

Franklin K2 Cat Bond UCITS Fund

EB (acc) USD: LU2303826460

Insurance Linked Securities | Factsheet as of 30 June 2025

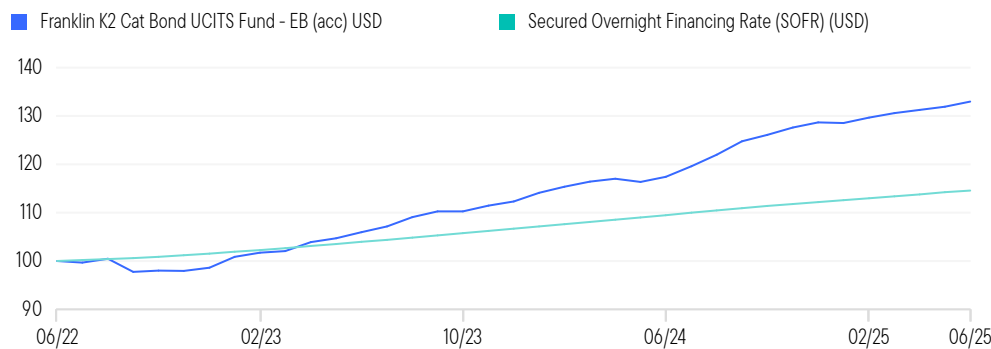
This is a marketing communication. Please refer to the prospectus of the UCITS and to the KID before making any final investment decisions.

Investment Overview

To seek to maximise income and growth of capital (total return), with limited correlation to traditional bond and equity markets through investment in a portfolio of natural catastrophe bonds. The Fund mainly invests in natural catastrophe bonds including but not limited to bonds of any quality issued by insurers or governments and corporate insurance-linked securities. These investments are mainly from the US and some of them may be below investment grade.

Past performance does not predict future returns.

Performance Over 3 Years in Share Class Currency (%)



Discrete Annual Performance (%)

| | 06/24 | 06/23 | 06/22 | 06/21 | 06/20 | 06/19 | 06/18 | 06/17 | 06/16 | 06/15 |
|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 06/25 | 06/24 | 06/23 | 06/22 | 06/21 | 06/20 | 06/19 | 06/18 | 06/17 | 06/16 |
| EB (acc) USD | 13.25 | 10.80 | 5.97 | 1.19 | — | — | — | — | — | — |
| Benchmark (USD) | 4.67 | 5.35 | 3.94 | 0.27 | — | — | — | — | — | — |

Total Returns (%)

| | Cumulative | | | | | | Average Annual | | | | Inception Date |
|-----------------|------------|------|------|-------|-------|------|----------------|------|------|-----------|----------------|
| | 1-Mo | 3-Mo | YTD | 1-Yr | 3-Yr | 5-Yr | Inception | 3-Yr | 5-Yr | Inception | |
| EB (acc) USD | 0.82 | 1.80 | 3.34 | 13.25 | 32.98 | — | 35.91 | 9.96 | — | 7.90 | 18/06/2021 |
| Benchmark (USD) | 0.36 | 1.08 | 2.16 | 4.67 | 14.61 | — | 14.92 | 4.65 | — | 3.51 | — |

The value of shares in the Fund and income received from it can go down as well as up, and investors may not get back the full amount invested.

Performance details provided are in share class currency, include the reinvested dividends gross of tax and are net of management fees. Sales charges, taxes and other locally applied costs have not been deducted. The fund's returns may increase or decrease as a result of changes to foreign exchange rates.

Up to date performance figures can be found on our website.

When performance for either the portfolio or its benchmark has been converted, different foreign exchange closing rates may be used between the portfolio and its benchmark.

Fund Overview

| | |
|----------------------------|--------------------------------------|
| Umbrella | Franklin Templeton Alternative Funds |
| Fund Base Currency | USD |
| Fund Inception Date | 18/06/2021 |
| Share Class Inception Date | 18/06/2021 |
| Minimum Investment | USD 5000000 |
| ISIN | LU2303826460 |
| Bloomberg | FRCBUSDX |
| EU SFDR Category | Article 8 |

Benchmark(s) and Type

| | |
|---|------------|
| Secured Overnight Financing Rate (SOFR) | Comparator |
|---|------------|

Charges

| | |
|------------------------|-------|
| Maximum Initial Charge | 0.00% |
| Exit Charge | — |
| Ongoing Charges Figure | 0.70% |
| Performance Fee | — |

The charges are the fees the Fund charges to investors to cover the costs of running the Fund. Additional costs, including transaction fees, will also be incurred. These costs are paid out by the Fund, which will impact on the overall return of the Fund. Fund charges will be incurred in multiple currencies, meaning that payments may increase or decrease as a result of currency exchange fluctuations.

Fund Characteristics

| | Fund |
|--------------------------------|------------------|
| NAV-EB (acc) USD | \$13.59 |
| Total Net Assets (USD) | \$211.48 Million |
| Value at Risk (99% Confidence) | -24.64% |
| Value at Risk (96% Confidence) | -11.92% |
| Portfolio Spread | 5.31% |
| Expected Loss | 1.73% |
| Average Weight | 0.64% |
| Weighted Average Maturity | 1.58 Yrs |
| Effective Duration | 0.08 Yrs |
| Yield to Maturity | 9.46% |
| Standard Deviation (3 Yr) | 3.11% |

Expected Loss Contribution by Peril (%)

| | Fund |
|------------------------------|-------|
| Florida Windstorm | 28.37 |
| Texas Windstorm | 13.61 |
| Southeast US Windstorm | 12.77 |
| California Earthquake | 12.25 |
| Gulf of Mexico Windstorm | 7.36 |
| Northeast US Windstorm | 5.78 |
| Europe Windstorm | 4.36 |
| Mexico Windstorm | 3.96 |
| Mid Atlantic Windstorm | 2.47 |
| Mexico Earthquake | 2.01 |
| North America Windstorm | 1.86 |
| Caribbean Windstorm | 1.10 |
| Pacific Northwest Earthquake | 1.07 |
| Chile Earthquake | 0.56 |
| Others | 2.60 |

Historical Event Analysis (% of NAV)

| | Fund |
|------------------------------------|--------|
| Earthquake New Madrid 1812 (US) | -0.15 |
| Hurricane Irma 2017 (US) | -0.32 |
| Hurricane Katrina 2005 (US) | -1.32 |
| Hurricane New England 1938 (US) | -4.66 |
| Hurricane Andrew 1992 (US) | -6.50 |
| Hurricane Galveston 1900 (US) | -10.50 |
| Earthquake San Francisco 1906 (US) | -13.15 |
| Hurricane Great Miami 1926 (US) | -18.28 |

Maturity Allocation (%)

| | Fund |
|----------------|-------|
| <6 Months | 24.41 |
| 6 to 12 Months | 17.22 |
| 1 to 2 Years | 22.16 |
| 2 to 3 Years | 27.46 |
| 3 to 4 Years | 7.42 |
| >4 Years | 1.32 |

Portfolio Management

| | Years with Firm | Years of Experience |
|---------------------|-----------------|---------------------|
| Robert Christian | 15 | 35 |
| Lillian Knight, CFA | 20 | 34 |
| Vaneet Chadha, CFA | 12 | 19 |

What are the Risks?

The Fund does not offer any capital guarantee or protection and you may not get back the amount invested. The Fund is subject to the following risks which are materially relevant: **Catastrophe risk:** A Cat Bond may lose much or all of its value if a catastrophe that it covers occurs, which may result in losses to the fund. **Counterparty risk:** the risk of failure of financial institutions or agents (when serving as a counterparty to financial contracts) to perform their obligations, whether due to insolvency, bankruptcy or other causes. **Credit risk:** the risk of loss arising from default that may occur if an issuer fails to make principal or interest payments when due. This risk is higher if the Fund holds low-rated, sub-investment-grade securities. **Liquidity risk:** the risk that arises when adverse market conditions affect the ability to sell assets when necessary. Such risk may be triggered by (but not limited to) unexpected events such as environmental disasters or pandemics. Reduced liquidity may have a negative impact on the price of the assets. Complete information on the risks of investing in the Fund are set out in the Fund's prospectus.

Glossary

Expected Loss: Expressed as a percentage, it is calculated as the average of the aggregate losses across all simulated periods divided by the sum of the absolute values of the investment amounts. **Average Weight:** The average position weight in the Fund. **Ongoing Charges Figure (OCF):** The Ongoing Charges Figure (OCF) includes the fees paid to the management company, the investment manager and the depository, as well as certain other expenses. The OCF is calculated by taking the relevant main material costs paid out over the 12-month period indicated and dividing them by the average net assets over the same period. The OCF does not include all expenses paid by the fund (for example, it does not include what the fund pays for buying and selling securities). For a comprehensive list of the types of costs deducted from fund assets, see the prospectus. **Portfolio Spread:** Portfolio Spread measures the weighted average coupon spread of the catastrophe bonds in the Fund over the Fund's index (representing high-quality collateral money market funds). The index (or collateral return) is intended to compensate investors for holding their money and is not affected by riskiness of the bond (i.e. embedded insurance risk). It resets periodically based on the prevailing short-term interest rates. The spread of a catastrophe bond is intended to compensate investors for the insurance risk. For recent all-in annual costs, as well as hypothetical performance scenarios that show the effects that different levels of return could have on an investment in the fund, where applicable, see the KID. **Comparator:** Benchmark is used for comparing Fund performance, but is not a constraint to Fund Investment. **Annual VaR 99% (1 in 100 years):** The 99% VaR is defined as the 1 in 100 year Aggregate Exceedance Probability (AEP). It represents the probability of aggregate losses in a simulation period exceeding a loss threshold. The AEP curve is a collection of loss thresholds, each one of them with its corresponding Aggregate Exceedance Probability. **Annual VaR 96% (1 in 25 years):** The 96% VaR is defined as the 1 in 25 year Aggregate Exceedance Probability (AEP). It represents the probability of aggregate losses in a simulation period exceeding a loss threshold. The AEP curve is a collection of loss thresholds, each one of them with its corresponding Aggregate Exceedance Probability. **Weighted Average Maturity:** An estimate of the number of years to maturity for the underlying holdings. **Effective Duration** is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change. Duration measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates. The higher the duration number, the more sensitive a fixed-income investment will be to interest rate changes. **Yield to Maturity ('YTM'):** is the rate of return anticipated on a bond if it is held until the maturity date. YTM is considered a long-term bond yield expressed as an annual rate. The calculation of YTM takes into account the current market price, par value, coupon interest rate and time to maturity. It is also assumed that all coupons are reinvested at the same rate. Yield figures quoted should not be used as an indication of the income that has or will be received. Yield figures are based on the portfolio's underlying holdings and do not represent a payout of the portfolio. **Yield to Maturity is calculated without the deduction of fees and expenses.** **Standard Deviation:** Measure of the degree to which a fund's return varies from the average of its previous returns. The larger the standard deviation, the greater the likelihood (and risk) that a fund's performance will fluctuate from the average return.

Portfolio Data Information

Expected Loss Contribution by Peril: Expected loss is a sum-product of the portfolio weights and individual expected losses. There can be no assurance that any investment strategy will achieve its objectives. **Historical Event Analysis:** The information presented herein is intended to show the possible impact of certain material historical market events on the performance of the current portfolio, excluding portfolio income. There is no way to verify what the actual effect of such an event on the current portfolio would be, and the impact may have been different than the possible impact presented herein. The historical stress tests are done in the risk system by creating scenario risk profiles which best represent the characteristics of the stress event using events from the RMS stochastic event set. This analysis is for information purposes only, and should not be relied upon in making an investment decision. **Hypothetical performance is not an indicator or a guarantee of future performance.**

Important Information

Effective 1 May 2023, the fund changed its benchmark to the Secured Overnight Financing Rate (SOFR).

This fund meets the requirements under Article 8 of the EU Sustainable Finance Disclosure Regulation (SFDR); the fund has binding commitments in its investment policy to promote environmental and/or social characteristics and any companies in which it invests should follow good governance practices.

Further information in relation to the sustainability-related aspects of the Fund can be found at www.franklintempleton.lu/SFDR. Please review all of the Fund's objectives and characteristics before investing.

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Subscriptions to shares of FTAF the Fund should only be made on the basis of the Fund's current Prospectus and where available, the relevant KID, accompanied by the latest available audited annual report and the latest semi-annual report if published thereafter. These documents can be found on our website at www.franklinresources.com/all-sites, obtained, free of charge, from your local FT representative or can be requested via FT's European Facilities Service which is available at www.eifs.lu/franklintempleton. The Fund's documents are available in English and German.

In addition, a Summary of Investor Rights is available from www.franklintempleton.lu/summary-of-investor-rights. The summary is available in English.

The sub-fund(s) of FTAF are notified for marketing in multiple EU Member States under the UCITS Directive. FTAF can terminate such notifications for any share class and/or sub-fund at any time by using the process contained in Article 93a of the UCITS Directive.

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Investors who understand the risks of the Fund and plan to invest for at least 3 years. The Fund may appeal to investors who are looking for income from an investment that is less correlated to financial markets and economic conditions, are interested in exposure to the catastrophe bond market as part of a diversified portfolio, have a medium to high risk profile and can tolerate significant short-term changes in the share price.

Product availability The Fund is available to professional investors and retail investors with good knowledge of financial markets or receiving professional advice, through a wide range of distribution channels and who adequately understand the risks and/or have experience in such investments.

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