

ANNUAL REPORT AND SHAREHOLDER LETTER

# FRANKLIN STRATEGIC SERIES

April 30, 2023



FRANKLIN  
TEMPLETON

Franklin Biotechnology Discovery Fund

Franklin Natural Resources Fund



# SHAREHOLDER LETTER

Dear Shareholder:

During the 12 months ended April 30, 2023, the U.S. economy recovered from the contraction in the second quarter of 2022 and expanded moderately in the subsequent three quarters. Resilient consumer spending and improved exports amid cooling inflation led to moderate economic growth. However, higher interest rates meant higher borrowing costs for individuals and businesses, which dampened economic activity.

In its aggressive fight against high inflation, the U.S. Federal Reserve (Fed) raised the federal funds target rate eight times during the period, bringing it to a range of 4.75%–5.00%, the highest level since 2007. At its March 2023 meeting, the Fed said it would continue to reduce its bond holdings but softened its firm outlook on future rate hikes. Additionally, Fed Chair Jerome Powell said the central bank most likely would not cut rates in 2023.

U.S. equities, as measured by the Standard & Poor's® 500 Index, posted a +2.66% total return for the 12-month reporting period ended April 30, 2023.<sup>1</sup> High inflation, rising interest rates and geopolitical instability contributed to a sharp decline in equity prices during the first half of the reporting period, though equities rebounded in the second half. Consumer spending continued to rise but deteriorating financial conditions, including regional banking stress in March and April, and investors' expectations for slower growth intermittently pressured equity markets.

We are committed to our long-term perspective and disciplined investment approach as we conduct a rigorous, fundamental analysis of securities with a regular emphasis on investment risk management.

We believe active, professional investment management serves investors well. We also recognize the important role of financial professionals in today's markets and encourage investors to continue to seek their advice. Amid changing markets and economic conditions, we are confident investors with a well-diversified portfolio and a patient, long-term outlook should be well positioned for the years ahead.

In addition, Franklin Strategic Series' annual report includes more detail about prevailing conditions and a discussion about investment decisions during the period.

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1. Source: Morningstar.  
See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

All securities markets fluctuate, as do mutual fund share prices.

We thank you for investing with Franklin Templeton, welcome your questions and comments, and look forward to serving your future investment needs.

Sincerely,



Edward Perks, CFA  
President and Chief Executive Officer –  
Investment Management  
Franklin Strategic Series

*This letter reflects our analysis and opinions as of April 30, 2023, unless otherwise indicated. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.*

Not FDIC Insured	May Lose Value	No Bank Guarantee
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# ANNUAL REPORT

## Economic and Market Overview

U.S. equities, as measured by the Standard & Poor's® 500 Index, posted a +2.66% total return for the 12 months ended April 30, 2023.<sup>1</sup> High inflation, rising interest rates and geopolitical instability contributed to a sharp decline in equity prices during the first half of the reporting period, though equities subsequently rebounded. Consumer spending continued to rise but deteriorating financial conditions, including regional banking stress in March and April, and investors' expectations for slower growth pressured equity markets.

Continued supply-chain disruptions, strong consumer demand and volatile energy prices drove inflation. Oil and commodity prices rose following Russia's invasion of Ukraine in February 2022, before gradually receding. Inflation peaked at 9.1% in June 2022, the highest annual rate since 1981, before sliding to 5.0% in March 2023. The labor market remained strong amid a high level of nominal growth, which sent the U.S. unemployment rate down to a historic 54-year low of 3.4% in January 2023 before rising marginally to 3.5% in March.

U.S. gross domestic product recovered from the contraction in the second quarter of 2022 and grew at a 3.2% annualized rate in the third quarter of 2022, eventually slowing to 1.1% in the first quarter of 2023. Rising consumer spending and increased exports amid cooling inflation led to moderate economic growth over the period. However, rising interest rates translated to higher borrowing costs for individuals and businesses, which dampened economic activity, especially in the housing and financial markets.

In an effort to control inflation, the U.S. Federal Reserve (Fed) rapidly restricted monetary policy during the period. The Fed raised the federal funds target rate eight times to end the period at a range of 4.75%–5.00%, pushing borrowing costs to their highest levels since 2007. The interest-rate hikes included four successive 75-basis-point increases at its June, July, September and November 2022 meetings and smaller increases at its remaining meetings during the period. At its March 2023 meeting, the Fed said it would continue to reduce bond holdings but departed from previous statements by softening its firm outlook on future rate hikes. Additionally, Fed Chair Jerome Powell said the central bank most likely would not cut rates in 2023.

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*The foregoing information reflects our analysis and opinions as of April 30, 2023. The information is not a complete analysis of every aspect of any market, country, industry, security or fund. Statements of fact are from sources considered reliable.*

<sup>1</sup>. Source: Morningstar.  
See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

# Franklin Biotechnology Discovery Fund

This annual report for Franklin Biotechnology Discovery Fund covers the fiscal year ended April 30, 2023.

## Your Fund's Goal and Main Investments

The Fund seeks capital appreciation. Under normal market conditions, the Fund invests at least 80% of its net assets in securities of biotechnology companies and discovery research firms located in the U.S. and other countries.

## Performance Overview

The Fund's Class A shares posted a +10.58% cumulative total return for the 12 months under review. In comparison, the NASDAQ Biotechnology Index®, which tracks U.S.- and international-based biotechnology stocks, posted a +12.27% cumulative total return.<sup>1</sup> Also in comparison, the Standard & Poor's 500 Index (S&P 500®), which is a broad measure of the U.S. stock market, posted a +2.66% cumulative total return.<sup>1</sup> You can find the Fund's long-term performance data in the Performance Summary beginning on page 8.

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com) or call (800) 342-5236.*

## Investment Strategy

We are research-driven, fundamental investors, pursuing a growth strategy. As bottom-up investors focusing primarily on individual securities, we choose companies that have identifiable drivers of future earnings growth and that present, in our opinion, the best trade-off between potential earnings growth, business and financial risk, and valuation. Also, in seeking sustainable growth characteristics, we look for companies that we believe can produce sustainable earnings growth and cash flow growth or the potential to generate income. We rely on a team of analysts to help provide in-depth industry expertise and use both qualitative and quantitative analysis to evaluate companies for distinct and sustainable competitive advantages likely to lead to growth in earnings and/or share price. Competitive advantages, such as a particular product niche, proven technology, sound financial position and strong

management, are all factors we believe may contribute to strong growth potential.

## Portfolio Composition

4/30/23

	% of Total Net Assets
Biotechnology	72.9%
Pharmaceuticals	18.8%
Life Sciences Tools & Services	5.9%
Other	0.6%
Short-Term Investments & Other Net Assets	1.8%

## Manager's Discussion

The Fund's results versus the benchmark Nasdaq Biotechnology Index were supported primarily by favorable stock selection in the pharmaceuticals industry as several overweighted or off-benchmark holdings posted exceptional gains. Among the key contributors were Revance Therapeutics, which saw its equity value nearly double during the 12 months under review; Pliant Therapeutics, which saw a nearly fivefold increase in its share price; and smaller but nonetheless impressive rallies for Intra-Cellular Therapies (focused on treatments for complex psychiatric and neurologic diseases), CymaBay Therapeutics (drug discovery in chronic metabolic and liver diseases with high unmet medical need) and several others. In particular, Revance announced unexpectedly strong demand and revenues for Daxxify (a skin wrinkle treatment that lasts longer than Botox injections) in fourth quarter 2022, despite being on the market for only one month and launched only to 400 doctors (total market is about 5,000 doctors). In the latter half of 2022, Pliant reported surprisingly positive Phase 2a clinical trial data in idiopathic pulmonary fibrosis (a progressive and fatal lung disease) for its dual-integrin inhibitor PLN-74089. The treatment showed encouraging preliminary efficacy measurements despite a short treatment duration, and we found its safety profile to be clean with no treatment discontinuations due to adverse reactions thus far.

The Fund also fared well by avoiding certain industries tracked by the index. Though the positive impact on relative returns was small, we benefited from a lack of exposure to companies in the health care equipment, health care supplies and health care distributors industries.

1. Source: Morningstar.

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOI).

The SOI begins on page 24.

The rest of the major contributors were individual stocks that buoyed our overall results in the biotechnology industry. In particular, we saw exceptional 12-month gains in overweighted or off-index companies such as Prometheus Biosciences (sold by period-end), PTC Therapeutics, IVERIC Bio, Albireo Pharma (sold by period-end) and Argenx, along with a smaller benchmark-topping rally for Horizon Therapeutics that was made more impactful by the fact that it was one of the portfolio's largest holdings before we eventually liquidated the position. Some of our key contributors benefited from a pickup in merger-and-acquisition (M&A) activity, none more so than autoimmune drug developer Prometheus Biosciences, which posted an outsized gain leading up to its buyout offer. There's been a raft of recent M&A deals driven by large pharmaceutical companies looking to refill their pipelines by buying biotechnology companies. Late in the annual period, Merck (not held by the Fund) announced that it will buy Prometheus for US\$10.8 billion (expected to close in the third quarter of 2023). Merck is looking to boost its pipeline to prepare for Keytruda's patent expiration around 2028. Prometheus has drugs for ulcerative colitis and Crohn's disease that soon should enter late-stage trials.

PTC—focused on orally administered small molecule drugs and gene therapies for rare disorders—made progress with its drug development and clinical trial pipeline efforts. The company reported a sizable first-quarter 2023 revenue beat versus consensus estimates, driven by Translarna sales, which came in 45% above consensus expectations (Translarna is a protein restoration therapy indicated for the treatment of Duchenne muscular dystrophy). Translarna sales appeared to be on track to meaningfully outpace consensus expectations for the rest of 2023, while PTC was preparing for upcoming readouts on three Phase 3 clinical trials plus initial data from its Phase 2 Huntington's disease trial in the second quarter of 2023.

Horizon, a biopharmaceutical company targeting unmet therapeutic needs in arthritis pain and inflammatory diseases, entered into preliminary discussions with pharmaceutical giants Amgen, Johnson & Johnson (J&J; not held by the Fund) and Sanofi (not held by the Fund by period-end) about being acquired. Their interest in a potential bidding war over Horizon hinged on its strong product pipeline as it was marketing eight different drugs. One of them—thyroid eye disease therapy Tepezza—is already a blockbuster. Elsewhere in its product line-up, Horizon believed that chronic gout drug Krystexxa had potential peak U.S. sales of more than \$1.5 billion. Shortly after the announcement, J&J and Sanofi dropped out of the

negotiations, and Amgen subsequently agreed to acquire Horizon.

Conversely, stock selection and an underweighting in the Fund's core biotechnology industry allocation—which averaged roughly three-quarters of the overall portfolio—proved detrimental versus the benchmark index, though these holdings still provided the bulk of the Fund's absolute gains for the year under review.

The Fund's investments in the life sciences tools and services industry and health care services industry both suffered steep, double-digit percentage declines. Although these were much smaller allocations than biotechnology or pharmaceuticals, they were nonetheless overweighted versus the benchmark index, thereby amplifying the negative impact on a relative basis. Some of our high-conviction, overweight or off-index biotech holdings suffered large double-digit percentage declines for company-specific reasons, including key detractors Iovance Biotherapeutics, Mirati Therapeutics, Ascendis Pharma, Kezar Life Sciences, Heron Therapeutics and VistaGen Therapeutics (sold by period-end). VistaGen fared worst, shedding most of its equity value after its management announced unfavorable Phase 3 clinical trial results in PH94B for the acute treatment of social anxiety disorder, which ultimately did not achieve its primary endpoint, as measured by changes from baseline using the Subjective Units of Distress Scale compared to placebo.

Cellular immunotherapy specialist Iovance—the Fund's single-largest detractor—saw its share value declined substantially following the release of disappointing results from a pivotal melanoma drug trial using tumor-infiltrating lymphocytes, or TILs (a type of immune cell that can recognize and kill cancer cells). Iovance had previously reported strong results for metastatic melanoma treatment lifileucel in mid-2021 when it generated an overall response rate of 36%. However, in May 2022, the company reported a median duration of response of 10.4 months, which was substantially below what was observed in its previous trial. The company attributed the difference to a more heavily pre-treated patient population in the latest trial, which we believe is a plausible explanation, but whether it will negatively impact commercial uptake remains to be seen. Iovance remained optimistic about the drug's prospects and was ready to present it to regulators as it sought to submit a biologics license application for lifileucel to the U.S. Food and Drug Administration (FDA).

Additional biotech industry weakness stemmed from an underweighted stake in Gilead Sciences, which enjoyed a huge rally; Gilead was still one of our largest positions and a

top contributor in absolute terms. In some cases, the timing of trades factored into relative weakness. For example, we initiated a small position in Alnylam Pharmaceuticals (not held at period-end) that declined modestly from our purchase date through period-end, which resulted in a wide performance gap with the index as Alnylam shares rose solidly for the full 12 months under review. A similar negative impact occurred with the Fund's new position in Sarepta Therapeutics—it depreciated from our purchase date through period-end yet underwent an exceptional full-year rally on the index.

The Fund held just one investment in the health care services industry, Guardant Health, which shed substantial equity value; most of its selloff occurred in December 2022. Guardant is a precision oncology company engaged in the treatment of cancer through the use of proprietary blood-based tests, vast data sets and advanced analytics. Guardant reported results for Guardant Shield, a novel colorectal cancer test. The 83% sensitivity for colorectal cancer demonstrated by Guardant Shield fell short of the roughly 85% consensus expectation in investor surveys, but this result easily cleared the 74% minimum sensitivity requirement that has been pre-specified for U.S. Medicare coverage. In addition, there appeared to be disappointment in the test's advanced adenoma sensitivity, which fell below a key competitor's blood-sample test metrics. Guardant was obligated to pass through the FDA approval process and gain coverage and reimbursement from Medicare and commercial insurers. These events are not without risk, but we still saw Shield as becoming a commercially competitive screening test for colorectal, and eventually, other cancers. Guardant submitted its application for FDA approval for Shield in 2023's first quarter, which was later than the previous submission guidance.

It was a very difficult year for life sciences tools and services stocks, nearly across the board. Most of these companies—including those held by the Fund and those tracked by the benchmark index—were shunned by investors and suffered double-digit percentage losses, including key detractors Illumina (overweight) and Avantor (not an index component). Illumina makes tools and consumables for gene sequencing. Its sequencing devices are among the most widely distributed in global hospitals and laboratories, and its ongoing years-long efforts to develop new technologies place it at the cutting edge of the field, with few notable competitors. However, the company has come under some pressure as sales in one of its core markets decelerated meaningfully. It offers three classes of gene sequencers: low throughput, medium throughput and high throughput. Illumina's 2022 low-throughput device sales were close to

flat year-over-year. Additionally, legal issues surfaced around its US\$7.1 billion acquisition of Grail, a cancer diagnostics biotech company, which hit some potential antitrust roadblocks with U.S. and E.U. regulators, thereby prolonging the closing of the deal.

### Top 10 Holdings

4/30/23

Company Industry, Country	% of Total Net Assets
Vertex Pharmaceuticals, Inc. <i>Biotechnology, United States</i>	7.1%
Amgen, Inc. <i>Biotechnology, United States</i>	6.5%
Regeneron Pharmaceuticals, Inc. <i>Biotechnology, United States</i>	6.5%
Gilead Sciences, Inc. <i>Biotechnology, United States</i>	5.7%
AstraZeneca plc <i>Pharmaceuticals, United Kingdom</i>	4.9%
Biogen, Inc. <i>Biotechnology, United States</i>	4.4%
Jazz Pharmaceuticals plc <i>Pharmaceuticals, United States</i>	4.4%
PTC Therapeutics, Inc. <i>Biotechnology, United States</i>	4.2%
Intra-Cellular Therapies, Inc. <i>Pharmaceuticals, United States</i>	3.4%
Illumina, Inc. <i>Life Sciences Tools &amp; Services, United States</i>	3.2%

Although pharmaceuticals industry holdings were an important net contributor during the year, relative gains were pared by some overweight or off-benchmark outliers to the downside. The worst of these detractors included a major stake in Jazz Pharmaceuticals and smaller positions in EyePoint Pharmaceuticals and Athira Pharma (not held at period-end). In particular, we continued to see strong potential in Jazz, which focuses on neurology and oncology medications, and which has a connection to novel cannabis-based therapies via acquisition: Its US\$7.2 billion purchase of GW Pharmaceuticals in May 2021 brought with it cannabidiol-based Epidiolex, a drug used to treat seizures caused by a variety of epileptic conditions, including Lennox-Gastaut syndrome, Dravet syndrome and tuberous sclerosis complex. However, Jazz is not a pure-play medical cannabis company. It also makes the sleep disorder drugs Xyrem and Xywav, which account for more than half of its sales. Jazz also sells cancer drugs Rylaze Vyxeos and Zepzelca. Jazz has been able to keep growing through its own expanding product line, including 11 new approvals and launches of therapies since 2015, plus its willingness to acquire therapies, as it did through the GW Pharma purchase. We still see upside potential based in part on Jazz's diversified revenue base and multiple growth drivers. After growing revenues at an 18% year-over-year rate in 2022 (from US\$3.1 billion in 2021), its management is



projecting sales could top US\$5 billion in annual revenue by 2025 as Epidiolex rolls out to more countries. Furthermore, Jazz expects that its strong pipeline could result in at least five products obtaining regulatory approval before the end of the decade.

Thank you for your continued participation in Franklin Biotechnology Discovery Fund. We look forward to serving your future investment needs.

Evan McCulloch, CFA  
Lead Portfolio Manager

Wendy Lam, Ph.D.  
Akiva Felt

Portfolio Management Team

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*The foregoing information reflects our analysis, opinions and portfolio holdings as of April 30, 2023, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Performance Summary as of April 30, 2023

The performance table and graphs do not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities.

### Performance as of 4/30/23<sup>1</sup>

*Cumulative total return excludes sales charges. Average annual total return includes maximum sales charges. Sales charges will vary depending on the size of the investment and the class of share purchased. The maximum is 5.50% and the minimum is 0%. **Class A:** 5.50% maximum initial sales charge; **Advisor Class:** no sales charges. For other share classes, visit [franklintempleton.com](http://franklintempleton.com).*

Share Class	Cumulative Total Return <sup>2</sup>	Average Annual Total Return <sup>3</sup>
<b>A<sup>4</sup></b>		
1-Year	+10.58%	+4.50%
5-Year	+14.46%	+1.58%
10-Year	+104.79%	+6.82%
<b>Advisor</b>		
1-Year	+10.86%	+10.86%
5-Year	+15.91%	+3.00%
10-Year	+110.07%	+7.71%

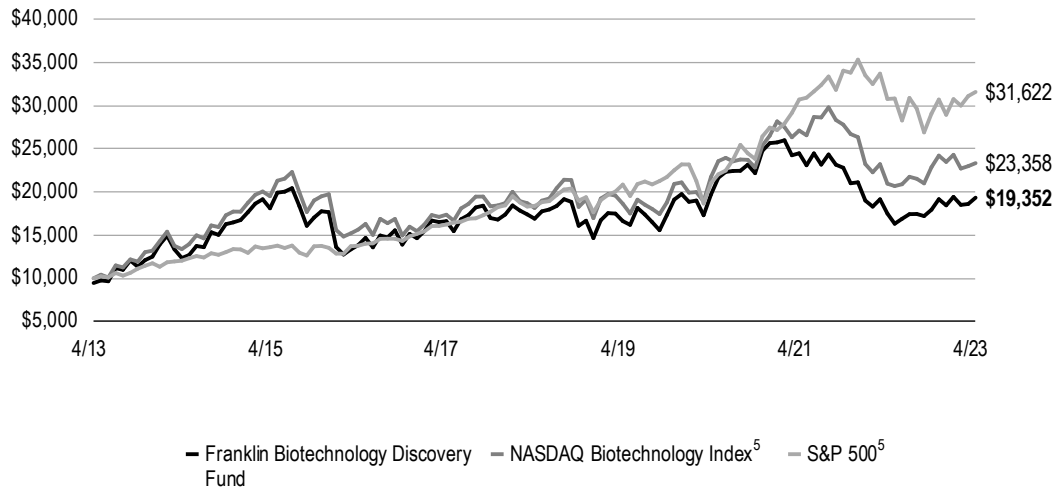
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com) or call (800) 342-5236.*

See page 10 for Performance Summary footnotes.

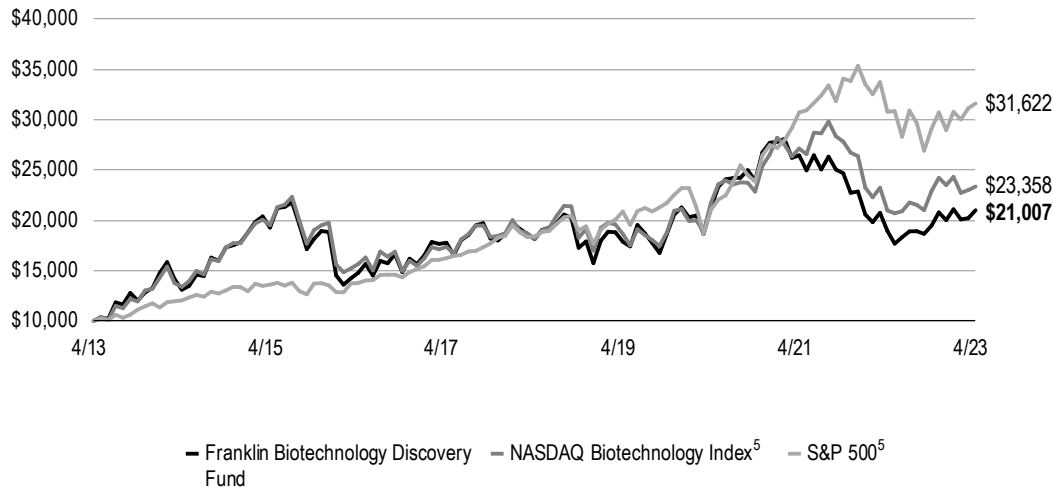
## Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged indexes include reinvestment of any income or distributions. They differ from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.

### Class A (4/30/13–4/30/23)



### Advisor Class (4/30/13–4/30/23)



See page 10 for Performance Summary footnotes.

## Distributions (5/1/22–4/30/23)

Share Class	Net Investment Income
A	\$0.1411
C	—
R6	\$0.5857
Advisor	\$0.4163

## Total Annual Operating Expenses<sup>6</sup>

Share Class	
A	1.04%
Advisor	0.79%

Each class of shares is available to certain eligible investors and has different annual fees and expenses, as described in the prospectus.

All investments involve risks, including possible loss of principal. The Fund is a non-diversified fund that concentrates in a single sector, which involves risks such as patent considerations, product liability, government regulatory requirements, and regulatory approval for new drugs and medical products. Biotechnology companies often are small and/or relatively new. Smaller companies can be particularly sensitive to changes in economic conditions and have less certain growth prospects than larger, more established companies and can be volatile, especially over the short term. The Fund may also invest in foreign companies, which involve special risks, including currency fluctuations and political uncertainty. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's prospectus also includes a description of the main investment risks.

1. The total annual operating expenses are sourced from the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.
  2. Cumulative total return represents the change in value of an investment over the periods indicated.
  3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
  4. Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 5.50%.
  5. Source: FactSet. The NASDAQ Biotechnology Index is a modified capitalization-weighted index designed to measure the performance of NASDAQ-listed companies classified as either biotechnology or pharmaceuticals. The S&P 500 is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.
  6. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown.
- See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

## Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including sales charges (loads) on Fund purchases and redemptions; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

### Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value" for each class of shares. You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then  $\$8,600 \div \$1,000 = 8.6$* ). Then multiply the result by the number in the row for your class of shares under the headings "Actual" and "Expenses Paid During Period" (*if Actual Expenses Paid During Period were \$7.50, then  $8.6 \times \$7.50 = \$64.50$* ). In this illustration, the actual expenses paid this period are \$64.50.

### Hypothetical Example for Comparison with Other Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Share Class	Beginning Account Value 11/1/22	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 4/30/23	Expenses Paid During Period 11/1/22–4/30/23 <sup>1,2</sup>	Ending Account Value 4/30/23	Expenses Paid During Period 11/1/22–4/30/23 <sup>1,2</sup>	
A	\$1,000	\$1,078.20	\$5.26	\$1,019.73	\$5.11	1.02%
C	\$1,000	\$1,074.20	\$9.11	\$1,016.01	\$8.85	1.77%
R6	\$1,000	\$1,080.40	\$3.21	\$1,021.71	\$3.12	0.62%
Advisor	\$1,000	\$1,079.50	\$3.98	\$1,020.97	\$3.86	0.77%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses.

# Franklin Natural Resources Fund

This annual report for Franklin Natural Resources Fund covers the fiscal year ended April 30, 2023.

## Your Fund's Goal and Main Investments

The Fund seeks to provide high total return. Total return consists of capital appreciation and current dividend and interest income. Under normal market conditions, the Fund invests at least 80% of its net assets in equity and debt securities of companies that own, produce, refine, process, transport or market natural resources, as well as those that provide related services.

### Geographic Composition

4/30/23

	% of Total Net Assets
North America	83.8%
Europe	8.3%
Latin America & Caribbean	3.6%
Australia & New Zealand	3.4%
Other	0.8%
Short-Term Investments & Other Net Assets	0.1%

## Performance Overview

The Fund's Class A shares posted a +6.56% cumulative total return for the 12 months under review. In comparison, the Standard & Poor's (S&P®) North American Natural Resources Sector Index, which tracks companies involved in industries such as mining, energy, timber and forestry services, and the production of pulp and paper, posted a +5.87% cumulative total return.<sup>1</sup> Also in comparison, the Standard & Poor's 500 Index (S&P 500), which is a broad measure of the U.S. stock market, posted a +2.66% cumulative total return.<sup>1</sup> Please note index performance information is provided for reference and we do not attempt to track any index but rather undertake investments on the basis of fundamental research. The Fund's strategy, which focuses on companies with higher long-term growth potential, differs from the natural resources index's large weighting in income-oriented companies that we believe typically provide more limited opportunities for growth. This difference may occasionally lead to wide performance discrepancies, especially in periods when investors focus on short-term "safety" and yield or, conversely, when investors focus more heavily on companies with stronger

growth prospects and greater commodity price leverage. You can find the Fund's long-term performance data in the Performance Summary beginning on page 16.

*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com) or call (800) 342-5236.*

## Investment Strategy

We are research-driven, fundamental investors, pursuing a growth strategy. As bottom-up investors focusing primarily on individual securities, we choose companies that have identifiable drivers of future earnings growth and that present, in our opinion, the best trade-off between potential earnings growth, business and financial risk, and valuation. Also, in seeking sustainable growth characteristics, we look for companies that we believe can produce sustainable earnings growth and cash flow growth or the potential to generate income. We rely on a team of analysts to help provide in-depth industry expertise and use both qualitative and quantitative analysis to evaluate companies for distinct and sustainable competitive advantages likely to lead to growth in earnings and/or share price. Competitive advantages, such as a particular product niche, proven technology, sound financial position and strong management, are all factors we believe may contribute to strong growth potential.

## Sector Overview

Prices in the global commodities complex began the annual period on an upward track that peaked around mid-June 2022 as demand began to loosen and commodity supply-chain issues—tied in part to geopolitical tensions and resulting shifts in global trade—began to resolve. From there, key commodity indexes began to lose steam in response to emerging demand pressures related to weakening economic data, a slower-than-anticipated recovery in China, and a wave of interest-rate increases amid historically elevated inflation. Commodity gauges were largely rangebound at lower levels from July through period-end, though they did succeed in generating a second successive calendar year of gains in 2022. Owing in part to a quickly fading war premium, downward price trajectories since the 2022 peaks (following

1. Source: Morningstar.

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Schedule of Investments (SOI).

The SOI begins on page 31.

Russia's invasion of Ukraine) occurred in most commodities, particularly energy products and grains. For example, Brent crude oil fell roughly 40% since it peaked in March 2022, the price of U.S. natural gas was about 75% below its August 2022 peak, and the Bloomberg Agriculture Spot Index was down about 20% on a year-ago basis. Additionally, many economists, the International Monetary Fund and the World Bank warned of a potential longer-term structural growth slowdown across the globe linked to weak investment, slow productivity growth, surging government debt, restrictive trade measures such as tariffs, and the continuing negative effects of the COVID-19 pandemic following three years of disruptions. By the spring of 2023, the commodities complex was still climbing a "wall of worry" even though many analysts agreed the underlying fundamentals were holding, though they noted there might continue to be a bifurcation in commodities performance as idiosyncratic factors (particularly with respect to supply dynamics) drive divergence in returns.

## Portfolio Composition

4/30/23

	% of Total Net Assets
Oil & Gas Exploration & Production	21.5%
Integrated Oil & Gas	16.7%
Oil & Gas Equipment & Services	13.1%
Oil & Gas Storage & Transportation	7.9%
Copper	6.7%
Gold	6.7%
Oil & Gas Refining & Marketing	5.2%
Diversified Metals & Mining	5.1%
Industrial Gases	3.0%
Fertilizers & Agricultural Chemicals	1.9%
Electrical Components & Equipment	1.9%
Oil & Gas Drilling	1.5%
Metal, Glass & Plastic Containers	1.2%
Specialty Chemicals	1.1%
Other	6.4%
Short-Term Investments & Other Net Assets	0.1%

For the full year under review, U.S. benchmark crude oil futures prices fell 26.7% (to US\$76.78 per barrel), while international oil prices fell 27.3% (to US\$79.54 per barrel). U.S. natural gas futures were loss leaders that declined 66.7% (to US\$2.41 per million British thermal units). Industrial metals prices generally fell from the beginning of the reporting period through mid-July 2022, then remained relatively unchanged through October before rising through January 2023, at which point they gave back most of that rally's gains through period-end. In particular, copper futures prices were down 12.0% for the year while iron ore declined

19.9%. Most precious metals fared better than their base metals counterparts: although palladium prices dropped 35.2% in response to declining industrial and automotive demand, platinum prices advanced 14.8%, silver gained 10.0% and gold spot prices climbed 4.9% and approached record highs. In the agricultural complex, most fertilizer prices dwindled steadily through year-end, as did major crop prices: wheat futures came down from all-time highs and lost 40.6% overall, while corn and soybeans fell 22.3% and 15.5%, respectively. Although demand dynamics began to loosen as investors braced for a downshift in economic activity, the global economy began the Fund's annual period the way it spent most of the fiscal year—hard-pressed to satisfy commodity needs, which kept some support under prices.

As the energy and raw materials price spikes from roughly one year faded amid the rebalance in supply and demand, the Refinitiv CoreCommodity CRB Index (CRB), which tracks 19 significant commodities, declined 13.0% on a price-only basis. The U.S. dollar, which fell 0.4% versus a basket of six other major currencies, was mildly supportive of dollar-denominated commodities. In U.S. and global stock markets, natural resources equities generally fared better than the commodities and refined products they make. Energy was by far the top-performing sector, having topped the broad equity index averages and the 10 other sector groups by wide margins. Materials sector stocks fared considerably worse than energy; on average, they lost roughly 3% to 4% of their value in U.S. and global equity markets. Despite the preponderance of multiyear and even all-time price peaks across the commodities complex recently, natural resources companies as a group continued to take a conservative approach toward investing in more capacity to alleviate prospective supply shortages. Within the energy sector, profit margins in early 2023 were rolling over from the record highs achieved during 2022, while most earnings estimates for materials-focused industries have drifted downward. Today's economic backdrop is unprecedented as we have seen soaring liquidity, followed by four-decade high annual inflation rates in some regions, followed by aggressive rate hikes by numerous central banks. Now, inflation is subsiding, and many investors are expecting deterioration in company earnings and an economic slump. While such an outcome can temporarily depress demand, supply is also likely to remain constrained when economic growth recovers, potentially leading to a resumption of pricing strength necessary to incentivize additional investment, which we think should present a healthy backdrop for related equities.

## Manager's Discussion

The Fund outperformed its benchmark, the S&P North American Natural Resources Sector Index, with the support of favorable allocation decisions. Twenty out of 31 industries contributed to relative performance, with notable strength in oilfield services (based on a supportive combination of overweighting and stock selection versus the index); paper and plastic packaging products and materials (aided by a substantial underweighting versus the index as this industry posted negative returns); and oil and gas exploration and production, or E&P (resulting primarily from strong stock selection as the Fund's E&P returns were much higher than E&P companies tracked by the index).

Several of the Fund's oilfield services holdings had robust double-digit percentage gains, led by overweighted or off-benchmark contributors such as TechnipFMC, Nine Energy Service and Oceaneering International. Our results in E&P—the portfolio's single-largest industry exposure—were boosted by the avoidance of several natural gas-focused index component stocks that suffered large double-digit percentage losses. To a lesser extent, relative returns were also helped by stock selection among copper-focused miners, with off-benchmark positions in ERO Copper and Capstone Copper serving as key contributors. We also kept much less exposure to Enbridge and other energy pipeline and infrastructure names than the index, which strengthened relative returns as these stocks generally missed the energy sector rally and sold off. Elsewhere in the portfolio, stock selection in the oil and gas refining and marketing industry added incrementally to the Fund's relative gains, as did select holdings in the gold industry, where key contributor Alamos Gold (overweighted) benefited from the rise in gold prices, finished 2022 with record production, and provided forward guidance with an estimated 9% higher production and 5% lower all-in sustaining costs in 2023.

The Fund did not invest in several industries that suffered double-digit percentage declines on the index, resulting in a net beneficial outcome in relative terms. These key contributors-of-omission included aluminum- and silver-focused mining companies, forest products and coal producers.

Aside from our core holdings in the energy and materials sectors, returns were further aided by investments in several off-benchmark industries, many of which are focused on the long-term transition to renewable energy sources currently underway globally. Chemical ingredients distributor Univar Solutions, which received an acquisition offer, was among them, as was water and wastewater technology solutions provider Xylem. Stocks linked to solar, wind and next-

generation energy grid solutions also offered strong support as the shares of Shoals Technologies Group more than doubled in value, while those of Fluence Energy nearly doubled. Our newest investment in the electrical components and equipment industry, NEXTracker (purchased during the period), also enjoyed a robust rally through April-end. To a lesser extent, investments linked to windmill manufacturing (TPI Composites), offshore windmill construction (Eneti) and solar inverters for photovoltaic arrays (SolarEdge Technologies) also fared better than the benchmark index.

### Top 10 Holdings

4/30/23

<b>Company Industry, Country</b>	<b>% of Total Net Assets</b>
ConocoPhillips <i>Oil, Gas &amp; Consumable Fuels, United States</i>	4.4%
Exxon Mobil Corp. <i>Oil, Gas &amp; Consumable Fuels, United States</i>	4.3%
Chevron Corp. <i>Oil, Gas &amp; Consumable Fuels, United States</i>	4.0%
EOG Resources, Inc. <i>Oil, Gas &amp; Consumable Fuels, United States</i>	3.5%
Shell plc <i>Oil, Gas &amp; Consumable Fuels, Netherlands</i>	3.0%
Canadian Natural Resources Ltd. <i>Oil, Gas &amp; Consumable Fuels, Canada</i>	3.0%
Schlumberger NV <i>Energy Equipment &amp; Services, United States</i>	2.9%
Freeport-McMoRan, Inc. <i>Metals &amp; Mining, United States</i>	2.6%
Pioneer Natural Resources Co. <i>Oil, Gas &amp; Consumable Fuels, United States</i>	2.3%
Suncor Energy, Inc. <i>Oil, Gas &amp; Consumable Fuels, Canada</i>	2.0%

Conversely, the Fund underperformed its benchmark in 11 industries, none more so than the integrated oil and gas industry, where an average roughly 17.5% of the portfolio was invested and where our underweighting versus the index proved detrimental, though this impact was effectively offset by weightings in other energy industries. Relative performance was split among the oil and gas majors, which gave us some of our top performers for the year under review (namely off-benchmark Europe-based energy conglomerates TotalEnergies and Shell) as well as some of our biggest detractors, as was the case with much lighter-than-index stakes in Exxon Mobil and Chevron—both of which rallied solidly and still served as key contributors to the Fund's absolute, standalone gains. Elsewhere in the energy sector, stock selection and overweighting worked against us in the oil and gas drilling industry; although this was a small allocation (averaging just 1.5% of total net assets), the hindrance was pronounced as a sizable negative performance gap opened up between the index's constituent companies—primarily offshore-focused drilling contractors—and the Fund's positions, which emphasize onshore-



focused drillers. In particular, our overweight investments in Patterson-UTI Energy and Helmerich & Payne were key points of weakness as they both lost more than a quarter of their share value during the year under review.

Diversified metals and mining companies hampered relative and absolute returns, with results versus the index pressured by their significant overweighting (such companies averaged just over 1% of the index but nearly 5% of the Fund's globally diversified portfolio). Some of our related off-index holdings sustained heavy equity losses including key detractors 29Metals and Anglo American.

Relative returns were further restrained by substantial declines in industries that were not included on the benchmark. Battery electric heavy-duty vehicle and energy storage systems manufacturer Proterra, our sole investment in the construction machinery and heavy transportation equipment industry, was a standout detractor in this regard. In the steel industry, our sole position in, iron ore mining giant Vale, tracked the metal's price lower over the 12-month period. Our small exposure to fertilizers and agricultural chemicals producers was hampered by a substantial decline for Nutrien, while Bunge and Darling Ingredients led to negative returns in the agricultural products and services industry. In the diversified chemicals industry, Huntsman International traded lower and further impaired relative performance, as did all three of our holdings in the specialty chemicals industry, which included lithium miner Albemarle. On the reclamation side of the lithium value chain, our off-index position in lithium-ion battery recycling specialist Li-Cycle Holdings traded lower and hurt results within the environmental facilities and services industry.

The rest of the major detractors were individual securities that served to lessen the Fund's measure of outperformance in other industries. These included SSR Mining, which shed just over a third of its equity value and nearly eliminated our performance advantage in the gold industry; and two battery manufacturing startups, SES AI and FREYR Battery, which partially offset our aforementioned gains in the electrical components and equipment industry. Within the energy sector, an off-index position in Aker BP fared poorly in the E&P industry, while overweighted positions in NexTier Oilfield Solutions, Liberty Energy and Cactus sustained double-digit percentage declines that dragged on our otherwise strong results in the oilfield services industry.

Thank you for your continued participation in Franklin Natural Resources Fund. We look forward to serving your future investment needs.

Frederick G. Fromm, CFA  
Lead Portfolio Manager

Matthew Adams, CFA  
Stephen M. Land, CFA

Portfolio Management Team

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*The foregoing information reflects our analysis, opinions and portfolio holdings as of April 30, 2023, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.*

## Performance Summary as of April 30, 2023

The performance table and graphs do not reflect any taxes that a shareholder would pay on Fund dividends, capital gain distributions, if any, or any realized gains on the sale of Fund shares. Total return reflects reinvestment of the Fund's dividends and capital gain distributions, if any, and any unrealized gains or losses. Your dividend income will vary depending on dividends or interest paid by securities in the Fund's portfolio, adjusted for operating expenses of each class. Capital gain distributions are net profits realized from the sale of portfolio securities.

### Performance as of 4/30/23<sup>1</sup>

*Cumulative total return excludes sales charges. Average annual total return includes maximum sales charges. Sales charges will vary depending on the size of the investment and the class of share purchased. The maximum is 5.50% and the minimum is 0%. **Class A:** 5.50% maximum initial sales charge; **Advisor Class:** no sales charges. For other share classes, visit [franklintempleton.com](http://franklintempleton.com).*

Share Class	Cumulative Total Return <sup>2</sup>	Average Annual Total Return <sup>3</sup>
<b>A<sup>4</sup></b>		
1-Year	+6.56%	+0.71%
5-Year	+11.05%	+0.97%
10-Year	-1.75%	-0.74%
<b>Advisor</b>		
1-Year	+6.86%	+6.86%
5-Year	+12.44%	+2.37%
10-Year	+0.84%	+0.08%

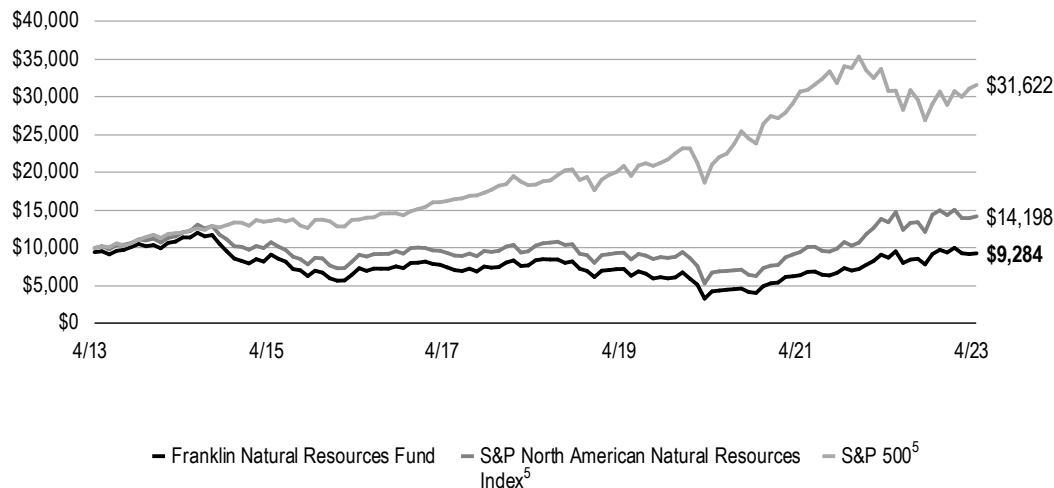
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com) or call (800) 342-5236.*

See page 18 for Performance Summary footnotes.

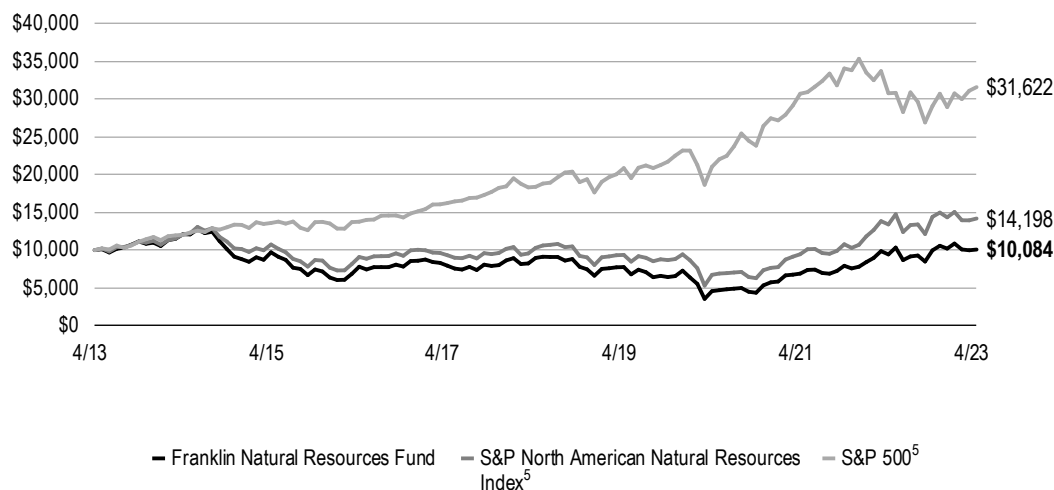
## Total Return Index Comparison for a Hypothetical \$10,000 Investment<sup>1</sup>

Total return represents the change in value of an investment over the periods shown. It includes any applicable maximum sales charge, Fund expenses, account fees and reinvested distributions. The unmanaged indexes include reinvestment of any income or distributions. They differ from the Fund in composition and do not pay management fees or expenses. One cannot invest directly in an index.

### Class A (4/30/13–4/30/23)



### Advisor Class (4/30/13–4/30/23)



See page 18 for Performance Summary footnotes.

## Distributions (5/1/22–4/30/23)

Share Class	Net Investment Income
A	\$0.6782
C	\$0.5386
R6	\$0.7529
Advisor	\$0.7215

## Total Annual Operating Expenses<sup>6</sup>

Share Class	
A	1.10%
Advisor	0.85%

Each class of shares is available to certain eligible investors and has different annual fees and expenses, as described in the prospectus.

All investments involve risks, including possible loss of principal. Investing in a fund concentrating in the natural resources sector involves special risks, including increased susceptibility to adverse economic and regulatory developments affecting the sector. Growth stock prices may fall dramatically if the company fails to meet projections of earnings or revenue; their prices may be more volatile than other securities, particularly over the short term. Smaller companies can be particularly sensitive to changes in economic conditions and have less certain growth prospects than larger, more established companies and can be volatile, especially over the short term. The Fund may also invest in foreign companies, which involve special risks, including currency fluctuations and political uncertainty. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's prospectus also includes a description of the main investment risks.

1. The total annual operating expenses are sourced from the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.
2. Cumulative total return represents the change in value of an investment over the periods indicated.
3. Average annual total return represents the average annual change in value of an investment over the periods indicated. Return for less than one year, if any, has not been annualized.
4. Prior to 9/10/18, these shares were offered at a higher initial sales charge of 5.75%, thus actual returns (with sales charges) would have differed. Average annual total returns (with sales charges) have been restated to reflect the current maximum initial sales charge of 5.50%.
5. Source: FactSet. The S&P North American Natural Resources Sector Index is a modified capitalization-weighted index that includes companies involved in extractive industries (mining), energy and forestry services, producers of pulp and paper, and owners and operators of timber tracts or plantations. The S&P 500 is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.
6. Figures are as stated in the Fund's current prospectus and may differ from the expense ratios disclosed in the Your Fund's Expenses and Financial Highlights sections in this report. In periods of market volatility, assets may decline significantly, causing total annual Fund operating expenses to become higher than the figures shown. See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

## Your Fund's Expenses

As a Fund shareholder, you can incur two types of costs: (1) transaction costs, including sales charges (loads) on Fund purchases and redemptions; and (2) ongoing Fund costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. All mutual funds have ongoing costs, sometimes referred to as operating expenses. The table below shows ongoing costs of investing in the Fund and can help you understand these costs and compare them with those of other mutual funds. The table assumes a \$1,000 investment held for the six months indicated.

### Actual Fund Expenses

The table below provides information about actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of Fund expenses, is used to calculate the "Ending Account Value" for each class of shares. You can estimate the expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then  $\$8,600 \div \$1,000 = 8.6$* ). Then multiply the result by the number in the row for your class of shares under the headings "Actual" and "Expenses Paid During Period" (*if Actual Expenses Paid During Period were \$7.50, then  $8.6 \times \$7.50 = \$64.50$* ). In this illustration, the actual expenses paid this period are \$64.50.

### Hypothetical Example for Comparison with Other Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful in comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

Share Class	Beginning Account Value 11/1/22	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 4/30/23	Expenses Paid During Period 11/1/22–4/30/23 <sup>1,2</sup>	Ending Account Value 4/30/23	Expenses Paid During Period 11/1/22–4/30/23 <sup>1,2</sup>	
A	\$1,000	\$1,010.20	\$4.67	\$1,020.15	\$4.69	0.94%
C	\$1,000	\$1,006.10	\$8.39	\$1,016.43	\$8.43	1.69%
R6	\$1,000	\$1,011.90	\$2.64	\$1,022.17	\$2.66	0.53%
Advisor	\$1,000	\$1,011.30	\$3.42	\$1,021.39	\$3.44	0.69%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses.

## Financial Highlights

### Franklin Biotechnology Discovery Fund

	Year Ended April 30,				
	2023	2022	2021	2020	2019
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$101.90	\$163.50	\$150.48	\$138.85	\$146.14
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.47)	(0.75)	(0.99)	(0.69)	(0.99)
Net realized and unrealized gains (losses) . . . . .	11.21	(43.17)	38.85	26.48	(1.75)
Total from investment operations . . . . .	10.74	(43.92)	37.86	25.79	(2.74)
Less distributions from:					
Net investment income . . . . .	(0.14)	(1.01)	—	—	—
Net realized gains . . . . .	—	(16.67)	(24.84)	(14.16)	(4.55)
Total distributions . . . . .	(0.14)	(17.68)	(24.84)	(14.16)	(4.55)
Net asset value, end of year . . . . .	\$112.50	\$101.90	\$163.50	\$150.48	\$138.85
Total return <sup>c</sup> . . . . .	10.58%	(28.56)%	24.26%	18.52%	(1.60)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.06%	1.04%	0.98%	1.03%	1.02%
Expenses net of waiver and payments by affiliates . . . . .	1.06% <sup>e</sup>	1.04% <sup>d,e</sup>	0.97% <sup>d</sup>	1.01% <sup>d</sup>	1.00% <sup>d</sup>
Net investment (loss) . . . . .	(0.45)%	(0.54)%	(0.58)%	(0.49)%	(0.67)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$686,534	\$705,915	\$1,160,451	\$960,305	\$924,611
Portfolio turnover rate . . . . .	24.08%	26.25%	47.30%	32.92%	28.62%

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Franklin Biotechnology Discovery Fund** (continued)

	Year Ended April 30,				
	2023	2022	2021	2020	2019
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$94.59	\$152.95	\$143.00	\$133.51	\$141.75
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(1.16)	(1.51)	(2.16)	(1.70)	(2.03)
Net realized and unrealized gains (losses) . . . . .	10.35	(40.18)	36.95	25.35	(1.66)
Total from investment operations . . . . .	9.19	(41.69)	34.79	23.65	(3.69)
Less distributions from:					
Net realized gains . . . . .	—	(16.67)	(24.84)	(14.16)	(4.55)
Net asset value, end of year . . . . .	\$103.78	\$94.59	\$152.95	\$143.00	\$133.51
Total return <sup>c</sup> . . . . .	9.75%	(29.00)%	23.33%	17.62%	(2.33)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.81%	1.66%	1.73%	1.78%	1.77%
Expenses net of waiver and payments by affiliates . . . . .	1.81% <sup>e</sup>	1.66% <sup>d,e</sup>	1.72% <sup>d</sup>	1.76% <sup>d</sup>	1.75% <sup>d</sup>
Net investment (loss) . . . . .	(1.20)%	(1.16)%	(1.32)%	(1.24)%	(1.42)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$29,573	\$33,905	\$64,801	\$48,363	\$46,508
Portfolio turnover rate . . . . .	24.08%	26.25%	47.30%	32.92%	28.62%

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Franklin Biotechnology Discovery Fund** (continued)

	Year Ended April 30,				
	2023	2022	2021	2020	2019
<b>Class R6</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$108.06	\$172.21	\$156.99	\$143.83	\$150.65
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.08)	(0.23)	(0.45)	(0.18)	(0.46)
Net realized and unrealized gains (losses) . . . . .	11.94	(45.64)	40.51	27.50	(1.81)
Total from investment operations . . . . .	11.86	(45.87)	40.06	27.32	(2.27)
Less distributions from:					
Net investment income . . . . .	(0.59)	(1.61)	—	—	—
Net realized gains . . . . .	—	(16.67)	(24.84)	(14.16)	(4.55)
Total distributions . . . . .	(0.59)	(18.28)	(24.84)	(14.16)	(4.55)
Net asset value, end of year . . . . .	\$119.33	\$108.06	\$172.21	\$156.99	\$143.83
Total return . . . . .	11.03%	(28.29)%	24.67%	18.95%	(1.24)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.80%	0.74%	0.71%	0.74%	0.70%
Expenses net of waiver and payments by affiliates . . . . .	0.65%	0.66% <sup>c</sup>	0.64% <sup>c</sup>	0.64% <sup>c</sup>	0.63% <sup>c</sup>
Net investment (loss) . . . . .	(0.08)%	(0.16)%	(0.25)%	(0.12)%	(0.30)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$11,692	\$9,614	\$16,721	\$9,484	\$6,164
Portfolio turnover rate . . . . .	24.08%	26.25%	47.30%	32.92%	28.62%

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Benefit of expense reduction rounds to less than 0.01%.



**Franklin Biotechnology Discovery Fund** (continued)

	Year Ended April 30,				
	2023	2022	2021	2020	2019
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$106.46	\$169.95	\$155.30	\$142.56	\$149.54
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.22)	(0.42)	(0.59)	(0.34)	(0.63)
Net realized and unrealized gains (losses) . . . . .	11.72	(44.99)	40.08	27.24	(1.80)
Total from investment operations . . . . .	11.50	(45.41)	39.49	26.90	(2.43)
Less distributions from:					
Net investment income . . . . .	(0.42)	(1.41)	—	—	—
Net realized gains . . . . .	—	(16.67)	(24.84)	(14.16)	(4.55)
Total distributions . . . . .	(0.42)	(18.08)	(24.84)	(14.16)	(4.55)
Net asset value, end of year . . . . .	\$117.54	\$106.46	\$169.95	\$155.30	\$142.56
Total return . . . . .	10.86%	(28.39)%	24.56%	18.82%	(1.36)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.81%	0.79%	0.73%	0.78%	0.77%
Expenses net of waiver and payments by affiliates . . . . .	0.81% <sup>d</sup>	0.79% <sup>c,d</sup>	0.72% <sup>c</sup>	0.76% <sup>c</sup>	0.75% <sup>c</sup>
Net investment (loss) . . . . .	(0.20)%	(0.29)%	(0.33)%	(0.24)%	(0.42)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$110,607	\$110,726	\$206,375	\$159,348	\$153,874
Portfolio turnover rate . . . . .	24.08%	26.25%	47.30%	32.92%	28.62%

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>d</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

## Schedule of Investments, April 30, 2023

## Franklin Biotechnology Discovery Fund

	Country	Shares	Value
<b>Common Stocks 97.1%</b>			
<b>Biotechnology 72.3%</b>			
<sup>a</sup> 89bio, Inc. . . . .	United States	226,400	\$3,617,872
<sup>a</sup> Alecto, Inc. . . . .	United States	303,345	2,002,077
Amgen, Inc. . . . .	United States	228,082	54,680,379
<sup>a</sup> Apellis Pharmaceuticals, Inc. . . . .	United States	50,736	4,232,904
<sup>a,b,c</sup> Applied Therapeutics, Inc. . . . .	United States	2,584,054	4,392,892
<sup>a</sup> Arcutis Biotherapeutics, Inc. . . . .	United States	402,520	5,570,877
<sup>a</sup> Argenx SE, ADR . . . . .	Netherlands	68,085	26,408,810
<sup>a</sup> Ascendis Pharma A/S, ADR . . . . .	Denmark	309,111	21,625,406
<sup>a</sup> Avidity Biosciences, Inc. . . . .	United States	109,386	1,356,386
<sup>a,b</sup> Benitec Biopharma, Inc. . . . .	Australia	6,203,064	1,247,436
<sup>a</sup> Biogen, Inc. . . . .	United States	121,375	36,925,916
<sup>a</sup> BioMarin Pharmaceutical, Inc. . . . .	United States	259,989	24,969,344
<sup>a</sup> Candel Therapeutics, Inc. . . . .	United States	400,800	517,032
<sup>a,c</sup> Centessa Pharmaceuticals plc, ADR . . . . .	United States	278,993	1,316,847
<sup>a</sup> Chinook Therapeutics, Inc. . . . .	United States	360,446	7,212,524
<sup>a</sup> Crinetics Pharmaceuticals, Inc. . . . .	United States	43,322	846,512
<sup>a</sup> CRISPR Therapeutics AG . . . . .	Switzerland	72,193	3,533,125
<sup>a</sup> Cullinan Oncology, Inc. . . . .	United States	201,050	1,956,216
<sup>a</sup> Cytokinetics, Inc. . . . .	United States	232,424	8,692,658
<sup>a</sup> Day One Biopharmaceuticals, Inc. . . . .	United States	812,564	10,075,794
<sup>a</sup> Dyne Therapeutics, Inc. . . . .	United States	355,434	3,682,296
<sup>a,c</sup> Equillium, Inc. . . . .	United States	294,800	183,366
Gilead Sciences, Inc. . . . .	United States	582,227	47,864,882
<sup>a</sup> Harpoon Therapeutics, Inc. . . . .	United States	445,299	260,544
<sup>a</sup> Heron Therapeutics, Inc. . . . .	United States	1,739,677	4,157,828
<sup>a</sup> HilleVax, Inc. . . . .	United States	423,056	5,922,784
<sup>a</sup> Insmad, Inc. . . . .	United States	780,500	15,219,750
<sup>a</sup> Iovance Biotherapeutics, Inc. . . . .	United States	738,792	4,166,787
<sup>a</sup> IVERIC bio, Inc. . . . .	United States	336,229	11,058,572
<sup>a,c</sup> Jasper Therapeutics, Inc. . . . .	United States	1,439,300	1,914,269
<sup>a</sup> Karuna Therapeutics, Inc. . . . .	United States	38,051	7,550,840
<sup>a</sup> Keros Therapeutics, Inc. . . . .	United States	153,551	6,810,755
<sup>a</sup> Kezar Life Sciences, Inc. . . . .	United States	449,150	1,091,435
<sup>a</sup> Kura Oncology, Inc. . . . .	United States	178,292	1,736,564
<sup>a</sup> Legend Biotech Corp., ADR . . . . .	United States	134,634	9,250,702
<sup>a</sup> Merus NV . . . . .	Netherlands	404,226	7,753,055
<sup>a</sup> Mineralys Therapeutics, Inc. . . . .	United States	143,600	1,931,420
<sup>a</sup> Mirati Therapeutics, Inc. . . . .	United States	132,023	5,849,939
<sup>a</sup> Mirum Pharmaceuticals, Inc. . . . .	United States	190,863	5,124,672
<sup>a</sup> Moderna, Inc. . . . .	United States	104,548	13,893,384
<sup>a</sup> Neurocrine Biosciences, Inc. . . . .	United States	177,673	17,952,080
<sup>a</sup> PTC Therapeutics, Inc. . . . .	United States	643,974	35,508,726
<sup>a</sup> Regeneron Pharmaceuticals, Inc. . . . .	United States	68,033	54,548,179
<sup>a,c</sup> Reneo Pharmaceuticals, Inc. . . . .	United States	158,423	1,619,083
<sup>a</sup> Rocket Pharmaceuticals, Inc. . . . .	United States	217,526	3,898,066
<sup>a</sup> Roivant Sciences Ltd. . . . .	United States	518,500	4,433,175
<sup>a</sup> Sage Therapeutics, Inc. . . . .	United States	101,070	4,937,269
<sup>a</sup> Sarepta Therapeutics, Inc. . . . .	United States	33,443	4,105,797
<sup>a</sup> Seagen, Inc. . . . .	United States	129,021	25,804,200
<sup>a</sup> Sutro Biopharma, Inc. . . . .	United States	564,189	2,403,445
<sup>a,c</sup> Taysha Gene Therapies, Inc. . . . .	United States	304,256	235,798
<sup>a</sup> Traverse Therapeutics, Inc. . . . .	United States	133,723	2,884,405
<sup>a</sup> Ultragenyx Pharmaceutical, Inc. . . . .	United States	60,696	2,650,594
<sup>a</sup> Vaxcyte, Inc. . . . .	United States	155,107	6,643,233
<sup>a</sup> Vertex Pharmaceuticals, Inc. . . . .	United States	175,594	59,830,144
<sup>a</sup> Xenon Pharmaceuticals, Inc. . . . .	Canada	55,051	2,217,454
			606,276,499

## Franklin Biotechnology Discovery Fund

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Health Care Providers &amp; Services 0.5%</b>			
<sup>a</sup> Guardant Health, Inc. ....	United States	173,066	\$3,904,369
<b>Life Sciences Tools &amp; Services 5.5%</b>			
<sup>a</sup> Avantor, Inc. ....	United States	374,400	7,293,312
<sup>a</sup> Illumina, Inc. ....	United States	129,900	26,702,244
Thermo Fisher Scientific, Inc. ....	United States	22,679	12,584,577
			46,580,133
<b>Pharmaceuticals 18.8%</b>			
AstraZeneca plc, ADR. ....	United Kingdom	560,008	41,003,786
<sup>a</sup> Catalent, Inc. ....	United States	22,700	1,137,724
<sup>a</sup> Cymabay Therapeutics, Inc. ....	United States	796,553	8,570,910
<sup>a</sup> DICE Therapeutics, Inc. ....	United States	108,800	3,536,000
<sup>a</sup> EyePoint Pharmaceuticals, Inc. ....	United States	923,900	5,802,092
<sup>a</sup> Intra-Cellular Therapies, Inc. ....	United States	461,126	28,658,981
<sup>a</sup> Jazz Pharmaceuticals plc ....	United States	261,163	36,685,567
<sup>a</sup> Marinus Pharmaceuticals, Inc. ....	United States	327,606	2,981,214
<sup>a</sup> Pliant Therapeutics, Inc. ....	United States	300,500	8,489,125
<sup>a</sup> Revance Therapeutics, Inc. ....	United States	376,766	11,992,462
<sup>a,c</sup> Structure Therapeutics, Inc., ADR ....	United States	98,555	2,468,803
<sup>a</sup> Terns Pharmaceuticals, Inc. ....	United States	465,400	6,073,470
			157,400,134
<b>Total Common Stocks (Cost \$567,146,470) .....</b>			<b>814,161,135</b>
<b>Preferred Stocks 0.7%</b>			
<b>Biotechnology 0.2%</b>			
<sup>a,d,e</sup> Pipeline Therapeutics, Inc., C ....	United States	779,505	1,435,375
<b>Health Care Providers &amp; Services 0.1%</b>			
<sup>a,b,d,e</sup> Artiva Biotherapeutics, Inc., B ....	United States	189,499	829,888
<b>Life Sciences Tools &amp; Services 0.4%</b>			
<sup>f</sup> Sartorius AG, 0.41% ....	Germany	9,200	3,576,265
<b>Total Preferred Stocks (Cost \$8,357,518) .....</b>			<b>5,841,528</b>
<b>Warrants</b>			
<b>Warrants 0.4%</b>			
<b>Biotechnology 0.4%</b>			
<sup>a,b</sup> Applied Therapeutics, Inc., 6/27/27 ....	United States	814,000	1,383,719
<sup>a,b,d</sup> Applied Therapeutics, Inc., 6/27/27 ....	United States	1,628,100	1,457,250
<sup>a,b,d</sup> Benitec Biopharma, Inc., II, 9/14/27 ....	Australia	7,019,473	366,803
			3,207,772
<b>Pharmaceuticals 0.0%<sup>†</sup></b>			
<sup>a</sup> Nuvation Bio, Inc., 7/07/27 ....	United States	115,266	15,849
<b>Total Warrants (Cost \$814,621) .....</b>			<b>3,223,621</b>

**Franklin Biotechnology Discovery Fund**

	Country	Shares	Value
<b>Escrows and Litigation Trusts 0.0%</b>			
<sup>a,d</sup> Sanofi SA, Escrow Account . . . . .	France	2,333,755	\$—
<b>Total Escrows and Litigation Trusts (Cost \$9,748) . . . . .</b>			<b>—</b>
<b>Total Long Term Investments (Cost \$576,328,357) . . . . .</b>			<b>823,226,284</b>
<b>Short Term Investments 2.3%</b>			
	Country	Shares	Value
<b>Money Market Funds 2.0%</b>			
<sup>g,h</sup> Institutional Fiduciary Trust - Money Market Portfolio, 4.483% . . . .	United States	16,832,344	16,832,344
<b>Total Money Market Funds (Cost \$16,832,344) . . . . .</b>			<b>16,832,344</b>
<b><sup>i</sup>Investments from Cash Collateral Received for Loaned Securities 0.3%</b>			
<b>Money Market Funds 0.3%</b>			
<sup>g,h</sup> Institutional Fiduciary Trust - Money Market Portfolio, 4.483% . . . .	United States	2,337,680	2,337,680
<b>Total Investments from Cash Collateral Received for Loaned Securities (Cost \$2,337,680) . . . . .</b>			<b>2,337,680</b>
<b>Total Short Term Investments (Cost \$19,170,024) . . . . .</b>			<b>19,170,024</b>
<b>Total Investments (Cost \$595,498,381) 100.5% . . . . .</b>			<b>\$842,396,308</b>
<b>Other Assets, less Liabilities (0.5%) . . . . .</b>			<b>(3,990,915)</b>
<b>Net Assets 100.0% . . . . .</b>			<b>\$838,405,393</b>

See Abbreviations on page 52.

<sup>†</sup> Rounds to less than 0.1% of net assets.

<sup>a</sup> Non-income producing.

<sup>b</sup> See Note 8 regarding holdings of 5% voting securities.

<sup>c</sup> A portion or all of the security is on loan at April 30, 2023. See Note 1(c).

<sup>d</sup> Fair valued using significant unobservable inputs. See Note 10 regarding fair value measurements.

<sup>e</sup> See Note 7 regarding restricted securities.

<sup>f</sup> Variable rate security. The rate shown represents the yield at period end.

<sup>g</sup> See Note 3(f) regarding investments in affiliated management investment companies.

<sup>h</sup> The rate shown is the annualized seven-day effective yield at period end.

<sup>i</sup> See Note 1(c) regarding securities on loan.

## Financial Highlights

### Franklin Natural Resources Fund

	Year Ended April 30,				
	2023	2022	2021	2020	2019
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$27.01	\$20.02	\$13.60	\$23.58	\$27.96
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.68	0.50	0.28	0.34	0.31
Net realized and unrealized gains (losses) . . . . .	1.09	6.77	6.54	(9.96)	(4.20)
Total from investment operations . . . . .	1.77	7.27	6.82	(9.62)	(3.89)
Less distributions from:					
Net investment income . . . . .	(0.68)	(0.28)	(0.40)	(0.36)	(0.49)
Net asset value, end of year . . . . .	\$28.10	\$27.01	\$20.02	\$13.60	\$23.58
Total return <sup>c</sup> . . . . .	6.56%	36.63%	50.55%	(41.30)%	(13.69)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.97%	1.10%	1.24%	1.17%	1.03%
Expenses net of waiver and payments by affiliates . . . . .	0.96% <sup>d</sup>	1.10% <sup>e</sup>	1.24% <sup>d,e</sup>	1.17% <sup>d,e</sup>	1.03% <sup>d,e</sup>
Net investment income . . . . .	2.45%	2.17%	1.71%	1.75%	1.21%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$301,153	\$289,403	\$176,127	\$123,467	\$247,362
Portfolio turnover rate . . . . .	23.76%	27.45%	49.23%	25.60%	29.83%

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Franklin Natural Resources Fund** (continued)

	Year Ended April 30,				
	2023	2022	2021	2020	2019
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$26.45	\$19.58	\$13.25	\$22.82	\$27.17
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.46	0.32	0.15	0.19	0.11
Net realized and unrealized gains (losses) . . . . .	1.06	6.63	6.38	(9.70)	(4.07)
Total from investment operations . . . . .	1.52	6.95	6.53	(9.51)	(3.96)
Less distributions from:					
Net investment income . . . . .	(0.54)	(0.08)	(0.20)	(0.06)	(0.39)
Net asset value, end of year . . . . .	\$27.43	\$26.45	\$19.58	\$13.25	\$22.82
Total return <sup>c</sup> . . . . .	5.75%	35.59%	49.42%	(41.71)%	(14.37)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	1.72%	1.86%	1.99%	1.92%	1.78%
Expenses net of waiver and payments by affiliates . . . . .	1.71% <sup>d</sup>	1.86% <sup>e</sup>	1.99% <sup>d,e</sup>	1.92% <sup>d,e</sup>	1.78% <sup>d,e</sup>
Net investment income . . . . .	1.72%	1.41%	0.93%	1.00%	0.46%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$25,090	\$30,427	\$27,753	\$23,391	\$49,620
Portfolio turnover rate . . . . .	23.76%	27.45%	49.23%	25.60%	29.83%

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not reflect sales commissions or contingent deferred sales charges, if applicable.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Franklin Natural Resources Fund** (continued)

	Year Ended April 30,				
	2023	2022	2021	2020	2019
<b>Class R6</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$29.17	\$21.58	\$14.63	\$25.22	\$29.79
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.79	0.64	0.39	0.54	0.45
Net realized and unrealized gains (losses) . . . . .	1.24	7.31	7.05	(10.76)	(4.49)
Total from investment operations . . . . .	2.03	7.95	7.44	(10.22)	(4.04)
Less distributions from:					
Net investment income . . . . .	(0.75)	(0.36)	(0.49)	(0.37)	(0.53)
Net asset value, end of year . . . . .	\$30.45	\$29.17	\$21.58	\$14.63	\$25.22
Total return . . . . .	6.99%	37.24%	51.43%	(41.02)%	(13.31)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.65%	0.80%	0.89%	0.72%	0.62%
Expenses net of waiver and payments by affiliates . . . . .	0.56% <sup>c</sup>	0.65%	0.72% <sup>c</sup>	0.66% <sup>c</sup>	0.59% <sup>c</sup>
Net investment income . . . . .	2.65%	2.53%	2.22%	2.26%	1.65%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$12,387	\$4,943	\$1,722	\$839	\$15,627
Portfolio turnover rate . . . . .	23.76%	27.45%	49.23%	25.60%	29.83%

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Benefit of expense reduction rounds to less than 0.01%.

**Franklin Natural Resources Fund** (continued)

	Year Ended April 30,				
	2023	2022	2021	2020	2019
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$28.97	\$21.44	\$14.54	\$25.20	\$29.80
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.80	0.60	0.33	0.41	0.40
Net realized and unrealized gains (losses) . . . . .	1.18	7.24	7.01	(10.64)	(4.49)
Total from investment operations . . . . .	1.98	7.84	7.34	(10.23)	(4.09)
Less distributions from:					
Net investment income . . . . .	(0.72)	(0.31)	(0.44)	(0.43)	(0.51)
Net asset value, end of year . . . . .	\$30.23	\$28.97	\$21.44	\$14.54	\$25.20
Total return . . . . .	6.86%	36.93%	50.95%	(41.15)%	(13.50)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.72%	0.85%	1.00%	0.92%	0.78%
Expenses net of waiver and payments by affiliates . . . . .	0.71% <sup>c</sup>	0.85% <sup>d</sup>	1.00% <sup>c,d</sup>	0.92% <sup>c,d</sup>	0.78% <sup>c,d</sup>
Net investment income . . . . .	2.71%	2.39%	1.93%	2.00%	1.46%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$82,840	\$87,707	\$39,562	\$28,334	\$62,639
Portfolio turnover rate . . . . .	23.76%	27.45%	49.23%	25.60%	29.83%

<sup>a</sup>The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Benefit of expense reduction rounds to less than 0.01%.

<sup>d</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.



## Schedule of Investments, April 30, 2023

## Franklin Natural Resources Fund

	Country	Shares	Value
<b>Common Stocks 99.4%</b>			
<b>Agricultural Products &amp; Services 1.0%</b>			
Bunge Ltd. . . . .	United States	23,800	\$2,227,680
<sup>a</sup> Darling Ingredients, Inc. . . . .	United States	34,400	2,049,208
			4,276,888
<b>Construction Machinery &amp; Heavy Transportation Equipment 0.1%</b>			
<sup>a</sup> Proterra, Inc. . . . .	United States	496,800	581,256
<b>Construction Materials 0.8%</b>			
Martin Marietta Materials, Inc. . . . .	United States	9,000	3,268,800
<b>Copper 6.7%</b>			
Antofagasta plc. . . . .	Chile	222,500	4,092,443
<sup>a</sup> Capstone Copper Corp. . . . .	Canada	882,800	4,151,363
<sup>a</sup> ERO Copper Corp. . . . .	Brazil	246,200	4,849,118
First Quantum Minerals Ltd. . . . .	Zambia	38,400	933,211
Freeport-McMoRan, Inc. . . . .	United States	290,100	10,997,691
<sup>a</sup> Imperial Metals Corp. . . . .	Canada	122,760	160,405
Lundin Mining Corp. . . . .	Chile	403,100	3,079,939
			28,264,170
<b>Diversified Chemicals 0.9%</b>			
Huntsman Corp. . . . .	United States	135,500	3,630,045
<b>Diversified Metals &amp; Mining 5.1%</b>			
29Metals Ltd. . . . .	Australia	1,285,800	1,017,148
<sup>a</sup> Aclara Resources, Inc. . . . .	United Kingdom	489,200	166,124
<sup>a,b</sup> Aclara Resources, Inc., 144A . . . . .	United Kingdom	510,754	173,444
Anglo American plc . . . . .	South Africa	84,900	2,616,124
BHP Group Ltd., ADR . . . . .	Australia	127,700	7,539,408
Glencore plc . . . . .	Australia	364,400	2,150,919
Rio Tinto plc, ADR . . . . .	Australia	55,900	3,577,041
Teck Resources Ltd., B . . . . .	Canada	90,000	4,194,000
			21,434,208
<b>Electrical Components &amp; Equipment 1.9%</b>			
<sup>a</sup> Fluence Energy, Inc. . . . .	United States	93,500	1,688,610
<sup>a</sup> FREYR Battery SA . . . . .	Norway	373,500	2,640,645
<sup>a</sup> NEXTracker, Inc., A . . . . .	United States	45,500	1,432,795
<sup>a</sup> SES AI Corp. . . . .	United States	77,544	126,397
<sup>a,c</sup> SES AI Corp. . . . .	United States	150,000	244,500
<sup>a</sup> Shoals Technologies Group, Inc., A . . . . .	United States	83,900	1,752,671
			7,885,618
<b>Environmental &amp; Facilities Services 0.3%</b>			
<sup>a</sup> Li-Cycle Holdings Corp. . . . .	Canada	120,000	570,000
<sup>a,c</sup> Li-Cycle Holdings Corp. . . . .	Canada	173,800	825,550
			1,395,550
<b>Fertilizers &amp; Agricultural Chemicals 1.9%</b>			
Corteva, Inc. . . . .	United States	70,700	4,321,184
Nutrien Ltd. . . . .	Canada	52,300	3,629,620
			7,950,804
<b>Gold 6.7%</b>			
Agnico Eagle Mines Ltd. . . . .	Canada	103,300	5,861,242
Alamos Gold, Inc., A . . . . .	Canada	394,800	5,103,313
Barrick Gold Corp. . . . .	Canada	333,791	6,355,381
Newmont Corp. . . . .	United States	149,600	7,091,040

**Franklin Natural Resources Fund**

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Gold</b> (continued)			
SSR Mining, Inc. ....	Canada	268,000	\$3,837,760
			28,248,736
<b>Heavy Electrical Equipment 0.5%</b>			
<sup>a</sup> TPI Composites, Inc. ....	United States	164,400	2,031,984
<b>Industrial Gases 3.0%</b>			
Air Products and Chemicals, Inc. ....	United States	21,700	6,387,612
Linde plc. ....	United States	17,500	6,465,375
			12,852,987
<b>Industrial Machinery &amp; Supplies &amp; Components 0.8%</b>			
Xylem, Inc. ....	United States	31,200	3,239,808
<b>Integrated Oil &amp; Gas 16.5%</b>			
Chevron Corp. ....	United States	100,100	16,874,858
Exxon Mobil Corp. ....	United States	151,400	17,916,676
Occidental Petroleum Corp. ....	United States	99,000	6,091,470
Shell plc, ADR. ....	Netherlands	207,400	12,854,652
Suncor Energy, Inc. ....	Canada	274,900	8,608,636
TotalEnergies SE, ADR. ....	France	123,310	7,883,208
			70,229,500
<b>Marine Transportation 0.3%</b>			
Eneti, Inc. ....	United States	155,500	1,332,635
<b>Metal, Glass &amp; Plastic Containers 1.2%</b>			
Ball Corp. ....	United States	57,600	3,063,168
Crown Holdings, Inc. ....	United States	22,100	1,895,738
			4,958,906
<b>Oil &amp; Gas Drilling 1.5%</b>			
Helmerich & Payne, Inc. ....	United States	76,400	2,533,424
Patterson-UTI Energy, Inc. ....	United States	245,900	2,751,621
<sup>a</sup> Precision Drilling Corp. ....	Canada	24,800	1,233,304
			6,518,349
<b>Oil &amp; Gas Equipment &amp; Services 12.8%</b>			
Baker Hughes Co. ....	United States	195,600	5,719,344
Cactus, Inc., A. ....	United States	48,200	1,951,136
ChampionX Corp. ....	United States	117,800	3,190,024
Halliburton Co. ....	United States	167,800	5,495,450
Liberty Energy, Inc., A. ....	United States	264,600	3,389,526
<sup>a</sup> NexTier Oilfield Solutions, Inc. ....	United States	402,200	3,249,776
<sup>a</sup> Nine Energy Service, Inc. ....	United States	105,492	407,199
<sup>a</sup> Oceaneering International, Inc. ....	United States	147,600	2,616,948
<sup>a</sup> Oil States International, Inc. ....	United States	188,200	1,324,928
<sup>a</sup> Ranger Energy Services, Inc. ....	United States	327,795	3,671,304
Schlumberger NV. ....	United States	251,800	12,426,330
Schoeller-Bleckmann Oilfield Equipment AG. ....	Austria	17,600	1,105,505
Select Energy Services, Inc., A. ....	United States	312,900	2,324,847
<sup>d</sup> Technip Energies NV. ....	France	76,999	1,708,440
<sup>a</sup> TechnipFMC plc. ....	United Kingdom	379,800	5,199,462
			53,780,219
<b>Oil &amp; Gas Exploration &amp; Production 21.5%</b>			
Aker BP ASA. ....	Norway	139,600	3,337,675
Canadian Natural Resources Ltd. ....	Canada	207,800	12,664,970

## Franklin Natural Resources Fund

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Oil &amp; Gas Exploration &amp; Production</b> (continued)			
ConocoPhillips . . . . .	United States	179,200	\$18,437,888
Coterra Energy, Inc. . . . .	United States	336,000	8,601,600
Devon Energy Corp. . . . .	United States	135,500	7,239,765
EOG Resources, Inc. . . . .	United States	122,900	14,682,863
EQT Corp. . . . .	United States	92,900	3,236,636
Hess Corp. . . . .	United States	56,600	8,210,396
Matador Resources Co. . . . .	United States	36,600	1,794,498
PDC Energy, Inc. . . . .	United States	42,300	2,751,615
Pioneer Natural Resources Co. . . . .	United States	44,001	9,572,417
			90,530,323
<b>Oil &amp; Gas Refining &amp; Marketing 5.2%</b>			
Marathon Petroleum Corp. . . . .	United States	68,000	8,296,000
Phillips 66 . . . . .	United States	73,600	7,286,400
Valero Energy Corp. . . . .	United States	53,500	6,134,845
			21,717,245
<b>Oil &amp; Gas Storage &amp; Transportation 7.9%</b>			
Cheniere Energy, Inc. . . . .	United States	13,600	2,080,800
Enbridge, Inc. . . . .	Canada	71,000	2,822,960
Kinder Morgan, Inc. . . . .	United States	431,500	7,400,225
New Fortress Energy, Inc. . . . .	United States	63,400	1,920,386
Targa Resources Corp. . . . .	United States	63,600	4,803,708
TC Energy Corp. . . . .	Canada	181,400	7,535,356
Williams Cos., Inc. (The) . . . . .	United States	214,400	6,487,744
			33,051,179
<b>Paper &amp; Plastic Packaging Products &amp; Materials 0.6%</b>			
Packaging Corp. of America . . . . .	United States	19,600	2,651,096
<b>Semiconductor Materials &amp; Equipment 0.4%</b>			
<sup>a</sup> SolarEdge Technologies, Inc. . . . .	United States	6,100	1,742,343
<b>Specialty Chemicals 1.1%</b>			
Albemarle Corp. . . . .	United States	10,100	1,873,146
Ecolab, Inc. . . . .	United States	11,800	1,980,512
Neo Performance Materials, Inc. . . . .	Canada	23,600	156,451
<sup>b</sup> Neo Performance Materials, Inc., 144A . . . . .	Canada	85,000	563,487
			4,573,596
<b>Steel 0.7%</b>			
Vale SA, ADR . . . . .	Brazil	207,400	2,988,634
<b>Total Common Stocks (Cost \$289,673,752)</b> . . . . .			<b>419,134,879</b>
<b>Warrants</b>			
<b>Warrants 0.2%</b>			
<b>Integrated Oil &amp; Gas 0.2%</b>			
<sup>a</sup> Occidental Petroleum Corp., 8/03/27 . . . . .	United States	17,900	719,580
<b>Total Warrants (Cost \$88,605)</b> . . . . .			<b>719,580</b>

**Franklin Natural Resources Fund**

	Country	Principal Amount <sup>*</sup>	Value
<b>Convertible Bonds 0.3%</b>			
<b>Oil &amp; Gas Equipment &amp; Services 0.3%</b>			
Oil States International, Inc., Senior Note, 4.75%, 4/01/26 . . . . .	United States	1,200,000	\$1,255,869
<b>Total Convertible Bonds (Cost \$1,200,000) . . . . .</b>			<b>1,255,869</b>
<b>Total Long Term Investments (Cost \$290,962,357) . . . . .</b>			<b>421,110,328</b>
<b>Short Term Investments 0.3%</b>			
	Country	Shares	Value
<b>Money Market Funds 0.1%</b>			
<sup>e,f</sup> Institutional Fiduciary Trust - Money Market Portfolio, 4.483% . . . . .	United States	631,197	631,197
<b>Total Money Market Funds (Cost \$631,197) . . . . .</b>			<b>631,197</b>
<b><sup>g</sup>Investments from Cash Collateral Received for Loaned Securities 0.2%</b>			
<b>Money Market Funds 0.2%</b>			
<sup>e,f</sup> Institutional Fiduciary Trust - Money Market Portfolio, 4.483% . . . . .	United States	684,160	684,160
<b>Total Investments from Cash Collateral Received for Loaned Securities (Cost \$684,160) . . . . .</b>			<b>684,160</b>
<b>Total Short Term Investments (Cost \$1,315,357) . . . . .</b>			<b>1,315,357</b>
<b>Total Investments (Cost \$292,277,714) 100.2% . . . . .</b>			<b>\$422,425,685</b>
<b>Other Assets, less Liabilities (0.2)% . . . . .</b>			<b>(956,133)</b>
<b>Net Assets 100.0% . . . . .</b>			<b>\$421,469,552</b>

See Abbreviations on page 52.

<sup>\*</sup>The principal amount is stated in U.S. dollars unless otherwise indicated.

<sup>a</sup>Non-income producing.

<sup>b</sup>Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At April 30, 2023, the aggregate value of these securities was \$736,931, representing 0.2% of net assets.

<sup>c</sup>See Note 7 regarding restricted securities.

<sup>d</sup>A portion or all of the security is on loan at April 30, 2023. See Note 1(c).

<sup>e</sup>See Note 3(f) regarding investments in affiliated management investment companies.

<sup>f</sup>The rate shown is the annualized seven-day effective yield at period end.

<sup>g</sup>See Note 1(c) regarding securities on loan.

## Statements of Assets and Liabilities

April 30, 2023

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
<b>Assets:</b>		
Investments in securities:		
Cost - Unaffiliated issuers . . . . .	\$559,805,666	\$290,962,357
Cost - Non-controlled affiliates (Note 3f and 8) . . . . .	35,692,715	1,315,357
Value - Unaffiliated issuers (Includes securities loaned of \$2,237,202 and \$666,861, respectively) . . . . .	\$813,548,296	\$421,110,328
Value - Non-controlled affiliates (Note 3f and 8) . . . . .	28,848,012	1,315,357
Cash . . . . .	35,909	26,898
Foreign currency, at value (cost \$— and \$105,909, respectively) . . . . .	—	105,909
Receivables:		
Investment securities sold . . . . .	47,695	—
Capital shares sold . . . . .	154,350	92,379
Dividends and interest . . . . .	33,525	418,183
European Union tax reclaims (Note 1d) . . . . .	—	100,739
Total assets . . . . .	842,667,787	423,169,793
<b>Liabilities:</b>		
Payables:		
Investment securities purchased . . . . .	62,022	—
Capital shares redeemed . . . . .	892,173	533,589
Management fees . . . . .	445,562	180,943
Distribution fees . . . . .	100,497	84,756
Transfer agent fees . . . . .	306,942	163,940
Trustees' fees and expenses . . . . .	168	625
Payable upon return of securities loaned (Note 1c) . . . . .	2,337,680	684,160
Accrued expenses and other liabilities . . . . .	117,350	52,228
Total liabilities . . . . .	4,262,394	1,700,241
Net assets, at value . . . . .	\$838,405,393	\$421,469,552
<b>Net assets consist of:</b>		
Paid-in capital . . . . .	\$621,009,282	\$486,492,141
Total distributable earnings (losses) . . . . .	217,396,111	(65,022,589)
Net assets, at value . . . . .	\$838,405,393	\$421,469,552

## Statements of Assets and Liabilities (continued)

April 30, 2023

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
<b>Class A:</b>		
Net assets, at value	\$686,533,954	\$301,153,253
Shares outstanding	6,102,722	10,718,452
Net asset value per share <sup>a</sup>	\$112.50	\$28.10
Maximum offering price per share (net asset value per share ÷ 94.50%)	\$119.05	\$29.74
<b>Class C:</b>		
Net assets, at value	\$29,572,851	\$25,089,718
Shares outstanding	284,955	914,641
Net asset value and maximum offering price per share <sup>a</sup>	\$103.78	\$27.43
<b>Class R6:</b>		
Net assets, at value	\$11,691,961	\$12,386,518
Shares outstanding	97,982	406,784
Net asset value and maximum offering price per share	\$119.33	\$30.45
<b>Advisor Class:</b>		
Net assets, at value	\$110,606,627	\$82,840,063
Shares outstanding	941,002	2,740,460
Net asset value and maximum offering price per share	\$117.54	\$30.23

<sup>a</sup>Redemption price is equal to net asset value less contingent deferred sales charges, if applicable.

## Statements of Operations

for the year ended April 30, 2023

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Investment income:		
Dividends: (net of foreign taxes of \$2,167 and \$564,885, respectively)		
Unaffiliated issuers	\$4,484,445	\$14,412,405
Non-controlled affiliates (Note 3f and 8)	369,628	204,367
Interest:		
Unaffiliated issuers	872	58,733
Income from securities loaned:		
Unaffiliated entities (net of fees and rebates)	101,559	(13,515)
Non-controlled affiliates (Note 3f)	70,709	23,856
Other income (Note 1d)	—	91,163
Total investment income	5,027,213	14,777,009
Expenses:		
Management fees (Note 3a)	5,091,829	2,197,012
Distribution fees: (Note 3c)		
Class A	1,701,336	766,687
Class C	306,839	301,127
Transfer agent fees: (Note 3e)		
Class A	1,245,344	573,585
Class C	56,150	56,473
Class R6	15,502	7,193
Advisor Class	201,043	167,275
Custodian fees (Note 4)	3,826	6,597
Reports to shareholders fees	(59,356)	(61,263)
Registration and filing fees	69,030	84,046
Professional fees	88,283	60,013
Trustees' fees and expenses	4,388	6,179
Interest expense	554	20
Other	38,372	21,813
Total expenses	8,763,140	4,186,757
Expense reductions (Note 4)	—	(364)
Expenses waived/paid by affiliates (Note 3f and 3g)	(74,085)	(41,478)
Net expenses	8,689,055	4,144,915
Net investment income (loss)	(3,661,842)	10,632,094
Realized and unrealized gains (losses):		
Net realized gain (loss) from:		
Investments:		
Unaffiliated issuers	27,141,814	11,856,916
Foreign currency transactions	7,738	(21,902)
Net realized gain (loss)	27,149,552	11,835,014
Net change in unrealized appreciation (depreciation) on:		
Investments:		
Unaffiliated issuers	57,813,053	1,594,713
Non-controlled affiliates (Note 3f and 8)	1,076,159	—
Translation of other assets and liabilities denominated in foreign currencies	—	9,822
Net change in unrealized appreciation (depreciation)	58,889,212	1,604,535
Net realized and unrealized gain (loss)	86,038,764	13,439,549
Net increase (decrease) in net assets resulting from operations	\$82,376,922	\$24,071,643

## Statements of Changes in Net Assets

	Franklin Biotechnology Discovery Fund		Franklin Natural Resources Fund	
	Year Ended April 30, 2023	Year Ended April 30, 2022	Year Ended April 30, 2023	Year Ended April 30, 2022
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss) . . . . .	\$(3,661,842)	\$(6,278,589)	\$10,632,094	\$6,378,671
Net realized gain (loss) . . . . .	27,149,552	(8,447,950)	11,835,014	22,555,447
Net change in unrealized appreciation (depreciation) . . . . .	58,889,212	(361,108,400)	1,604,535	62,255,900
Net increase (decrease) in net assets resulting from operations.	82,376,922	(375,834,939)	24,071,643	91,190,018
Distributions to shareholders:				
Class A. . . . .	(904,691)	(116,449,013)	(7,499,623)	(2,494,288)
Class C. . . . .	—	(5,802,207)	(603,835)	(89,554)
Class R6. . . . .	(47,834)	(1,531,760)	(157,126)	(38,089)
Advisor Class . . . . .	(416,127)	(18,710,888)	(2,191,684)	(604,573)
Total distributions to shareholders . . . . .	(1,368,652)	(142,493,868)	(10,452,268)	(3,226,504)
Capital share transactions: (Note 2)				
Class A. . . . .	(85,965,290)	(32,374,163)	1,741,488	49,938,829
Class C. . . . .	(7,011,858)	(9,481,659)	(6,228,814)	(5,131,362)
Class R6. . . . .	997,279	(1,164,486)	7,004,889	2,505,666
Advisor Class . . . . .	(10,783,345)	(26,838,261)	(7,147,183)	32,039,388
Total capital share transactions . . . . .	(102,763,214)	(69,858,569)	(4,629,620)	79,352,521
Net increase (decrease) in net assets . . . . .	(21,754,944)	(588,187,376)	8,989,755	167,316,035
Net assets:				
Beginning of year. . . . .	860,160,337	1,448,347,713	412,479,797	245,163,762
End of year . . . . .	\$838,405,393	\$860,160,337	\$421,469,552	\$412,479,797



# Notes to Financial Statements

## 1. Organization and Significant Accounting Policies

Franklin Strategic Series (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of ten separate funds, two of which are included in this report (Funds). The Funds follow the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, Financial Services – Investment Companies (ASC 946) and apply the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP), including, but not limited to, ASC 946. The Funds offer four classes of shares: Class A, Class C, Class R6 and Advisor Class. Class C shares automatically convert to Class A shares on a monthly basis, after they have been held for 8 years. Each class of shares may differ by its initial sales load, contingent deferred sales charges, voting rights on matters affecting a single class, its exchange privilege and fees due to differing arrangements for distribution and transfer agent fees.

The following summarizes the Funds' significant accounting policies.

### a. Financial Instrument Valuation

The Funds' investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Funds calculate the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Board has designated the Funds' investment manager as the valuation designee and has responsibility for oversight of valuation. The investment manager is assisted by the Funds' administrator in performing this responsibility, including leading the cross-functional Valuation Committee (VC). The Funds may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading

on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt securities generally trade in the OTC market rather than on a securities exchange. The Funds' pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

Investments in open-end mutual funds are valued at the closing NAV.

The Funds have procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Funds primarily employ a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not

## 1. Organization and Significant Accounting Policies

(continued)

### a. Financial Instrument Valuation (continued)

take place on every Funds' business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Funds' portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Funds' portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At April 30, 2023, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Funds' NAV is not calculated, which could result in differences between the value of the Funds' portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Funds for financial reporting purposes.

### b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Funds may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Funds do not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statements of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

### c. Securities Lending

Certain or all Funds participate in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Funds. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statements of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

## 1. Organization and Significant Accounting Policies (continued)

### d. Income and Deferred Taxes

It is each Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. Each Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Funds may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which the Funds invest. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Funds invest. When a capital gain tax is determined to apply, certain or all Funds record an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

As a result of several court cases, in certain countries across the European Union, certain or all Funds filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statements of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statements of Assets and Liabilities. Any fees associated with these filings are reflected in other expenses in the Statements of Operations. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, EU reclaims received by the Funds, if any, reduce the amount of foreign taxes Fund shareholders can use as tax deductions or credits on their income tax returns.

Each Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of April 30, 2023, each Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax

years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

### e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Facility fees are recognized as income over the expected term of the loan. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Funds. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust or based on the ratio of number of shareholders of each Fund to the combined number of shareholders of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

### f. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets

## 1. Organization and Significant Accounting Policies

(continued)

### f. Accounting Estimates (continued)

and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

### g. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Funds, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

## 2. Shares of Beneficial Interest

At April 30, 2023, there were an unlimited number of shares authorized (without par value). Transactions in the Funds' shares were as follows:

	Franklin Biotechnology Discovery Fund		Franklin Natural Resources Fund	
	Shares	Amount	Shares	Amount
<b>Class A Shares:</b>				
Year ended April 30, 2023				
Shares sold <sup>a</sup>	412,448	\$42,946,165	3,647,273	\$101,114,332
Shares issued in reinvestment of distributions	8,033	859,459	265,105	7,409,681
Shares redeemed	(1,245,319)	(129,770,914)	(3,910,363)	(106,782,525)
Net increase (decrease)	(824,838)	\$(85,965,290)	2,015	\$1,741,488
Year ended April 30, 2022				
Shares sold <sup>a</sup>	697,466	\$95,076,826	4,574,724	\$112,358,901
Shares issued in reinvestment of distributions	920,138	111,042,205	113,195	2,454,070
Shares redeemed	(1,787,600)	(238,493,194)	(2,769,168)	(64,874,142)
Net increase (decrease)	(169,996)	\$(32,374,163)	1,918,751	\$49,938,829
<b>Class C Shares:</b>				
Year ended April 30, 2023				
Shares sold	23,788	\$2,280,883	401,440	\$10,974,990
Shares issued in reinvestment of distributions	—	—	21,669	592,875
Shares redeemed <sup>a</sup>	(97,280)	(9,292,741)	(658,964)	(17,796,679)
Net increase (decrease)	(73,492)	\$(7,011,858)	(235,855)	\$(6,228,814)
Year ended April 30, 2022				
Shares sold	58,272	\$7,410,166	528,718	\$12,503,124
Shares issued in reinvestment of distributions	51,346	5,768,235	4,156	88,531
Shares redeemed <sup>a</sup>	(174,846)	(22,660,060)	(799,586)	(17,723,017)
Net increase (decrease)	(65,228)	\$(9,481,659)	(266,712)	\$(5,131,362)

**2. Shares of Beneficial Interest** (continued)

	Franklin Biotechnology Discovery Fund		Franklin Natural Resources Fund	
	Shares	Amount	Shares	Amount
<b>Class R6 Shares:</b>				
Year ended April 30, 2023				
Shares sold . . . . .	56,562	\$6,304,709	343,698	\$10,093,852
Shares issued in reinvestment of distributions . . . . .	405	45,955	5,194	157,126
Shares redeemed . . . . .	(47,951)	(5,353,385)	(111,579)	(3,246,089)
Net increase (decrease) . . . . .	9,016	\$997,279	237,313	\$7,004,889
Year ended April 30, 2022				
Shares sold . . . . .	30,316	\$4,514,817	136,937	\$3,702,675
Shares issued in reinvestment of distributions . . . . .	11,670	1,491,452	1,629	38,088
Shares redeemed . . . . .	(50,114)	(7,170,755)	(48,892)	(1,235,097)
Net increase (decrease) . . . . .	(8,128)	\$(1,164,486)	89,674	\$2,505,666
<b>Advisor Class Shares:</b>				
Year ended April 30, 2023				
Shares sold . . . . .	243,071	\$26,463,616	924,804	\$27,535,454
Shares issued in reinvestment of distributions . . . . .	3,436	384,000	72,395	2,174,756
Shares redeemed . . . . .	(345,613)	(37,630,961)	(1,283,885)	(36,857,393)
Net increase (decrease) . . . . .	(99,106)	\$(10,783,345)	(286,686)	\$(7,147,183)
Year ended April 30, 2022				
Shares sold . . . . .	212,105	\$29,010,753	1,902,955	\$49,991,010
Shares issued in reinvestment of distributions . . . . .	134,287	16,914,739	25,738	598,134
Shares redeemed . . . . .	(520,642)	(72,763,753)	(746,824)	(18,549,756)
Net increase (decrease) . . . . .	(174,250)	\$(26,838,261)	1,181,869	\$32,039,388

<sup>a</sup>May include a portion of Class C shares that were automatically converted to Class A.

**3. Transactions with Affiliates**

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. Certain officers and trustees of the Trust are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

### 3. Transactions with Affiliates (continued)

#### a. Management Fees

Franklin Biotechnology Discovery Fund pays an investment management fee, calculated daily and paid monthly, to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.775%	Up to and including \$100 million
0.650%	Over \$100 million, up to and including \$200 million
0.635%	Over \$200 million, up to and including \$250 million
0.585%	Over \$250 million, up to and including \$700 million
0.550%	Over \$700 million, up to and including \$1.2 billion
0.525%	Over \$1.2 billion, up to and including \$7.5 billion
0.515%	Over \$7.5 billion, up to and including \$10 billion
0.505%	Over \$10 billion, up to and including \$12.5 billion
0.495%	Over \$12.5 billion, up to and including \$15 billion
0.475%	In excess of \$15 billion

Franklin Natural Resources Fund pays an investment management fee, calculated daily and paid monthly, to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.625%	Up to and including \$100 million
0.500%	Over \$100 million, up to and including \$250 million
0.450%	Over \$250 million, up to and including \$7.5 billion
0.440%	Over \$7.5 billion, up to and including \$10 billion
0.430%	Over \$10 billion, up to and including \$12.5 billion
0.420%	Over \$12.5 billion, up to and including \$15 billion
0.400%	In excess of \$15 billion

For the year ended April 30, 2023, each Fund's gross effective investment management fee rate based on average daily net assets was as follows:

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Gross effective investment management fee rate. . . . .	0.613%	0.508%

#### b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Funds. The fee is paid by Advisers based on the Funds' average daily net assets, and is not an additional expense of the Funds.

#### c. Distribution Fees

The Board has adopted distribution plans for each share class, with the exception of Class R6 and Advisor Class shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Funds' Class A reimbursement distribution plans, the Funds reimburse Distributors for costs incurred in connection with the servicing, sale and distribution of each Fund's shares up to the maximum annual plan rate for each class. Under the Class A reimbursement distribution plans, costs exceeding the maximum for

**3. Transactions with Affiliates** (continued)**c. Distribution Fees** (continued)

the current plan year cannot be reimbursed in subsequent periods. In addition, under the Funds' Class C compensation distribution plans, the Funds pay Distributors for costs incurred in connection with the servicing, sale and distribution of each Fund's shares up to the maximum annual plan rate for each class. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31 for each Fund.

The maximum annual plan rates, based on the average daily net assets, for each class, are as follows:

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Class A .....	0.35%	0.35%
Class C .....	1.00%	1.00%

The Board has set the current rate at 0.25% per year for Class A shares until further notice and approval by the Board.

**d. Sales Charges/Underwriting Agreements**

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Funds. These charges are deducted from the proceeds of sales of fund shares prior to investment or from redemption proceeds prior to remittance, as applicable. Distributors has advised the Funds of the following commission transactions related to the sales and redemptions of the Funds' shares for the year:

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Sales charges retained net of commissions paid to unaffiliated brokers/dealers .....	\$58,064	\$68,617
CDSC retained .....	\$6,077	\$11,790

**e. Transfer Agent Fees**

Each class of shares pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations. Effective October 1, 2022, the fees are based on an annualized asset based fee of 0.016% plus a reduced transaction based fee. Prior to October 1, 2022, the fees were based on an annualized asset based fee of 0.02% plus a transaction based fee. In addition, each class reimburses Investor Services for out of pocket expenses incurred and, except for Class R6, reimburses shareholder servicing fees paid to third parties. These fees are allocated daily based upon their relative proportion of such classes' aggregate net assets. Class R6 pays Investor Services transfer agent fees specific to that class.

For the year ended April 30, 2023, the Funds paid transfer agent fees as noted in the Statements of Operations of which the following amounts were retained by Investor Services:

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Transfer agent fees .....	\$466,255	\$311,543

### 3. Transactions with Affiliates (continued)

#### f. Investments in Affiliated Management Investment Companies

Certain or all Funds invest in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a “Controlled Affiliate” of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund’s outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Funds are waived on assets invested in the affiliated management investment companies, as noted in the Statements of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended April 30, 2023, investments in affiliated management investment companies were as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
<b>Franklin Biotechnology Discovery Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	\$6,199,878	\$199,287,144	\$(188,654,678)	\$—	\$—	\$16,832,344	16,832,344	\$369,628
<b>Non-Controlled Affiliates</b>								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	\$4,994,101	\$92,422,202	\$(95,078,623)	\$—	\$—	\$2,337,680	2,337,680	\$70,709
<b>Total Affiliated Securities . . .</b>	<b>\$11,193,979</b>	<b>\$291,709,346</b>	<b>\$(283,733,301)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$19,170,024</b>		<b>\$440,337</b>
<b>Franklin Natural Resources Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	\$18,559,837	\$96,332,947	\$(114,261,587)	\$—	\$—	\$631,197	631,197	\$204,367
<b>Non-Controlled Affiliates</b>								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 4.483%	\$3,718,640	\$41,113,370	\$(44,147,850)	\$—	\$—	\$684,160	684,160	\$23,856
<b>Total Affiliated Securities . . .</b>	<b>\$22,278,477</b>	<b>\$137,446,317</b>	<b>\$(158,409,437)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$1,315,357</b>		<b>\$228,223</b>

#### g. Waiver and Expense Reimbursements

Investor Services has contractually agreed in advance to waive or limit its fees so that the Class R6 transfer agent fees do not exceed 0.03% based on the average net assets of the class until August 31, 2023.



#### 4. Expense Offset Arrangement

The Funds have entered into an arrangement with their custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Funds' custodian expenses. During the year ended April 30, 2023, the custodian fees were reduced as noted in the Statements of Operations.

#### 5. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains.

At April 30, 2023, the capital loss carryforwards were as follows:

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Capital loss carryforwards not subject to expiration:		
Short term . . . . .	\$19,657,690	\$1,961,609
Long term . . . . .	3,326,369	194,793,518
Total capital loss carryforwards . . . . .	\$22,984,059	\$196,755,127

During the year ended April 30, 2023, the following Funds utilized capital loss carryforwards as follows:

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Capital loss utilized carryforwards . . . .	\$—	\$11,531,959

For tax purposes, the Funds may elect to defer any portion of a post-October capital loss or late-year ordinary loss to the first day of the following fiscal year. At April 30, 2023, the Franklin Biotechnology Discovery Fund deferred late-year ordinary losses of \$977,896.

The tax character of distributions paid during the years ended April 30, 2023 and 2022, was as follows:

	Franklin Biotechnology Discovery Fund		Franklin Natural Resources Fund	
	2023	2022	2023	2022
Distributions paid from:				
Ordinary income . . . . .	\$1,368,652	\$17,767,039	\$10,452,268	\$3,226,504
Long term capital gain . . . . .	—	124,726,829	—	—
	\$1,368,652	\$142,493,868	\$10,452,268	\$3,226,504

## 5. Income Taxes (continued)

At April 30, 2023, the cost of investments, net unrealized appreciation (depreciation) and undistributed ordinary income for income tax purposes were as follows:

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Cost of investments . . . . .	\$601,038,241	\$300,212,790
Unrealized appreciation. . . . .	\$343,300,603	\$148,940,493
Unrealized depreciation. . . . .	(101,942,536)	(26,727,598)
Net unrealized appreciation (depreciation). . . . .	\$241,358,067	\$122,212,895
Distributable earnings:		
Undistributed ordinary income. . . . .	\$—	\$7,247,218

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of passive foreign investment company shares, corporate actions and wash sales.

## 6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended April 30, 2023, were as follows:

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Purchases . . . . .	\$197,056,951	\$112,974,553
Sales . . . . .	\$305,368,029	\$100,727,892

At April 30, 2023, in connection with securities lending transactions, certain or all Funds loaned investments and received cash collateral as follows:

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
<b>Securities lending transactions<sup>a</sup>:</b>		
Equity investments <sup>b</sup> . . . . .	\$2,337,680	\$684,160

<sup>a</sup> The agreements can be terminated at any time.

<sup>b</sup> The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statements of Assets and Liabilities.

## 7. Restricted Securities

Certain or all Funds invest in securities that are restricted under the Securities Act of 1933 (1933 Act). Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The Funds may have registration rights for restricted securities. The issuer generally incurs all registration costs.

**7. Restricted Securities** (continued)

At April 30, 2023, investments in restricted securities, excluding securities exempt from registration under the 1933 Act, were as follows:

Shares	Issuer	Acquisition Date	Cost	Value
<b>Franklin Biotechnology Discovery Fund</b>				
189,499	Artiva Biotherapeutics, Inc., B . . . . .	2/22/21	\$2,084,489	\$829,888
779,505	Pipeline Therapeutics, Inc., C . . . . .	2/09/21	2,088,995	1,435,375
<b>Total Restricted Securities</b> (Value is 0.3% of Net Assets). . . . .			\$4,173,484	\$2,265,263
Shares	Issuer	Acquisition Date	Cost	Value
<b>Franklin Natural Resources Fund</b>				
173,800	<sup>a</sup> Li-Cycle Holdings Corp . . . . .	2/16/21	\$1,738,000	\$825,550
150,000	<sup>b</sup> SES AI Corp . . . . .	7/09/21	1,500,000	244,500
<b>Total Restricted Securities</b> (Value is 0.3% of Net Assets). . . . .			\$3,238,000	\$1,070,050

<sup>a</sup> The Fund also invests in unrestricted securities of the issuer, valued at \$570,000 as of April 30, 2023.

<sup>b</sup> The Fund also invests in unrestricted securities of the issuer, valued at \$126,397 as of April 30, 2023.

**8. Holdings of 5% Voting Securities of Portfolio Companies**

The 1940 Act defines "affiliated companies" to include investments in portfolio companies in which a fund owns 5% or more of the outstanding voting securities. Additionally, as defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated companies' outstanding shares or has the power to exercise control over management or policies of such company. During the year ended April 30, 2023, investments in "affiliated companies" were as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares/Warrants Held at End of Year	Investment Income
<b>Franklin Biotechnology Discovery Fund</b>								
<b>Non-Controlled Affiliates</b>								
Applied Therapeutics, Inc.	\$1,499,867	\$1,768,247	\$—	\$—	\$1,124,778	\$4,392,892	2,584,054	Dividends \$—
Applied Therapeutics, Inc., 6/27/27 . . . . .	—	813,919	—	—	569,800	1,383,719	814,000	—
Applied Therapeutics, Inc., 6/27/27 . . . . .	—	— <sup>a</sup>	—	—	1,457,250	1,457,250	1,628,100	—
Artiva Biotherapeutics, Inc., B . . . . .	797,876	—	—	—	32,012	829,888	189,499	—
Benitec Biopharma, Inc.	—	3,721,218	—	—	(2,473,782)	1,247,436	6,203,064	—
Benitec Biopharma, Inc., II, 9/14/27 . . . . .	—	702	—	—	366,101	366,803	7,019,473	—
<b>Total Affiliated Securities</b> (Value is 1.2% of Net Assets). . . . .	\$2,297,743	\$6,304,086	\$—	\$—	\$1,076,159	\$9,677,988		\$—

## 8. Holdings of 5% Voting Securities of Portfolio Companies (continued)

<sup>a</sup>May include accretion, amortization, partnership adjustments, and/or corporate actions.

## 9. Credit Facility

The Funds, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (Global Credit Facility) which matures on February 2, 2024. This Global Credit Facility provides 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 Funds shall, in addition to interest charged on any borrowings made by the Funds and other costs incurred by the Funds, pay their share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon their relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statements of Operations. During the year ended April 30, 2023, the Funds did not use the Global Credit Facility.

## 10. Fair Value Measurements

The Funds follow a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Funds' own market assumptions (unobservable inputs). These inputs are used in determining the value of the Funds' financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Funds' own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

A summary of inputs used as of April 30, 2023, in valuing the Funds' assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
<b>Franklin Biotechnology Discovery Fund</b>				
<b>Assets:</b>				
Investments in Securities: <sup>a</sup>				
Common Stocks . . . . .	\$814,161,135	\$—	\$—	\$814,161,135
Preferred Stocks:				
Biotechnology . . . . .	—	—	1,435,375	1,435,375
Health Care Providers & Services . . . . .	—	—	829,888	829,888
Life Sciences Tools & Services . . . . .	—	3,576,265	—	3,576,265
Warrants:				
Biotechnology . . . . .	—	1,383,719	1,824,053	3,207,772
Pharmaceuticals . . . . .	15,849	—	—	15,849
Escrows and Litigation Trusts . . . . .	—	—	— <sup>b</sup>	—
Short Term Investments . . . . .	19,170,024	—	—	19,170,024
Total Investments in Securities . . . . .	\$833,347,008	\$4,959,984 <sup>c</sup>	\$4,089,316	\$842,396,308

**10. Fair Value Measurements** (continued)

	Level 1	Level 2	Level 3	Total
<b>Franklin Natural Resources Fund</b>				
<b>Assets:</b>				
Investments in Securities: <sup>a</sup>				
Common Stocks:				
Agricultural Products & Services . . . . .	\$4,276,888	\$—	\$—	\$4,276,888
Construction Machinery & Heavy Transportation Equipment . . . . .	581,256	—	—	581,256
Construction Materials . . . . .	3,268,800	—	—	3,268,800
Copper . . . . .	24,171,727	4,092,443	—	28,264,170
Diversified Chemicals . . . . .	3,630,045	—	—	3,630,045
Diversified Metals & Mining . . . . .	15,650,017	5,784,191	—	21,434,208
Electrical Components & Equipment . . . . .	7,885,618	—	—	7,885,618
Environmental & Facilities Services . . . . .	1,395,550	—	—	1,395,550
Fertilizers & Agricultural Chemicals . . . . .	7,950,804	—	—	7,950,804
Gold . . . . .	28,248,736	—	—	28,248,736
Heavy Electrical Equipment . . . . .	2,031,984	—	—	2,031,984
Industrial Gases . . . . .	12,852,987	—	—	12,852,987
Industrial Machinery & Supplies & Components . . . . .	3,239,808	—	—	3,239,808
Integrated Oil & Gas . . . . .	70,229,500	—	—	70,229,500
Marine Transportation . . . . .	1,332,635	—	—	1,332,635
Metal, Glass & Plastic Containers . . . . .	4,958,906	—	—	4,958,906
Oil & Gas Drilling . . . . .	6,518,349	—	—	6,518,349
Oil & Gas Equipment & Services . . . . .	50,966,274	2,813,945	—	53,780,219
Oil & Gas Exploration & Production . . . . .	87,192,648	3,337,675	—	90,530,323
Oil & Gas Refining & Marketing . . . . .	21,717,245	—	—	21,717,245
Oil & Gas Storage & Transportation . . . . .	33,051,179	—	—	33,051,179
Paper & Plastic Packaging Products & Materials . . . . .	2,651,096	—	—	2,651,096
Semiconductor Materials & Equipment . . . . .	1,742,343	—	—	1,742,343
Specialty Chemicals . . . . .	4,010,109	563,487	—	4,573,596
Steel . . . . .	2,988,634	—	—	2,988,634
Warrants . . . . .	719,580	—	—	719,580
Convertible Bonds . . . . .	—	1,255,869	—	1,255,869
Short Term Investments . . . . .	1,315,357	—	—	1,315,357
Total Investments in Securities . . . . .	\$404,578,075	\$17,847,610 <sup>d</sup>	\$—	\$422,425,685

<sup>a</sup> For detailed categories, see the accompanying Schedule of Investments.<sup>b</sup> Includes financial instruments determined to have no value at April 30, 2023.<sup>c</sup> Includes foreign securities valued at \$3,576,265, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.<sup>d</sup> Includes foreign securities valued at \$16,028,254, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the year.

**11. New Accounting Pronouncements**

In June 2022, the FASB issued Accounting Standards Update (ASU) No. 2022-03, Fair Value Measurement (Topic 820) – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The amendments in the ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, should not be considered in measuring fair value. The ASU is effective for interim and annual reporting periods beginning after December 15, 2023, with the option of early adoption. Management has reviewed the requirements and believes that the adoption of the ASU will not have a material impact on the financial statements.

## 12. Subsequent Events

The Funds have evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

## Abbreviations

### Selected Portfolio

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<b>ADR</b>	American Depositary Receipt
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# Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Strategic Series and Shareholders of Franklin Biotechnology Discovery Fund and Franklin Natural Resources Fund

## ***Opinions on the Financial Statements***

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Franklin Biotechnology Discovery Fund and Franklin Natural Resources Fund (two of the funds constituting Franklin Strategic Series, hereafter collectively referred to as the "Funds") as of April 30, 2023, the related statements of operations for the year ended April 30, 2023, the statements of changes in net assets for each of the two years in the period ended April 30, 2023, including the related notes, and the financial highlights for each of the five years in the period ended April 30, 2023 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of April 30, 2023, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period ended April 30, 2023 and each of the financial highlights for each of the five years in the period ended April 30, 2023 in conformity with accounting principles generally accepted in the United States of America.

## ***Basis for Opinions***

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Funds in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of April 30, 2023 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinions.

PricewaterhouseCoopers LLP  
San Francisco, California  
June 16, 2023

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

## Tax Information (unaudited)

By mid-February, tax information related to a shareholder's proportionate share of distributions paid during the preceding calendar year will be received, if applicable. Please also refer to [www.franklintempleton.com](http://www.franklintempleton.com) for per share tax information related to any distributions paid during the preceding calendar year. Shareholders are advised to consult with their tax advisors for further information on the treatment of these amounts on their tax returns.

The following tax information for the Fund is required to be furnished to shareholders with respect to income earned and distributions paid during its fiscal year.

The Funds below hereby report the following amounts, or if subsequently determined to be different, the maximum allowable amounts, for the fiscal year ended April 30, 2023:

	Pursuant to:	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	\$3,676,920	\$9,576,627
Qualified Dividend Income Earned (QDI)	§854(b)(1)(B)	\$4,474,331	\$15,292,409
Section 163(j) Interest Dividends Earned	§163(j)	\$—	\$42,591



## Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton/Legg Mason Investments fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

### Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Harris J. Ashton (1932)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1991	118	Bar-S Foods (meat packing company) (1981-2010).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
<b>Terrence J. Checki (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	118	Hess Corporation (exploration of oil and gas) (2014-present).
<b>Principal Occupation During at Least the Past 5 Years:</b> Member of the Council on Foreign Relations (1996-present); Member of the National Committee on U.S.-China Relations (1999-present); member of the board of trustees of the Economic Club of New York (2013-present); member of the board of trustees of the Foreign Policy Association (2005-present); member of the board of directors of Council of the Americas (2007-present) and the Tallberg Foundation (2018-present); and <b>formerly</b> , Executive Vice President of the Federal Reserve Bank of New York and Head of its Emerging Markets and Internal Affairs Group and Member of Management Committee (1995-2014); and Visiting Fellow at the Council on Foreign Relations (2014).				
<b>Mary C. Choksi (1950)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	118	Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present); and <b>formerly</b> , Avis Budget Group Inc. (car rental) (2007-2020).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				

## Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Edith E. Holiday (1952)</b> One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 1998 and Lead Independent Trustee since 2019	118	Hess Corporation (exploration of oil and gas) (1993-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); Santander Holdings USA (holding company) (2019-present); and <b>formerly</b> , Canadian National Railway (railroad) (2001-2021), White Mountains Insurance Group, Ltd. (holding company) (2004-2021), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).

**Principal Occupation During at Least the Past 5 Years:**

Director or Trustee of various companies and trusts; and **formerly**, Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison-United States Treasury Department (1988-1989).

<b>J. Michael Luttig (1954)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	118	Boeing Capital Corporation (aircraft financing) (2006-2010).
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**Principal Occupation During at Least the Past 5 Years:**

Counselor and Special Advisor to the CEO and Board of Directors of the Coca-Cola Company (beverage company) (2021-present); and **formerly**, Counselor and Senior Advisor to the Chairman, CEO, and Board of Directors, of The Boeing Company (aerospace company), and member of the Executive Council (2019-2020); Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (2006-2019); and Federal Appeals Court Judge, United States Court of Appeals for the Fourth Circuit (1991-2006).

<b>Larry D. Thompson (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	118	Graham Holdings Company (education and media organization) (2011-2021); The Southern Company (energy company) (2014-2020; previously 2010-2012) and Cbeyond, Inc. (business communications provider) (2010-2012).
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**Principal Occupation During at Least the Past 5 Years:**

Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and **formerly**, Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-2020); Executive Vice President - Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President - Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

## Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Valerie M. Williams (1956)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2021	110	Omnicom Group, Inc. (advertising and marketing communications services) (2016-present), DTE Energy Co. (gas and electric utility) (2018-present), Devon Energy Corporation (exploration and production of oil and gas) (2021-present); and <b>formerly</b> , WPX Energy, Inc. (exploration and production of oil and gas) (2018-2021).

**Principal Occupation During at Least the Past 5 Years:**

Director of various companies; and **formerly**, Regional Assurance Managing Partner, Ernst & Young LLP (public accounting) (2005-2016), various roles of increasing responsibility at Ernst & Young (1981-2005).

## Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>**Gregory E. Johnson (1961)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Chairman of the Board since January 2023 and Trustee since 2013	129	None

**Principal Occupation During at Least the Past 5 Years:**

Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex; Vice Chairman, Investment Company Institute; and **formerly**, Chief Executive Officer (2013-2020) and President (1994-2015) Franklin Resources, Inc.

<b>**Rupert H. Johnson, Jr. (1940)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1991	118	None
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**Principal Occupation During at Least the Past 5 Years:**

Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Ted P. Becker (1951)</b> 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since June 2023	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Vice President, Global Compliance of Franklin Templeton (since 2020); Chief Compliance Officer of Legg Mason Partners Fund Advisor, LLC (since 2006); Chief Compliance Officer of certain funds associated with Legg Mason & Co. or its affiliates (since 2006); **formerly**, Director of Global Compliance at Legg Mason (2006 to 2020); Managing Director of Compliance of Legg Mason & Co. (2005 to 2020).

<b>Sonal Desai, Ph.D. (1963)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2018	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Director and Executive Vice President, Franklin Advisers, Inc.; Executive Vice President, Franklin Templeton Institutional, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

## Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Matthew T. Hinkle (1971)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable

**Principal Occupation During at Least the Past 5 Years:**

Senior Vice President, Franklin Templeton Services, LLC; officer of certain funds in the Franklin Templeton/Legg Mason fund complex; and formerly, Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).

<b>Susan Kerr (1949)</b> 280 Park Avenue New York, NY 10017	Vice President – AML Compliance	Since 2021	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Senior Compliance Analyst, Franklin Templeton; Chief Anti-Money Laundering Compliance Officer, Legg Mason & Co., or its affiliates; Anti Money Laundering Compliance Officer; Senior Compliance Officer, LMIS; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Christopher Kings (1974)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 2022	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Treasurer, U.S. Fund Administration & Reporting; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Edward D. Perks (1970)</b> One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2018	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

President and Director, Franklin Advisers, Inc. and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Navid J. Tofigh (1972)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Secretary	Vice President since 2015 and Secretary since June 2023	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

\*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton/Legg Mason fund complex. These portfolios have a common investment manager or affiliated investment managers.

\*\*Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated Mary C. Choksi as its audit committee financial expert. The Board believes that Ms. Choksi qualifies as such an expert in view of her extensive business background and experience. She served as a director of Avis Budget Group, Inc. (2007 to 2020) and formerly, Founder and Senior Advisor, Strategic Investment Group (1987 to 2017). Ms. Choksi has been a Member of the Fund's Audit Committee since 2014. As a result of such background and experience, the Board believes that Ms. Choksi has acquired an understanding of generally

## Interested Board Members and Officers (continued)

accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Choksi is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.

## Shareholder Information

### BOARD APPROVAL OF INVESTMENT MANAGEMENT AGREEMENTS

#### FRANKLIN STRATEGIC SERIES

#### Franklin Biotechnology Discovery Fund

#### Franklin Natural Resources Fund

(each a Fund)

At an in-person meeting held on April 18, 2023 (Meeting), the Board of Trustees (Board) of Franklin Strategic Series (Trust), including a majority of the trustees who are not "interested persons" as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the investment management agreement between Franklin Advisers, Inc. (Manager) and the Trust, on behalf of each Fund (each a Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of each Management Agreement. Although the Management Agreements for the Funds were considered at the same Board meeting, the Board considered the information provided to it about the Funds together and with respect to each Fund separately as the Board deemed appropriate.

In considering the continuation of each Management Agreement, the Board reviewed and considered information provided by the Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to the Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a virtual contract renewal meeting at which the Independent Trustees first conferred amongst themselves and Independent Trustee counsel about contract renewal matters; and then met with management to request additional information that the Independent Trustees reviewed and considered prior to and at the Meeting. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of each Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by the Manager; (ii) the investment performance of each Fund; (iii) the costs of the services provided and profits realized by the Manager and its affiliates from the relationship with

each Fund; (iv) the extent to which economies of scale are realized as each Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of each Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of the Management Agreement are fair and reasonable and that the continuance of the Management Agreement is in the best interests of the applicable Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's determination.

#### Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by the Manager and its affiliates to the Funds and their shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of the Manager, as well as information on succession planning where appropriate; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for each Fund; reports on expenses and shareholder services; legal and compliance matters; risk controls; pricing and other services provided by the Manager and its affiliates; and management fees charged by the Manager and its affiliates to US funds and other accounts, including management's explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton (FT) or the Funds to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements. The Board acknowledged management's continued development of strategies to address areas of heightened concern in the mutual fund industry, including various regulatory initiatives and continuing geopolitical concerns.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Manager's parent, and its commitment to the mutual fund business as evidenced by its reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to

the Funds by the FT organization. The Board specifically noted FT's commitment to technological innovation and advancement and investments to promote alternative investing.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services provided by the Manager and its affiliates to the Funds and their shareholders.

### **Fund Performance**

The Board reviewed and considered the performance results of each Fund over various time periods ended December 31, 2022. The Board considered the performance returns for each Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of each Fund's performance results is below.

*Franklin Biotechnology Discovery Fund* - The Performance Universe for the Fund included the Fund and all retail and institutional health/biotechnology funds. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund concentrates its investments within the biotechnology industries, while the Performance Universe is comprised mostly of general healthcare funds, noting that healthcare securities outperformed biotechnology securities for the one-, three- and five-year periods. Management also noted that the Fund outperformed its narrow peer group of biotechnology-only sector funds in the one-year period ending December 31, 2022. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

*Franklin Natural Resources Fund* - The Performance Universe for the Fund included the Fund and all retail and institutional global natural resources funds. The Board noted that the Fund's annualized income return for the one- and three-year periods was below the median of its Performance Universe, but for the five-year period was above the median of its Performance Universe and for the 10-year period was equal to the median of its Performance Universe. The Board

also noted that the Fund's annualized total return for the three-, five- and 10-year periods was below the median of its Performance Universe, but for the one-year period was above the median of its Performance Universe. The Board further noted management's view regarding the income-related attributes of the Fund (e.g., a fund's investment objective) as set forth in the Fund's registration statement and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given these attributes. The Board also noted that the Fund's one-year annualized total return was 30.47% and fell in the second quintile of the Fund's Performance Universe and that the Fund's one-year annualized income return was only 0.02% below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

### **Comparative Fees and Expenses**

The Board reviewed and considered information regarding each Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FT to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of each Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure to the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from each fund's most recent annual or semi-annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges, and the actual total expense ratio, for comparative consistency, was shown for Class A shares for each Fund and for each of the funds in each Fund's respective Expense Group. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

The Expense Group for the Franklin Biotechnology Discovery Fund included the Fund and eight other health/biotechnology funds. The Expense Group for the Franklin Natural Resources Fund included the Fund, six other global natural resources funds and three natural resources funds. The Board noted that the Management Rates and actual total expense ratios for the Funds were below the medians of their respective Expense Groups. The Board concluded that the Management Rates charged to the Funds are reasonable.

### **Profitability**

The Board reviewed and considered information regarding the profits realized by the Manager and its affiliates in connection with the operation of each Fund. In this respect, the Board considered the Fund profitability analysis provided by the Manager that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2022, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Funds' profitability report presentations from prior years. The Board also noted that PricewaterhouseCoopers LLP, auditor to FRI and certain FT funds, has been engaged by the Manager to periodically review and assess the allocation methodologies to be used solely by the Funds' Board with respect to the profitability analysis.

The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to each Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. As part of this evaluation, the Board considered management's outsourcing of certain operations, which effort has required considerable up-front expenditures by the Manager but, over the long run is expected to result in greater efficiencies. The Board also noted management's expenditures in improving shareholder services provided to the Funds, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent US Securities and Exchange Commission and other regulatory requirements.

The Board also considered the extent to which the Manager and its affiliates might derive ancillary benefits from fund operations, including revenues generated from transfer agent services, potential benefits resulting from personnel and systems enhancements necessitated by fund growth, as well as increased leverage with service providers and counterparties. Based upon its consideration of all these factors, the Board concluded that the level of profits realized by the Manager and its affiliates from providing services to each Fund was not excessive in view of the nature, extent and quality of services provided to each Fund.

### **Economies of Scale**

The Board reviewed and considered the extent to which the Manager may realize economies of scale, if any, as each Fund grows larger and whether each Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints, which operate generally to share any economies of scale with a Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered the Manager's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments the Manager incurs across the FT family of funds as a whole. The Board noted that the Franklin Biotechnology Discovery Fund had experienced a decrease in assets and would not be expected to demonstrate additional economies of scale in the near term, but concluded that to the extent economies of scale may be realized by the Manager and its affiliates, each Fund's management fee structure provided a sharing of benefits with the Fund and its shareholders as the Fund grows.

### **Conclusion**

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved the continuation of each Management Agreement for an additional one-year period.

## **Proxy Voting Policies and Procedures**

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at [franklintempleton.com](http://franklintempleton.com). Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale,



FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at [franklintempleton.com](http://franklintempleton.com) and posted on the U.S. Securities and Exchange Commission's website at [sec.gov](http://sec.gov) and reflect the most recent 12-month period ended June 30.

## Quarterly Schedule of Investments

The Trust files a complete schedule of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT by visiting the Commission's website at [sec.gov](http://sec.gov). The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

## Householding of Reports and Prospectuses

You will receive, or receive notice of the availability of, each Fund's financial reports every six months. In addition, you will receive an annual updated summary prospectus (detail prospectus available upon request). To reduce Fund expenses, we try to identify related shareholders in a household and send only one copy of the financial reports (to the extent received by mail) and summary prospectus. This process, called "householding," will continue indefinitely unless you instruct us otherwise. If you prefer not to have these documents househanded, please call us at (800) 632-2301. At any time you may view current prospectuses/summary prospectuses and financial reports on our website. If you choose, you may receive these documents through electronic delivery.

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Authorized for distribution only when accompanied or preceded by a summary prospectus and/or prospectus. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. A prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.



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