

Franklin Biotechnology Discovery Fund

Advisor Class: FTDZX Class A: FBDIX Class C: FBTDX Class R6: FRBRX

Sector | Factsheet as of June 30, 2025

Investment Overview

The fund seeks capital appreciation by investing at least 80% of its net assets in securities of biotechnology companies and discovery research firms including those involved in fields such as genomics, genetic engineering, and gene therapy, as well as health care, pharmaceuticals and agriculture.

Average Annual Total Returns (%)

| | Without Sales Charges | | | | | With Sales Charges | | | | | Inception Date |
|---------------|-----------------------|-------|-------|-------|-----------|--------------------|-------|-------|-------|-----------|----------------|
| | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Inception | 1-Yr | 3-Yr | 5-Yr | 10-Yr | Inception | |
| Advisor Class | -9.15 | 8.89 | -0.37 | 1.03 | 9.35 | -9.15 | 8.89 | -0.37 | 1.03 | 9.35 | 9/15/1997 |
| Class A | -9.38 | 8.62 | -0.61 | 0.78 | 9.19 | -14.36 | 6.59 | -1.73 | 0.21 | 8.97 | 9/15/1997 |
| Class C | -10.06 | 7.81 | -1.33 | 0.05 | 8.39 | -10.87 | 7.81 | -1.33 | 0.05 | 8.39 | 9/15/1997 |
| Class R6 | -9.06 | 9.02 | -0.25 | 1.16 | 9.60 | -9.06 | 9.02 | -0.25 | 1.16 | 9.60 | 9/15/1997 |
| Benchmark 1 | -6.99 | 4.09 | -0.33 | 0.90 | — | -6.99 | 4.09 | -0.33 | 0.90 | — | — |
| Benchmark 2 | 15.16 | 19.70 | 16.64 | 13.64 | — | 15.16 | 19.70 | 16.64 | 13.64 | — | — |

Cumulative Total Returns (% Without Sales Charge)

| | 3-Mo | YTD | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------|-------|-------|-------|-------|--------|--------|-------|-------|--------|-------|--------|-------|
| Advisor Class | -0.07 | -4.58 | 4.26 | 18.70 | -12.44 | -17.50 | 30.22 | 35.19 | -15.51 | 19.10 | -16.96 | 5.75 |
| Class A | -0.13 | -4.69 | 4.00 | 18.40 | -12.66 | -17.70 | 29.89 | 34.84 | -15.72 | 18.80 | -17.16 | 5.50 |
| Class C | -0.32 | -5.05 | 3.23 | 17.51 | -13.31 | -18.21 | 28.93 | 33.83 | -16.34 | 17.91 | -17.75 | 4.71 |
| Class R6 | -0.03 | -4.53 | 4.36 | 18.85 | -12.30 | -17.41 | 30.34 | 35.35 | -15.41 | 19.32 | -16.82 | 5.89 |
| Benchmark 1 | -0.39 | -1.92 | -1.37 | 3.74 | -10.91 | -0.63 | 25.69 | 24.41 | -9.32 | 21.06 | -21.68 | 11.42 |
| Benchmark 2 | 10.94 | 6.20 | 25.02 | 26.29 | -18.11 | 28.71 | 18.40 | 31.49 | -4.38 | 21.83 | 11.96 | 1.38 |

Performance data quoted represents past performance, which does not guarantee future results. Current performance may be lower or higher than the figures shown. Principal value and investment returns will fluctuate, and investors' shares, when redeemed, may be worth more or less than the original cost. Performance would have been lower if fees had not been waived in various periods. Total returns assume the reinvestment of all distributions and the deduction of all fund expenses. Returns with sales charge reflect a deduction of the stated maximum sales charge. An investor cannot invest directly in an index, and unmanaged index returns do not reflect any fees, expenses or sales charges. Returns for periods of less than one year are not annualized. All classes of shares may not be available to all investors or through all distribution channels. For current month-end performance, please visit franklintempleton.com.

The fund began offering Advisor Class shares on 9/1/2009, the fund began offering R6 Class shares on 5/1/2013, and the fund began offering C Class shares on 3/4/2014. Performance quotations have been calculated as follows: (a) for Advisor Class periods prior to 9/1/2009, a restated figure is used based on the fund's Class A performance; for R6 Class periods prior to 5/1/2013, a restated figure is used based on the fund's Class Advisor performance; for C Class periods prior to 3/4/2014, a restated figure is used based on the fund's Class A performance. The performance was adjusted to take into account differences in class-specific operating expenses and maximum sales charges. (b) For periods after share class offering, performance for the specific share class is used, reflecting the expenses and maximum sales charges applicable to that class.

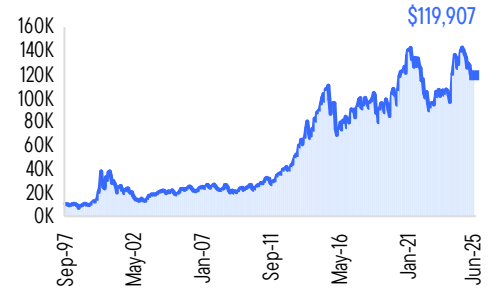
Share Class Details

| | CUSIP | Ticker | Sales Charges (%) | | Expenses (%) | |
|---------------|-----------|--------|-------------------|------|--------------|------|
| | | | Max | CDSC | Gross | Net |
| Advisor Class | 354713398 | FTDZX | 0.00 | — | 0.81 | 0.80 |
| Class A | 354713844 | FBDIX | 5.50 | — | 1.06 | 1.05 |
| Class C | 354713240 | FBTDX | 0.00 | 1.00 | 1.81 | 1.80 |
| Class R6 | 354713380 | FRBRX | 0.00 | — | 0.77 | 0.69 |

Gross expenses are the fund's total annual operating expenses as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 08/31/2025 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice. There is a 1% CDSC on any Class C shares you sell within 12 months of purchase.

Growth of \$10,000

Advisor Class Shares—Inception through June 30, 2025
Excluding Effects of Sales Charges



Fund Overview

| | |
|----------------------------|----------------------------|
| Dividend Frequency, if any | Annually |
| Morningstar Category | Health |
| Lipper Classification | Health/Biotechnology Funds |
| Turnover (fiscal yr) | 22% |

Benchmark(s)

- 1—NASDAQ Biotechnology Index
- 2—S&P 500 Index

Fund Characteristics

| | Fund |
|---------------------------------------|------------------|
| Total Net Assets | \$679.91 Million |
| Number of Issuers | 81 |
| Average Market Cap (Millions USD) | \$55,351 |
| Price to Book | 3.67x |
| Price to Earnings (12-Month Trailing) | 19.86x |

Risk Statistics (3-Year—Advisor Class vs. NASDAQ Biotechnology Index)

| | Fund | Benchmark 1 |
|------------------------|-------|-------------|
| Beta | 0.98 | — |
| R-Squared | 0.80 | — |
| Sharpe Ratio | 0.25 | -0.03 |
| Standard Deviation (%) | 17.34 | 15.68 |
| Alpha (%) | 4.88 | — |
| Information Ratio | 0.61 | — |
| Tracking Error (%) | 7.85 | — |

Top Equity Issuers (% of Total)

| | Fund |
|-------------------------------|------|
| GILEAD SCIENCES INC | 7.86 |
| VERTEX PHARMACEUTICALS INC | 6.85 |
| AMGEN INC | 6.58 |
| ASCENDIS PHARMA A/S | 5.16 |
| REGENERON PHARMACEUTICALS INC | 4.63 |
| INSMED INC | 4.16 |
| ARGENX SE | 3.91 |
| JAZZ PHARMACEUTICALS PLC | 3.70 |
| MERUS NV | 3.29 |
| PTC THERAPEUTICS INC | 3.17 |

Geographic Allocation (% of Total)

| | Fund | Benchmark 1 |
|-------------------------|-------|-------------|
| United States | 78.21 | 100.00 |
| Netherlands | 8.68 | 0.00 |
| Denmark | 5.74 | 0.00 |
| Australia | 2.61 | 0.00 |
| United Kingdom | 2.11 | 0.00 |
| France | 0.92 | 0.00 |
| Canada | 0.71 | 0.00 |
| Germany | 0.34 | 0.00 |
| Other | 0.23 | 0.00 |
| Cash & Cash Equivalents | 0.46 | 0.00 |

Sector Allocation (% of Total)

| | Fund | Benchmark 1 |
|--------------------------------|-------|-------------|
| Biotechnology | 83.72 | 79.10 |
| Pharmaceuticals | 11.19 | 15.27 |
| Health Care Services | 2.48 | 0.78 |
| Life Sciences Tools & Services | 1.97 | 4.63 |
| Managed Health Care | 0.19 | 0.00 |
| Health Care Equipment | 0.00 | 0.22 |
| Cash & Cash Equivalents | 0.46 | 0.00 |

Portfolio Management

| | Years with Firm | Years of Experience |
|---------------------|-----------------|---------------------|
| Evan McCulloch, CFA | 32 | 33 |
| Akiva Felt | 7 | 18 |

What should I know before investing?

All investments involve risks, including possible loss of principal. The portfolio is **non-diversified** and may invest in a relatively small number of issuers, which may negatively impact the fund's performance and result in greater fluctuation in the value of the fund's shares. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the fund's prospectus.

Glossary

Beta: A measure of the fund's volatility relative to the market, as represented by the stated Index. A beta greater than 1.00 indicates volatility greater than the market. **R-squared** measures the strength of the linear relationship between the fund and its benchmark. R-squared at 1 implies perfect linear relationship and zero implies no relationship exists. **Sharpe Ratio** refers to a risk-adjusted measure calculated using standard deviation and excess returns to determine reward per unit of risk. The higher the ratio, the greater the risk-adjusted performance. **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. **Alpha** is the annualized percentage difference between a portfolio's actual returns and its expected performance given its level of market risk, as measured by beta. **Information Ratio:** In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark. **Tracking Error** measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error. **Turnover** is a measure of the fund's trading activity which represents the portion of the fund's holdings that has changed over a twelve-month period through the fiscal year end. There is no assurance that the fund will maintain its current level of turnover. **Weighted Average Market Capitalization:** A determination of a company's value, calculated by multiplying the total number of company stock shares outstanding by the price per share. For a portfolio, the value represents a weighted average based on the stocks held. **Price to Book:** The price per share of a stock divided by its book value (i.e., net worth) per share. For a portfolio, the value represents a weighted average of the stocks it holds. **Price to Earnings (12-Month Trailing)** is the share price of a stock, divided by its per-share earnings over the past year. For a portfolio, the value represents a weighted average of the stocks it holds.

Important Information

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Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus, if available, at www.franklintempleton.com. Please read it carefully.