Investment Managers per Fund as at March 31, 2023

Franklin K2 ActusRay European Alpha UCITS Fund

Investment Manager
K2/D&S MANAGEMENT CO., LLC
Sub-Investment Manager
ACTUSRAYPARTNERS LIMITED

Franklin K2 Athena Risk Premia UCITS Fund

Investment Manager
K2/D&S MANAGEMENT CO., LLC

Franklin K2 Bardin Hill Arbitrage UCITS Fund

Investment Manager
K2/D&S MANAGEMENT CO., LLC
Sub-Investment Manager
BARDIN HILL ARBITRAGE UCITS MANAGEMENT L.P.(Previously BARDIN HILL INVESTMENT PARTNERS L.P.)

Franklin K2 Cat Bond UCITS Fund

Investment Manager
K2/D&S MANAGEMENT CO., LLC

Franklin K2 Chilton Equity Long Short UCITS Fund

Investment Manager
K2/D&S MANAGEMENT CO., LLC
Sub-Investment Manager
CHILTON INVESTMENT COMPANY, INC.

Franklin K2 Electron Global UCITS Fund

Investment Manager
K2/D&S MANAGEMENT CO., LLC
Sub-Investment Manager
ELECTRON CAPITAL PARTNERS, LLC

Franklin K2 Ellington Structured Credit UCITS Fund

Investment Manager
K2/D&S MANAGEMENT CO., LLC
Sub-Investment Manager
ELLINGTON GLOBAL ASSET MANAGEMENT, LLC

Franklin K2 EMSO Emerging Markets UCITS Fund (Liquidated on 9 November 2022)

Investment Manager
K2/D&S MANAGEMENT CO., LLC
Sub-Investment Manager
EMSO ASSET MANAGEMENT LIMITED

Franklin K2 Wellington Technology Long Short UCITS Fund

Investment Manager
K2/D&S MANAGEMENT CO., LLC
Sub-Investment Manager
WELLINGTON MANAGEMENT COMPANY, LLP

Calculation Method of the Risk Exposure

Global exposure using the VaR approach

Fund	Market risk	Limit	Regulatory VaR limit utilisation			Reference portfolio	Model type	Confidence Interval	Holding period	Observation period	Leverage*
			Lowest	Highest	Average						
Franklin K2 ActusRay European Alpha UCITS Fund	Absolute VaR	20% (or 0.2X)	22.22%	38.50%	30.15%	N/A	Monte Carlo Simulation (Hedgemark)	99th Percentile	20-Day	12 December 2022 to 31 March 2023	328.62%
Franklin K2 Athena Risk Premia UCITS Fund	Absolute VaR	20% (or 0.2X)	6.04%	36.36%	13.31%	N/A	Monte Carlo Simulation (Hedgemark)	99th Percentile	20-Day	1 April 2022 to 31 March 2023	151.75%
Franklin K2 Bardin Hill Arbitrage UCITS Fund	Absolute VaR	20% (or 0.2X)	25.88%	95.06%	43.58%	N/A	Monte Carlo Simulation (Hedgemark)	99th Percentile	20-Day	1 April 2022 to 31 March 2023	59.31%
Franklin K2 Chilton Equity Long Short UCITS Fund	Absolute VaR	20% (or 0.2X)	19.53%	77.75%	43.41%	N/A	Monte Carlo Simulation (Hedgemark)	99th Percentile	20-Day	1 April 2022 to 31 March 2023	97.47%
Franklin K2 Electron Global UCITS Fund	Absolute VaR	20% (or 0.2X)	26.66%	78.16%	44.03%	N/A	Monte Carlo Simulation (Hedgemark)	99th Percentile	20-Day	1 April 2022 to 31 March 2023	59.03%
Franklin K2 Ellington Structured Credit UCITS Fund	Absolute VaR	20% (or 0.2X)	11.04%	56.85%	29.24%	N/A	Monte Carlo Simulation (Hedgemark)	99th Percentile	20-Day	1 April 2022 to 31 March 2023	33.30%
Franklin K2 Wellington Technology Long Short UCITS Fund	Absolute VaR	20% (or 0.2X)	30.56%	82.70%	55.81%	N/A	Monte Carlo Simulation (Hedgemark)	99th Percentile	20-Day	1 April 2022 to 31 March 2023	159.45%

*The level of leverage calculation method used is the sum of notional approach in line with CSSF Circular 11/512

Securities Financing Transactions (SFTs) and Total Return Swaps (TRS)

The Company engages in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions) through its exposure on total return swap contracts during the period, in accordance with Article 13 of Regulation. Information on total return swaps are detailed below.

Global data

Fund	Fund Currency	Gross Volume of TRS ¹	Total TRS in % of net assets
Franklin K2 Athena Risk Premia UCITS Fund	USD	1,966,588	1.75%
Franklin K2 Wellington Technology Long Short UCITS Fund	USD	2,123,191	8.98%

⁽¹⁾ absolute value of the unrealised gains/(losses)

Total return swaps, ten largest counterparties

Fund	Fund Currency	Counterparties	Gross Volume of TRS ¹ in Fund currency
Franklin K2 Athena Risk Premia UCITS Fund	USD	Citibank	5,26,559
Franklin K2 Athena Risk Premia UCITS Fund	USD	Citigroup	2,439
Franklin K2 Athena Risk Premia UCITS Fund	USD	Deutsche Bank	1,377,769
Franklin K2 Athena Risk Premia UCITS Fund	USD	J.P. Morgan	59,821
Franklin K2 Wellington Technology Long Short UCITS Fund	USD	J.P. Morgan	378,851
Franklin K2 Wellington Technology Long Short UCITS Fund	USD	Morgan Stanley	1,744,340

⁽¹⁾ absolute value of the unrealised gains/(losses)

When the fund have more than ten counterparties, only the ten largest counterparties would be disclosed based on exposure.

Aggregate Transaction Data

Total return swaps, maturity tenor and country of incorporation

Fund	Fund Currency	Maturity	Country of incorporation of the Counterparty	Gross Volume of TRS ¹ in Fund currency
Franklin K2 Athena Risk Premia UCITS Fund	USD	1 to 3 months	United States of America	59,821
Franklin K2 Athena Risk Premia UCITS Fund	USD	3 to 12 months	United States of America	1,906,767
Franklin K2 Wellington Technology Long Short UCITS Fund	USD	more than 1 year	European Union	19,781
Franklin K2 Wellington Technology Long Short UCITS Fund	USD	more than 1 year	Japan	25,682
Franklin K2 Wellington Technology Long Short UCITS Fund	USD	more than 1 year	United States of America	2,077,728

⁽¹⁾ absolute value of the unrealised gains/(losses)

All Funds engaged in total return swap contracts utilise bi-lateral settlement and clearing with their respective counterparty.

Data on reuse of collateral

Collaterals received in relation to Total Return Swaps cannot be sold, re-invested or pledged.

Safekeeping of collateral

All the collateral received in relation to Total Return Swaps is in custody at J.P. Morgan SE, Luxembourg Branch.

Data on return and cost

The return and cost from total return swap contracts is accrued to the Funds.

Collateral

The following table reports the collateral held as at March 31, 2023 to reduce counterparty exposure on OTC derivatives.

Fund	Counterparty	Collateral currency	Cash held as collateral	Sovereign Bonds held as collateral
Franklin K2 Bardin Hill Arbitrage UCITS Fund	J.P. Morgan	USD	2,690,000	–
Franklin K2 Cat Bond UCITS Fund	J.P. Morgan	USD	1,420,000	–
Franklin K2 Electron Global UCITS Fund	J.P. Morgan	USD	3,420,000	–
Franklin K2 Ellington Structured Credit UCITS Fund	J.P. Morgan	USD	260,000	–

Distressed securities

In line with the prospectus definition, distressed securities are to be understood as including defaulted securities, and securities that are being rate CCC or below by at least 2 ratings agencies, or if unrated, their equivalent and have a credit spread above 1,000 bps. However, with respect to securities with a credit spread higher than 1000 bps (irrespective of their credit ratings) the investment manager will proceed to additional analyses and verifications notably based on the evolution of the security's credit spread and the rating provided by other credit agencies in order to assess whether this security should be qualified as a distressed security. This procedure is further described in the Management Company's risk management process.

The exposure to distressed securities as at March 31, 2023 is as follows:

Fund	Exposure in % of Net Assets
Franklin K2 Ellington Structured Credit UCITS Fund	0.387%

Funds not listed above have no exposure to distressed securities as at March 31, 2023.

Remuneration

Franklin Templeton International Services S.à r.l., as UCITS licensed management company has a remuneration policy (the "Policy") in place which applies to all UCITS funds under its management. The Policy has been designed to discourage excessive risk taking, integrating in its performance management systems risk criteria specific to the business units it covers. The policy has a governance structure aimed at preventing internal conflicts of interest.

There are defined procedures in place for the creation, update, review and approval of the Policy as well as for communication and implementation of the Policy. Senior Management, Human Resources, Compliance and other functions are all involved in this process and the Policy is approved by Senior Management and the Board of Directors of the Management Company.

Fixed remuneration is defined as base salary plus other benefits which may include pension contributions, life assurance premiums or private medical insurance premiums. Levels of fixed remuneration are set with reference to job complexity, level of responsibility, performance and market benchmarking data. These levels are reviewed on a regular basis.

Variable remuneration is defined as annual bonuses, long term awards in the form of performance share grants or sales bonus payments. Levels of variable remuneration are set with reference to overall corporate and business unit performance as well as individual performance.

The full Policy is available at the registered office of the Management Company. Quantitative information relevant to the Franklin Templeton Alternative Funds is outlined below.

Total amount of fixed remuneration paid by FTIS and its delegates during the year ended September 30, 2022 ^{*, **, ***}	€ 392,963
Total amount of variable remuneration paid by FTIS and its delegates during the year ended September 30, 2022 ^{*, **, ***}	€ 263,852
Number of staff of FTIS and in its delegates as at September 30, 2022	549
Total amount of compensation paid by FTIS and its delegates to Senior managers during the year ended September 30, 2022 ^{*, **, ***}	€ 199,531
Total amount paid by FTIS and its delegates to other members of staff who have a material impact on the profile of UCITS during year ended September 30, 2022 ^{*, **, ***}	€ 41,561

^{*}The total amount of compensation paid by FTIS has been allocated to FTAF based on its pro rata share of the average month end total net assets of the funds under management of FTIS for the year ended September 30, 2022.

*** The total amount of compensation paid by the FTIS delegates has been allocated to FTAF based on its pro rata share of the average month end total net assets of the fund under management of the FTIS delegates for the year ended September 30, 2022.*

**** Delegates are Investment Management entities which are subject to regulatory requirements that are equally as effective as those under Article 69(3)(a) of the UCITS Directive.*

Portfolio Turnover Ratio

The portfolio turnover ratio, expressed as a percentage, is equal to the total of purchases and sales of securities netted against the total value of subscriptions and redemptions, over average net assets of the Fund for the period. It is effectively a measure of how frequently a Fund buys or sells securities.

The portfolio turnover ratio calculation is not applicable to Liquid Reserve and Money Market Funds, as such a ratio is not relevant to such Funds due to the short-term nature of the investments.

Sub-Funds	Portfolio Turnover Ratio
Franklin K2 ActusRay European Alpha UCITS Fund	(284.01)%
Franklin K2 Athena Risk Premia UCITS Fund	65.50%
Franklin K2 Bardin Hill Arbitrage UCITS Fund	465.61%
Franklin K2 Cat Bond UCITS Fund	(1.33)%
Franklin K2 Chilton Equity Long Short UCITS Fund	150.09%
Franklin K2 Electron Global UCITS Fund	409.77%
Franklin K2 Ellington Structured Credit UCITS Fund	75.17%
Franklin K2 Wellington Technology Long Short UCITS Fund	207.08%

Audited annual report and unaudited semi-annual reports

The audited annual reports and unaudited semi-annual reports will be available on the local Franklin Templeton website, www.franklintempleton.lu or may be obtained, free of charge, on request at the registered office of the Company; they are only distributed to registered shareholders in those countries where local regulation so requires. The complete audited annual reports and unaudited semi-annual reports are available at the registered office of the Company.

Franklin K2 Cat Bond UCITS Fund

Entity LEI: 549300014KL5NVWP3Z23



FRANKLIN TEMPLETON

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not

YES

- It made **sustainable investments with an environmental objective: ___%**
 - in economic activities that qualify as environmentally sustainable under the EU Taxonomy
 - in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- It made **sustainable investments with a social objective: ___%**

NO

- It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 38.00% of sustainable investments
 - with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
 - with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
 - with a social objective
- It promoted E/S characteristics, but **did not make any sustainable investments**



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and/or social characteristics promoted by the Fund included inter alia reduction of poverty, promotion of resilient and sustainable infrastructure; mitigation of and adaptation to climate change. The Investment Manager sought to attain these characteristics by investing in catastrophe bonds providing support to communities affected by extreme natural events exacerbated by, among other causes, the effects of climate change. It further promoted environmental and/or social characteristics by utilizing a set of exclusion criteria, as described in detail below.

Furthermore, the Fund committed to hold at least 15% of the portfolio in sustainable investments with a social objective that support the following United Nations Sustainable Development Goals (the "UN SDGs"):

- goal 1 no poverty (the "No Poverty Goal"); and
- goal 9 industry, innovation and infrastructure (the "Industry, Innovation and Infrastructure Goal").

Moreover, while not committing to have sustainable investments with an environmental objective within the meaning of the Sustainable Finance Disclosure Regulation (the "SFDR"), the Fund sought to contribute to the environment and to support goal 13 climate action ("Climate Action Goal").

Derivatives have not been used to attain environmental and social characteristics promoted by the Fund.

No reference benchmark has been designated to measure the attainment of environmental and social characteristics promoted by the Fund.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **How did the sustainability indicators perform?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted were:

- exposure to issuers contributing to positive environmental and/or social outcome areas across UN SDGs No Poverty Goal, Industry, Innovation and Infrastructure Goal and Climate Action Goal;
- exposure to issuers falling in the environmental, social and governance (the “ESG”) exclusions list; and
- percentage of reduction achieved on the investment universe after the application of the screening criteria.

Sustainability KPI Name	Value
Exposure to issuers contributing to positive E&S outcomes	37.64%
Exposure to issuers falling in the exclusions list	0.00%
Percentage reduction of the investment universe	26.56%

● **... And compared to previous periods?**

Not applicable as there were no prior reference periods.

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?**

The sustainable investments of the Fund contributed to social objectives tied to UN SDGs No Poverty Goal, Industry, Innovation and Infrastructure Goal and Climate Action Goal. They covered for specific perils (wildfires and flood) and provided insurance to underserved communities.

The Investment Manager identified four categories of catastrophe bonds with a social sustainable objective to provide insurance coverage to underserved areas. They were defined as follows:

- World Bank bonds (No Poverty Goal)

The World Bank worked with developing countries to transfer risk to the catastrophe bond market in the event of a large natural catastrophe event. To date there have been several quick pay-outs because of these bonds from events which occurred in Mexico and Peru. These bonds helped address the significant property insurance gap risk which represented the difference between economic and insured losses.

- Insurers of last resort (Industry, Innovation & Infrastructure Goal)

These were offered to a party who is viewed as an extremely high insurance risk. Since the applicants were considered uninsurable by most private insurers, they could not get an insurance policy to cover their risks, and certainly not at competitive market rates. States have stepped in to create state-wide insurers of last resort to provide insurance policies to their populace in lieu of private insurers leaving. The states effectively created their own insurance companies who then transferred the risk of loss from their balance sheet to the catastrophe bond market. This allowed states to provide affordable insurance to their residents. From a social perspective, these bonds allowed for expansion of insurance coverage by providing a capital markets solution that had the flexibility to increase the scope of their homeowners and commercial insurance products.

- International bank for reconstruction and development (the “IBRD”) and European bank for reconstruction and development (the “EBRD”) collateral bonds (Industry, Innovation & Infrastructure Goal)

Bonds and notes that supported the International Bank for Reconstruction and Development (IBRD) and the European Bank for Reconstruction and Development (EBRD) notes program which funded development projects in member countries. Proceeds of the collateral of these bonds were used by the world bank to fund sustainable development projects and goals in member countries. Catastrophe bond holders via the collateral investments provided the world bank with capital support so they may provide services to their member countries.

- Climate bonds (Climate Action Goal)

Certain catastrophe bonds solely provided coverage to underinsured areas which are impacted by climate change. Research has shown the two most climate change exacerbated perils are flood and wildfire. These bonds helped address the significant property insurance gap risk which represented the difference between economic and insured losses given the relatively low insurance penetration rate of insurance for wildfire and flood losses.

The Fund did not make sustainable investments with an environmental objective aligned with the EU Taxonomy.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The Fund actively monitored the United Nations Global Compact principles (the “UNGC Principles”) status of issuers within the catastrophe bond universe, along with the status of issuers in which the Fund was invested, noting that coverage within the universe is low relatively to traditional asset classes. Issuers of catastrophe bonds which fail the Investment Manager’s UNGC Principles assessment were excluded.

In the investment team’s opinion, catastrophe bonds inherently contributed to adaptation by assisting recipients with learning to live with the effects of climate change. Issuers of catastrophe bonds used the assets to rebuild areas affected by natural disasters. They are incentivized to rebuild with adaptation and mitigation measures in place to reduce the impact and risk of climate change. The Investment Manager analysed the issuers commitment to rebuilding areas affected by flood and wildfire with respect to the Do No Significant Harm principle. In particular, for the bonds which were classified as sustainable, the Investment Manager ensured the bonds did not insure projects linked to the extraction, storage, transport or manufacture of fossil fuels or insurance of vehicles, property or other assets dedicated to such purposes.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How were the indicators for adverse impacts on sustainability factors taken into account?

As a general approach, the Investment Manager assessed that the use of proceeds of the catastrophe bonds did not cause significant harm to any environmental or social sustainable investment objective. Because the principal adverse impacts (the "PAIs") have limited relevance to the asset class, the taxonomy was used for consideration of sustainability.

To mitigate adverse impact, the Investment Manager ensured that insured assets were not involved in the production of controversial weapons or in the exploration, extraction, storage, manufacture or transportation of fossil fuels.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Fund did not invest in companies therefore alignment with Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises was not applicable. However, the Fund committed to actively monitor issuers which fail the UNGC Principles within the catastrophe bond universe, along with the status of issuers in which the Fund was invested, noting that coverage of catastrophe bond issuers was very low relative to traditional asset classes.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The Fund did not consider principal adverse impacts on sustainability indicators.



What were the top investments of this financial product?

The top investments of this Fund, excluding cash and derivatives, were:

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is - 2022-04-01 - 2023-03-31.

Top investments	Sector	Proportion	Country
ALAMO RE LTD FRN 06/07/2024 144A	Catastrophe Bonds	3.09%	Bermuda
SD RE LTD FRN 11/19/2024 144A	Catastrophe Bonds	3.02%	Bermuda
EVERGLADES RE II LTD FRN 05/14/2024 144A	Catastrophe Bonds	3.01%	Bermuda
CAPE LOOKOUT RE LTD FRN 03/22/2024 144A	Catastrophe Bonds	2.80%	Bermuda
SAKURA RE LTD FRN 04/07/2025 144A	Catastrophe Bonds	2.39%	Bermuda
NORTHSHORE RE II LTD FRN 01/08/2024 144A	Catastrophe Bonds	2.26%	Bermuda
LONG POINT RE IV LTD FRN 06/01/2026 144A	Catastrophe Bonds	2.25%	Bermuda
PHOENICIAN RE LTD FRN 12/14/2024 144A	Catastrophe Bonds	2.18%	Bermuda
SD RE LTD FRN 07/14/2023 144A	Catastrophe Bonds	1.90%	Bermuda
ACORN RE LTD FRN 11/07/2024 144A	Catastrophe Bonds	1.82%	Bermuda
NAKAMA RE PTE LTD FRN 10/13/2026 144A	Catastrophe Bonds	1.74%	Singapore
MATTERHORN RE LTD FRN 12/07/2022 144A	Catastrophe Bonds	1.70%	Bermuda
URSA RE II LTD FRN 06/16/2025 144A	Catastrophe Bonds	1.64%	Bermuda
EVERGLADES RE II LTD FRN 05/14/2024 144A	Catastrophe Bonds	1.63%	Bermuda
INTERNATIONAL BANK FOR RECONSTRUCTION & DEVELOPMENT FRN 03/13/2024 144A	Catastrophe Bonds	0.50%	United States



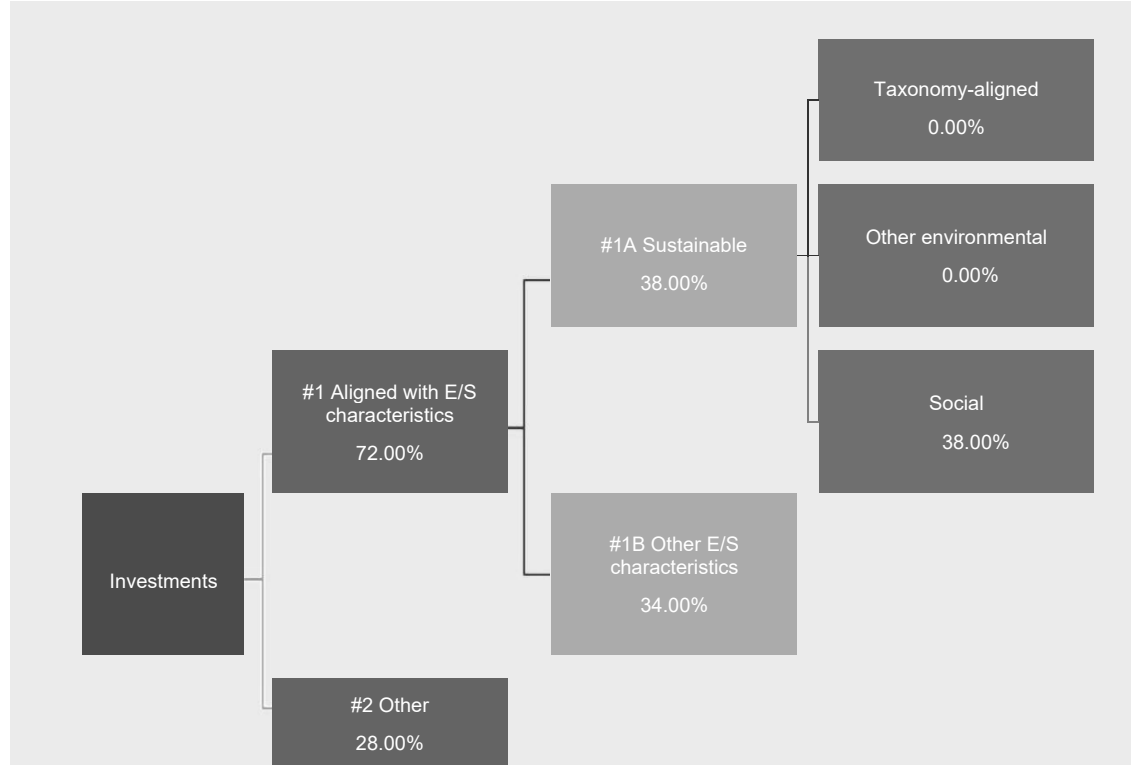
What was the proportion of sustainability-related investments?

The proportion of sustainability-related investments was 38%.

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?

A portion of 72% of the Fund's portfolio was aligned with the E/S characteristics promoted by the Fund. The remaining portion (28%) was not aligned with the promoted characteristics and consisted of liquid assets.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● ***In which economic sectors were the investments made?***

Top sector	Proportion
Insurance-Linked Securities	71.67%

Top sub-sector	Proportion
Catastrophe Bonds	71.67%

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting the green operational activities of investee companies.



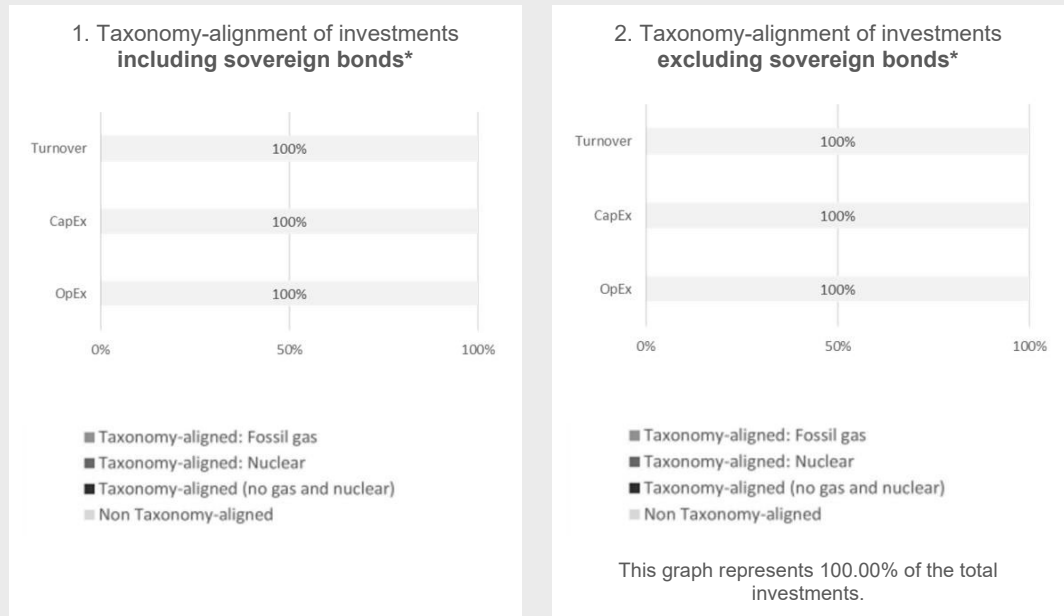
To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund did not make sustainable investments with an environmental objective aligned with the EU Taxonomy.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy ?¹

- Yes
 In fossil gas In nuclear energy
 No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

What was the share of investments made in transitional and enabling activities?

The Fund did not invest in transitional and enabling activities as defined in Article 16 and Article 10(2) of the EU Taxonomy Regulation.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Not applicable

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?

The share of EU Taxonomy and non-EU Taxonomy aligned investments was 0%.



What was the share of socially sustainable investments?

The share of socially sustainable investments was 38%.



What investments were included under “#2 Other”, what was their purpose and were there any minimum environmental or social safeguards?

The proportion of investments under “#2 Other” was 28% and comprised of liquid assets (ancillary liquid assets, bank deposits, money market instruments and/or money market funds) held for the purposes of servicing the day-to-day requirements of the Fund on which no minimum environmental or social safeguards were applied.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

In addition to investing in catastrophe bonds providing support to communities affected by extreme natural events, the Investment Manager incorporated the following binding elements to the investment strategy:

1. the exclusion of life and mortgage issuance catastrophe bonds to avoid being a beneficiary of death or evictions;
2. the exclusion of investments in catastrophe bonds issued in any country that is "not free" under the Freedom House Index or any catastrophe bond that does not respect the UNGC Principles.



How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable

Franklin K2 Electron Global UCITS Fund

Entity LEI: 549300H7ZVOB4L06Q007



FRANKLIN TEMPLETON

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

YES

- It made **sustainable investments with an environmental objective**: ___%
- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- It made **sustainable investments with a social objective**: ___%

NO

- It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 2.52% of sustainable investments
- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective
- It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and/or social characteristics promoted by the Fund consisted of inter alia, the transition from fossil fuels to renewable energy, gender equality through board gender diversity, human rights and peaceful community. The Investment Manager sought to attain these characteristics by excluding certain issuers and sectors while favouring issuers with a good environmental, social and governance (the "ESG") profile, as captured by its proprietary ESG rating methodology.

The Fund uses long derivatives positions on single name equities to promote these environmental and social characteristics, and in such case applies the ESG methodology to the underlying asset.

No reference benchmark has been designated to measure the attainment of environmental and social characteristics promoted by the Fund.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● **How did the sustainability indicators perform?**

The sustainability indicators used to measure the attainment of the environmental and/or social characteristics promoted were:

- share of companies having exposure to, or ties with the excluded sectors and the additional exclusions;
- percentage of the portfolio with a score greater than 6.0 on long exposure weighted basis; and
- percentage of reduction achieved on the investment universe after the application of the screening criteria.

The Fund's investment universe was constituted of single name public equities classified under S&P Global Industry Classification Standard (GICS) codes: Energy, Materials, Industrials, Utilities.

It was identified that between the dates of 3 January 2023 and 18 April 2023 several investments held by the Fund, or purchased by the Fund, did not meet the requirement to have at least 25% female representation on the board of directors. Several of these names were held by the Fund on the date the prospectus restriction came into effect in January 2023 and some active investments were made in companies that were not previously held which did not comply with the female board requirement.

Due to the nature of the data, it was not immediately obvious to the investment team that the names were non-compliant with this restriction and the breach of the restriction was effectively identified after internal investigation.

Several of the securities in breach of the restriction were sold during the period before the breach of the restriction had been confirmed. For names which remained in the portfolio at time of identification, the sales were instructed, the last of which were completed on 3 May 2023.

The sub-investment manager has implemented a restriction on the order management system to prevent further breaches of the requirement.

A full impact analysis was performed on these breaches and the Fund auditor was engaged to verify this analysis. As a result, the Fund has been fully reimbursed for any losses associated with the breach of this restriction.

Sustainability KPI Name	Value
Exposure to companies in excluded sectors The Fund held 12.2% of the excluded factor for board gender diversity as of 31 March 2023. The long exposure to the excluded companies has been exited and is 0% as of 3 May 2023.	12.20%
Percentage of the portfolio with a score greater than 6.0 on long exposure weighted basis	78.60%
Percentage of reduction achieved on the investment universe after the application of the screening criteria.	45.50%

● **... And compared to previous periods?**

Not applicable as there were no prior reference periods.

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objective?**

The Fund's sustainable investments aimed to support climate change mitigation and climate change adaptation.

The Fund looked to support companies that were transitioning and reducing their reliance on fossil fuel assets, particularly those that used and employed thermal coal for generation purposes. To do so, the Fund monitored the investee companies' power generation fuel mix on a gross and percentage basis and provided preference for companies that reduced notional coal capacity and accelerated renewable sources.

The Fund's sustainable investments were aligned with the EU Taxonomy insofar as companies' economic activities supported climate change adaptation and mitigation while conforming to good governance and Do No Significant Harm (the "DNSH") requirements. The share of EU Taxonomy aligned investments was 2.52%.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

The evaluation of DNSH requirements for individual investee companies occurred prior to being classified or accounted for as a sustainable investment or sustainable exposure.

The conditions varied based on the business operations of each individual investee company, and the Investment Manager followed the recommendations in the Commission Delegated Regulation (EU) 2021/2139* for determining whether that economic activity caused no significant harm to any of the other environmental objectives.

*Commission Delegated Regulation (EU) 2021/2139 regarding the technical screening criteria for determining the conditions under which an economic activity qualified as contributing substantially to climate change mitigation or climate change adaptation.

-----**How were the indicators for adverse impacts on sustainability factors taken into account?**

When assessing compliance of the Fund's investments with the Do No Significant Harm principles, the Investment Manager took into account all mandatory principal adverse impacts (the "PAIs") indicators of Table 1 of Annex I of the SFDR Regulatory Technical Standards ("RTS"), to the extent they were relevant for the investments contemplated by the

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Fund and any other data points deemed by the Investment Manager as proxies for adverse impact. The Investment Manager performed this analysis at the level of each sustainable investment so that the relevance and materiality of the PAI indicators varied across investments. Issuers deemed to be in breach of these indicators did not qualify as sustainable investments. Although quantitative data were favoured, the Fund relied on qualitative information where relevant or where quantitative data was not readily available. Post-investment, the indicators were evaluated on an annual basis.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Fund leveraged external resources to aid in its assessment, including MSCI's ESG Controversies research, which address international norms and conventions including the United Nations Global Compact principles (the "UNGC Principles"), the United Nation Guiding Principles on Business and Human Rights, the Organisation for Economic Cooperation and Development (the "OECD") Guidelines for Multinational Enterprises and the International Labour Organization Conventions. MSCI ESG provided input on whether a company was involved in (structural, repetitive and severe) controversies or violations of these frameworks. The Fund also supplemented its own due diligence and MSCI research with its internal research and analysis.

No investee company qualified as sustainable investments were in breach of international conventions, according to MSCI.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

The Fund took into consideration the following PAIs:

- greenhouse gas emissions;
- carbon footprint;
- greenhouse gas intensity;
- exposure to companies active in fossil fuel sector;
- share of non-renewable energy consumption;
- violation of UNGC Principles and OECD Guidelines for Multinational Enterprises;
- board gender diversity; and
- exposure to controversial weapons.

Greenhouse gas (“GHG”) Emissions, Carbon Footprint, GHG Intensity

The Fund monitored greenhouse gas emissions, carbon footprint and greenhouse gas intensity for investee companies. However, not all companies reported scope 1 and 2 emissions and even fewer companies reported scope 3 emissions. For the investee companies where scope 1, 2, or 3 emissions were not reported, the Fund monitored MSCI estimates for these metrics.

These PAIs were part of ESG and valuation analysis, and negatively trending indicators resulted in a discount to the valuation analysis.

Exposure to Companies Active in Fossil Fuel Sector

The Fund monitored exposure to the fossil fuel sector for investee companies. While recent geopolitical events highlighted the value of natural gas in the future, the Fund was especially sensitive to conventional oil and gas operations, arctic oil operations, arctic gas operations, and oil sands operations. As such, no investee company generated greater than 10% of their revenues from either of these factors.

Share of Non-Renewable Energy Consumption

The Fund monitored exposure to non-renewable energy consumption for investee companies. The Fund elected to not invest in companies with greater than 50% of their generation capacity from coal.

Violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises

The Fund monitored violations of UNGC Principles and OECD Guidelines for Multinational Enterprises through the number of human rights controversies as monitored by MSCI. In cases where MSCI found the company was in breach of the above conventions, such company was excluded from the portfolio. Exceptions were only made after the responsible analyst conducted a formal review of alleged violations and provided sufficient evidence that the company was not complicit in violations of the principles.

Board Gender Diversity

The Fund believes representation and diversity are key components to a company strategy. The Fund employs both MSCI and Bloomberg metrics to evaluate board gender diversity of the investee companies.

Exposure to Controversial Weapons

Companies with exposure to controversial weapons are excluded from the investable universe.



What were the top investments of this financial product?

The top investments of this Fund, excluding cash and derivatives, were:

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is - 2022-04-01 - 2023-03-31.

Top investments	Sector	Proportion	Country
AES CORP	Utilities	8.07%	United States
CONSTELLATION EN	Utilities	7.91%	United States
NEXTERA ENERGY	Utilities	6.94%	United States
QUANTA SERVICES	Industrials	5.10%	United States
MASTEC INC	Industrials	4.57%	United States
ARRAY TECHNOLOGI	Industrials	3.45%	United States
EXELON CORP	Utilities	3.42%	United States
NEXTERA ENERGY P	Utilities	3.33%	United States
PG&E CORP	Utilities	3.02%	United States
HERC HOLDINGS IN	Industrials	2.83%	United States
EDISON INTL	Utilities	2.63%	United States
GENERAL ELECTRIC	Industrials	2.52%	United States
ELETROBRAS	Utilities	2.52%	Brazil
SUNNOVA ENERGY I	Utilities	2.46%	United States
KNIGHT-SWIFT TRA	Industrials	2.40%	United States



What was the proportion of sustainability-related investments?

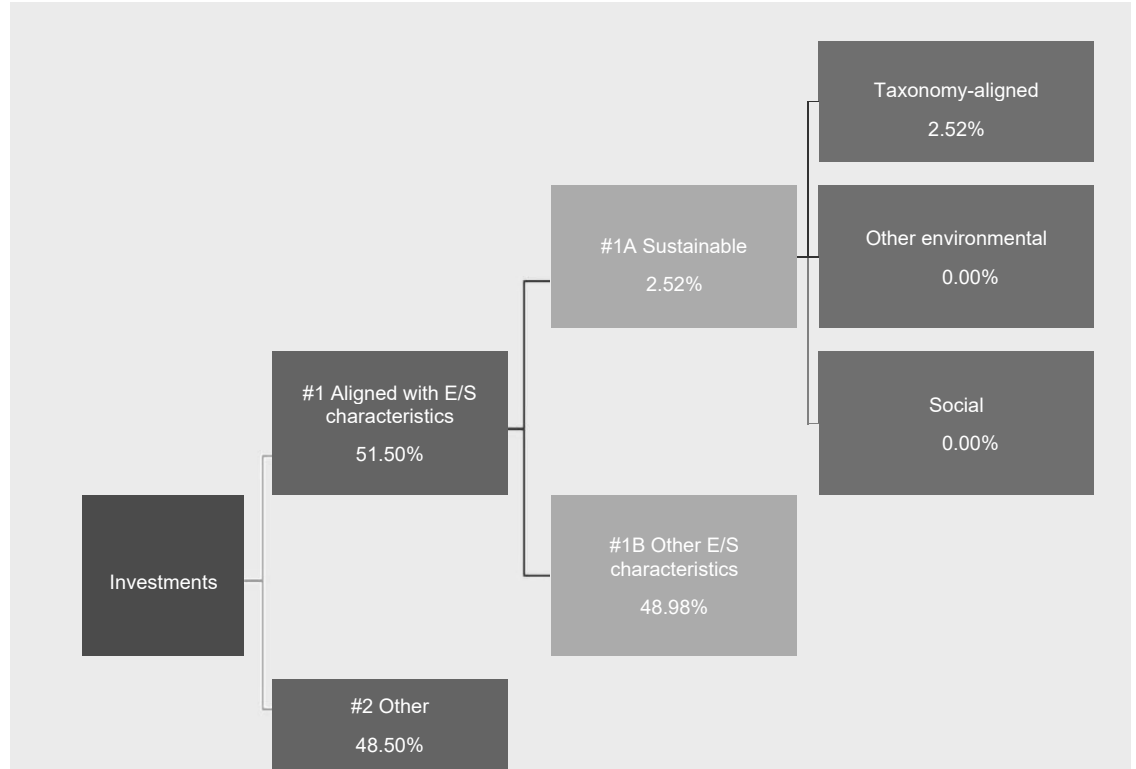
The proportion of sustainability-related investments was 2.52%.

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?

A portion of 51.50% of the Fund's portfolio was aligned with the E/S characteristics promoted by the Fund. The remaining portion (48.50%) was not aligned with the promoted characteristics and consisted of liquid assets and derivatives in the form of swaps, futures, and options contracts.

The Fund invested 2.52% of its portfolio in sustainable investments with environmental objective, aligned with EU Taxonomy criteria.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● ***In which economic sectors were the investments made?***

Top sector	Proportion
Utilities	49.48%
Industrials	36.87%
Information Technology	3.36%
Materials	1.87%
Energy	1.68%
Consumer Discretionary	1.31%
Health Care	0.00%

Top sub-sector	Proportion
Utilities	49.48%
Capital Goods	32.95%
Transportation	3.92%
Materials	1.87%
Energy	1.68%
Technology Hardware & Equipment	1.66%
Automobiles & Components	1.22%
Semiconductors & Semiconductor	1.22%
Software & Services	0.48%
Consumer Durables & Apparel	0.09%
Health Care Equipment & Services	0.00%

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting the green operational activities of investee companies.



To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The share of sustainable investments with an environmental objective which were aligned with EU Taxonomy was 2.52%.

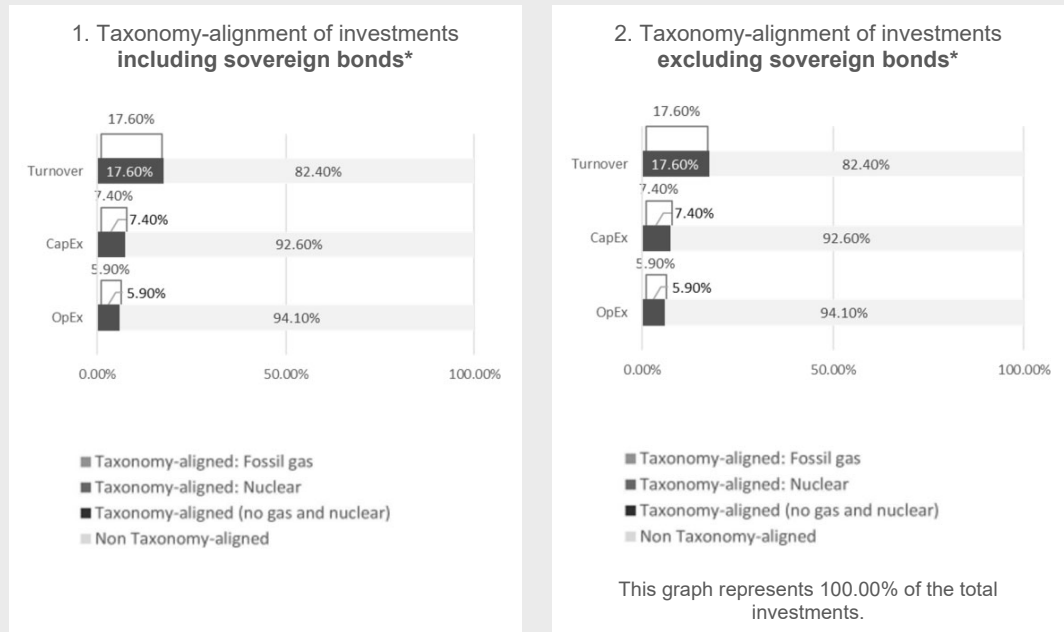
The proportion of the Fund's investments that contributed to each of the environmental objectives is as follows:

- climate change mitigation = 2.52%
- climate change adaptation = 0%
- The remaining objectives, namely sustainable use of water and marine resources, circular economy, pollution prevention and healthy ecosystem were 0%.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy ?¹

- Yes
- In fossil gas In nuclear energy
- No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



Will the compliance of the above percentage of taxonomy-alignment be subject to an assurance provided by an auditor or a third-party?

- Yes
- No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

● **What was the share of investments made in transitional and enabling activities?**

0% of the Fund's investments were made in transitional activities and 0% in enabling activities within the meaning of EU Taxonomy.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Not applicable

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of sustainable investments with an environmental objective not aligned with the EU taxonomy?

The share of sustainable investments with environmental objective which were not aligned with the EU taxonomy was 0%.



What was the share of socially sustainable investments?

The share of socially sustainable investments was 0%.



What investments were included under “#2 Other”, what was their purpose and were there any minimum environmental or social safeguards?

The proportion of investments under “#2 Other” was 48.50% and comprised of investments in derivatives in the form of swaps, futures, options contracts, and liquid assets. Exposure in the form of swaps and futures was treated as a cash equity position. Exposure in the form of options contracts was calculated on a delta-adjusted basis. Additionally, the intended directionality of the option contract determined how the exposure was accounted for long or short (e.g., a long-put position was treated as a short position on a delta-adjusted basis). These positions were held for hedging purposes and, for the purposes of servicing the day-to-day requirements of the Fund.

As such, they did not follow any minimum environmental or social safeguards.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The portfolio managers incorporated the following binding commitments:

1. exclusion of issuers rated CCC or below according to MSCI;
2. the commitment to invest at least 5% of the Fund's portfolio into sustainable investments;
3. 67% of the portfolio on a long exposure weighted basis had a greater ESG score than 6.0; and
4. the application of the ESG negative screens further described in the investment strategy.



How did this financial product perform compared to the reference benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable

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