FRANKLIN TEMPLETON

Franklin Gold and Precious Metals Fund

Advisor Class: FGADX Class A: FKRCX | **Commentary | as of September 30, 2026**

Key Takeaways

- **Markets:** Precious metals prices experienced third quarter 2026 (3Q26) volatility linked to US Federal Reserve expectations, inflationary concerns and potential deterioration in long-term fiscal conditions. Gold spot prices rose 3.7% (to US$4,157 per troy ounce), having benefited during portions of July and August from geopolitical uncertainty, strong investor and central bank demand and a weaker US dollar, but gave back much of those gains in September (-6.3%) as US Treasury yields rose sharply, the greenback firmed (+2.0% per the Fed's US Dollar Index), and expectations for restrictive Fed policy increased the opportunity cost of owning non-yielding assets such as gold. Silver also moved higher (+3.1%, to US$60.43 per ounce), although September itself was weak (-9.2%). Platinum and palladium price shifts continued to reflect a mixture of investment flows, constrained mine supply and uncertain industrial and automotive demand. Platinum (+10.5%, to US$1,716 per ounce) was supported by persistent supply tightness foremost, while palladium was nearly flat (-0.3%, to US$1,208). In the base metals complex, structural demand generally held up, with copper reaching fresh all-time highs. In global equity markets, shares of gold-focused miners, as well as most other metals and mining stocks, outperformed broad gauges of stock market activity and the materials sector as a whole. Gold miners returned record amounts to shareholders through buybacks and higher dividends, capitalizing on elevated gold prices and strong cash flows during a period of historically high profitability. A key concern, however, was that the supply side of the gold mining industry was not expanding fast enough to keep up with demand.
- **Detractors:** Detrimental stock selection in the gold industry and lagging gains in three off-benchmark industry allocations: diversified metals and mining (+4.0%), precious metals and minerals (+9.8%), and copper (+8.7%).
- **Contributors:** Solid rallies for off-benchmark silver industry stocks and numerous overweighted or off-index positions in gold producers.
- **Outlook:** Gold prices have remained at levels that allow many producers to generate significant free cash flow, leaving room for production growth, dividends and share buybacks, according to our analysis.

Performance Review

- The fund (Advisor Class, net of fees) posted widespread 3Q26 gains but modestly lagged its benchmark index due to adverse allocation choices and, to a much lesser extent, security selection. Just over 20% of portfolio assets were situated outside core gold-mining holdings, within industries that generally posted smaller returns. Currency headwinds—reflecting the portfolio's significant exposure to Australian dollar and Canadian dollar denominated equities—also had a negative impact. The quarter underscores the high dispersion of returns within the gold equity universe and the outsized influence that individual security selection—particularly at the smaller-cap end of the spectrum—can have on relative performance.
- Several gold industry holdings sustained overall losses during the quarter, including overweighted or off-index positions in Greatland Resources, Black Cat Syndicate, Cambria Gold Mines and Orla Mining (sold by period-end). Greatland switched from serving as one of the fund's top contributors in the second quarter to a key detractor in 3Q26 as sentiment around this Australia-based gold/copper producer deteriorated after drilling updates at its Havieron project suggested higher capital expenditures and a longer timeline to production (due to permitting snags).
- In diversified metals and mining (about 10% of the portfolio), several off-index holdings surpassed the benchmark return by wide margins, including Benz Mining (up about 37%) and Meridian Mining (+41%). They were the exceptions during a period when most of their industry peers either traded lower or simply increased less than the index. Among the main detractors were Nevgold, Blue Moon Metals, Challenger Gold and Omai Gold Mines.
- Results in the gold industry were only slightly behind the index amid a mixture of relative-return supports and setbacks. The fund typically maintains underweighted exposures to the world's biggest gold producers, which have a commanding presence within the capitalisation-weighted benchmark universe. From a relative-return perspective, our results varied with these holdings. Relatively light stakes in Barrick Mining, Gold Fields and Coeur Mining were beneficial as their 3Q26 gains trailed the benchmark, while underweight positions in Newmont, Northern Star Resources and Agnico Eagle Mines curbed results as they rallied above the benchmark average. When combined, these six holdings covered about 15% of the portfolio and were solid contributors in the absolute.
- The rest of the notable gold industry contributors were off-benchmark or overweighted holdings that topped the index by wide margins, led by key contributors PDI Gold, Brightstar Resources, Liberty Gold, Founders Metals and Ora Banda Mining.

Outlook

- Given the step down in gold prices, gold miners reported weaker 2Q26 earnings versus 1Q26, and we think 3Q26 may prove to be a bit weaker than 2Q, even as producers continue to deliver solid profit margins and cash generation.
- Although we've seen an uptick in the pace of M&A activity from 2024 through September 2026, gold producers' rapidly increasing cash flow, when combined with what we consider to be attractive valuations for development-stage miners, leaves us optimistic about further industry consolidation. We think the pendulum has swung too far from the days of reckless spending back in 2010 to the current scenario—one characterized by fiscal conservatism at the expense of longer-term business health—and we are hopeful that it could swing back to a more balanced approach. We also think M&A would be an efficient and cost-effective way for producers to replace their depleting reserves. Overall M&A activity, in our view, helps support the equity valuations of earlier-stage companies with quality mining assets—companies in which the portfolio is currently overweighted relative to the FTSE Gold Mines Index and many of its mutual fund peers.

Morningstar Rating™

Overall Rating as of September 30, 2026

★★★★ **(4-Star)** Advisor Class

★★★ **(3-Star)** Class A

As of 09/30/2026 the fund's Advisor Class shares received a 4 star and Class A shares received a 3 star overall Morningstar rating™, measuring risk-adjusted returns against 61, 61 and 55 Equity Precious Metals funds over the 3-, 5- and 10- year periods, respectively. A fund's overall rating is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics. The number of funds in the category for the Overall Rating are listed under the 3-year period.

Top Equity Issuers (% of Total)

Holding	Fund
EQUINOX GOLD CORP	5.92
NEWMONT CORP	5.91
G MINING VENTURES CORP	4.97
ALAMOS GOLD INC	4.34
BARRICK MINING CORP	3.94
ANGLOGOLD ASHANTI PLC	2.56
AGNICO EAGLE MINES LTD	2.37
PERSEUS MINING LTD	2.19
PDI GOLD LTD	1.93
TOREX GOLD RESOURCES INC	1.80

Not FDIC Insured | No Bank Guarantee | May Lose Value

Average annual total returns and fund expenses (%) - as of September 30, 2026

			Without Sales Charge							With Maximum Sales Charge							Expenses		Sales Charges		Inception
Class	CUSIP	Ticker	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Inception	Gross	Net	Initial Charge	CDSC	Date
Advisor Class	353535305	FGADX	15.44	3.97	28.03	61.05	27.03	14.53	6.90	15.44	3.97	28.03	61.05	27.03	14.53	6.90	0.62	0.62	—	—	5/19/1969
Class A	353535107	FKRCX	15.40	3.79	27.72	60.67	26.70	14.24	6.70	9.04	-1.93	20.69	57.66	25.28	13.60	6.60	0.87	0.87	5.50	—	5/19/1969
Benchmark 1	—	—	16.97	2.70	18.02	55.08	27.42	14.46	—	16.97	2.70	18.02	55.08	27.42	14.46	—	—	—	—	—	—
Benchmark 2	—	—	2.30	12.75	15.74	22.88	13.79	15.33	—	2.30	12.75	15.74	22.88	13.79	15.33	—	—	—	—	—	—

Benchmark(s)

Benchmark 1=FTSE Gold Mines Index

Benchmark 2=S&P 500 Index

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 12/31/1996. Performance quotations have been calculated as follows: (a) for Advisor Class periods prior to 12/31/1996, 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.
The total annual operating expenses are as of the fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.

What are the Risks?

All investments involve risks, including possible loss of principal. To the extent the portfolio invests in a **concentration of certain securities, regions or industries**, it is subject to increased volatility. **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. Small- and mid-cap stocks** involve greater risks and volatility than large-cap stocks. 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. 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

A **buyback** is the repurchase of outstanding shares (repurchase) by a company in order to reduce the number of shares on the market.

Capital Expenditure (capex) are funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment.

Important Information

The information provided is not a complete analysis of every material fact regarding any country, market, industry, security or fund. Because market and economic conditions are subject to change, comments, opinions and analyses are rendered as of the date of this material and may change without notice. A portfolio manager's assessment of a particular security, investment or strategy is not intended as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy; it is intended only to provide insight into the fund's portfolio selection process. Holdings are subject to change.

The **FTSE Gold Mines Index** is designed to reflect the performance of the worldwide market in the shares of companies whose principal activity is the mining of gold. The **S&P 500 Index** features 500 leading U.S. publicly traded companies, with a primary emphasis on market capitalization.

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Important data provider notices and terms available at www.franklintempletondatasources.com. All data is subject to change.

Holdings are provided for informational purposes only and should not be construed as a recommendation to purchase or sell any security.

Morningstar Rating™: Source: Morningstar®, 09/30/2026. For each mutual fund and ETF with at least a 3-year history, Morningstar calculates a Morningstar Rating™ based on how a fund ranks on a Morningstar Risk-Adjusted Return measure against other funds in the same category. This measure takes into account variations in a fund's monthly performance, and does not take into account the effects of sales charges and loads, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The weights are: 100% 3-year rating for 36-59 months of total returns, 60% 5-year rating/40% 3-year rating for 60-119 months of total returns, and 50% 10-year rating/30% 5-year rating/20% 3-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent 3-year period actually has the greatest impact because it is included in all three rating periods. The fund's Advisor Class shares received a Morningstar Rating of 5, 3 and 4 and fund's Class A shares received a Morningstar Rating of 5, 3 and 3 star(s) for the 3-, 5- and 10-year periods, respectively. Franklin Templeton provides this fund's Morningstar Rating™ for Advisor Class and Class A shares only. Other share classes may have different Morningstar ratings. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this 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.

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