

SEMIANNUAL REPORT AND SHAREHOLDER LETTER

FRANKLIN STRATEGIC SERIES

October 31, 2019



FRANKLIN
TEMPLETON

Franklin Biotechnology Discovery Fund

Franklin Natural Resources Fund

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SHAREHOLDER LETTER

Dear Shareholder:

During the six months ended October 31, 2019, the U.S. economy continued to grow, but at a more moderate pace due to concerns about trade and geopolitical stress.

The Standard & Poor's® 500 Index (S&P 500®) recovered from heightened volatility in May and August 2019, reaching new all-time highs in October amid better-than-expected corporate earnings, investor optimism about a potential U.S.-China trade agreement and the U.S. Federal Reserve's third successive rate cut. However, markets reflected concerns about tighter regulation of technology companies, U.S. political uncertainties, geopolitical tensions and the impact of trade disputes on global growth and corporate earnings. In this environment, U.S. stocks, as measured by the S&P 500, posted a positive total return for the six-month period.

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 advisors 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' semiannual report includes more detail about prevailing conditions and a discussion about investment decisions during the period. Please remember 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 October 31, 2019, 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.

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SEMIANNUAL REPORT

Economic and Market Overview

The U.S. economy expanded during the six months ended October 31, 2019. After moderating in 2019's second quarter, the economy grew faster in the third quarter, aided by consumer spending, housing investment, government spending, inventory investment and exports. The manufacturing sector expanded during the period's first half, but contracted in the second half. The services sector continued to expand throughout the period. The unemployment rate was 3.6% in April 2019, and though it varied slightly during the six months under review, it ended the period at 3.6%.¹ The annual inflation rate, as measured by the Consumer Price Index, decreased from 2.0% in April 2019 to 1.8% at period-end.¹

At its July 2019 meeting, the U.S. Federal Reserve (Fed) lowered its target range for the federal funds rate for the first time since December 2008, to 2.00%–2.25%, citing muted inflation pressures and the potential effects of global trade tensions on economic growth. Furthermore, the Fed ended its balance sheet normalization program earlier than previously indicated. The Fed further lowered the federal funds target rate range by 0.25% at its September and October meetings, to 1.50%–1.75%, reiterating the rationale cited at the July meeting.

U.S. equity markets overall rose during the period, benefiting from upbeat economic data and U.S. corporate earnings, the Fed's interest-rate cuts and investor optimism about further monetary easing. However, markets reflected concerns about tighter regulation of technology companies, U.S. political uncertainties (including the impeachment inquiry into President Donald Trump), geopolitical tensions in certain regions, and the impact of U.S. trade disputes with China and other trading partners on global growth and corporate earnings. These concerns were partly alleviated at certain points during the period by occasional easing of trade tensions and optimism about a potential U.S.-China trade agreement. The broad U.S. stock market, as measured by the Standard & Poor's® 500 Index (S&P 500®), recovered from heightened volatility in May and August 2019, reaching new all-time highs in October amid a number of better-than-expected corporate earnings reports, investor optimism about a potential phase one of the U.S.-China trade agreement and the Fed's third successive rate cut.

Overall, the S&P 500 posted a +4.16% total return for the six-month period.²

The foregoing information reflects our analysis and opinions as of October 31, 2019. 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.

1. Bureau of Labor Statistics.

2. Morningstar.

See www.franklintempletondatasources.com for additional data provider information.

Franklin Biotechnology Discovery Fund

This semiannual report for Franklin Biotechnology Discovery Fund covers the period ended October 31, 2019.

Your Fund's Goal and Main Investments

The Fund seeks capital appreciation by investing 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 +4.18% cumulative total return for the six months under review. In comparison, the NASDAQ Biotechnology Index[®], which tracks U.S. and international-based biotechnology stocks, posted a +1.10% total return.¹ 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 +4.16% total return.¹ You can find the Fund's long-term performance data in the Performance Summary beginning on page 7.

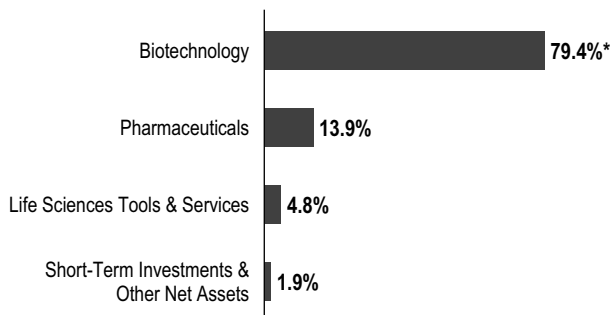
Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to franklintempleton.com 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

Portfolio Composition

Based on Total Net Assets as of 10/31/19



*Includes common, preferred stocks, escrows and litigation trusts as well as other equity interests.

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.

Manager's Discussion

During the six months under review, the biotechnology industry experienced some volatility. Please keep in mind that volatility is not uncommon in the biotechnology industry, and we seek to take advantage of short-term volatility by initiating positions or adding to existing holdings in companies we believe are undervalued.

Key contributors to the Fund's absolute performance included Array BioPharma (not held at period-end), Reata Pharmaceuticals and Iovance Biotherapeutics.

Cancer-focused biopharmaceutical company Array BioPharma was acquired by pharmaceuticals firm Pfizer (not a Fund holding) for a significant premium over the preannouncement stock closing price.

Shares of Reata Pharmaceuticals, a clinical stage biopharmaceutical firm, surged after the company announced positive results for a clinical trial for omaveloxolone, a treatment for neuromuscular disorder Friedreich's ataxia.

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 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 Statement of Investments (SOI). The SOI begins on page 21.

Top 10 Holdings

10/31/19

Company Sector/Industry	% of Total Net Assets
Amgen Inc. <i>Biotechnology</i>	8.1%
Vertex Pharmaceuticals Inc. <i>Biotechnology</i>	6.8%
Gilead Sciences Inc. <i>Biotechnology</i>	6.1%
Biogen Inc. <i>Biotechnology</i>	5.2%
Illumina Inc. <i>Life Sciences Tools & Services</i>	4.8%
Reata Pharmaceuticals Inc. <i>Pharmaceuticals</i>	4.6%
GW Pharmaceuticals PLC <i>Pharmaceuticals</i>	4.3%
Regeneron Pharmaceuticals Inc. <i>Biotechnology</i>	4.1%
Iovance Biotherapeutics Inc. <i>Biotechnology</i>	3.9%
Alexion Pharmaceuticals Inc. <i>Biotechnology</i>	3.3%

Iovance Biotherapeutics' share price shot up in 2019's second quarter following promising data from clinical studies of experimental treatments for cervical cancer and melanoma. Some of those gains were reversed in the third quarter as investors moved out of small- and mid-capitalization stocks to large-capitalization stocks, which were perceived as more defensive.

In contrast, key detractors from the Fund's absolute performance included Alexion Pharmaceuticals, GW Pharmaceuticals and Intercept Pharmaceuticals (not held at period-end).

Alexion Pharmaceuticals is a biopharmaceutical company that focuses on developing treatments for rare disorders. The company's share price fell due to an August decision by regulators to review patents for Soliris, a blood disorder treatment. We believe that even if generic competitors to Soliris become available, the impact on sales of Ultomiris—the company's next-generation blood disorder treatment—will be limited, and that the stock is still undervalued at current levels. However, we have reduced our position in the company as we expect the ongoing intellectual property rights proceedings to remain an overhang on its share price in the near term.

Shares of GW Pharmaceuticals, a cannabinoid-based drug developer, shed much of their value due to concerns about sales figures for its leading epilepsy treatment. This occurred despite broad regulatory approval and strong sales in Europe, and we believe the company suffered from general investor skepticism about new biotechnology products. We also believe investors mistakenly associated the company with the wider cannabis industry, which saw a general selloff in the third quarter.

Intercept Pharmaceuticals' share price declined due to investor concerns about the commercial potential of Ocaliva, a treatment for a liver disease called PBC. After promising test trials, the drug is pending FDA approval to also treat a progressive liver disease known as NASH. While we believe the NASH market could be very large over time, Ocaliva's position as the first drug approved for the disease could affect early sales as managed health care plans wrestle with coverage criteria and reimbursements. In the longer term, we think the drug's side effect profile leaves it vulnerable to competition. As a result, we liquidated our position in the company prior to period end.

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

Sincerely,



Evan McCulloch, CFA
Lead Portfolio Manager

Wendy Lam, Ph.D.
Steven Kornfeld, CFA

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2019, 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 October 31, 2019

The performance table does 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 10/31/19¹

*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.*

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A⁴		
6-Month	+4.18%	-1.55%
1-Year	+7.75%	+1.82%
5-Year	+6.44%	+0.12%
10-Year	+314.51%	+14.63%
Advisor		
6-Month	+4.31%	+4.31%
1-Year	+8.01%	+8.01%
5-Year	+7.75%	+1.50%
10-Year	+325.77%	+15.59%

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 or call (800) 342-5236.

See page 8 for Performance Summary footnotes.

Total Annual Operating Expenses⁵

Share Class	With Fee Waiver	Without Fee Waiver
A	1.02%	1.04%
Advisor	0.77%	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 nondiversified 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. The Fund's prospectus also includes a description of the main investment risks.

1. The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 8/31/20. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.
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. 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.

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 5/1/19	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 10/31/19	Expenses Paid During Period 5/1/19–10/31/19 ^{1, 2}	Ending Account Value 10/31/19	Expenses Paid During Period 5/1/19–10/31/19 ^{1, 2}	
A	\$1,000	\$1,041.80	\$5.18	\$1,020.06	\$5.13	1.01%
C	\$1,000	\$1,037.80	\$9.02	\$1,016.29	\$8.92	1.76%
R6	\$1,000	\$1,043.70	\$3.29	\$1,021.92	\$3.25	0.64%
Advisor	\$1,000	\$1,043.10	\$3.90	\$1,021.32	\$3.86	0.76%

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 184/366 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 semiannual report for Franklin Natural Resources Fund covers the period ended October 31, 2019.

Your Fund's Goal and Main Investments

The Fund seeks high total return (total return consists of capital appreciation and current dividend and interest income) by investing, under normal market conditions, 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.

Performance Overview

The Fund's Class A shares posted a -17.26% cumulative total return for the six 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 -7.36% total return.¹ 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 +4.16% total return.¹ 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 14.

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

1. Source: Morningstar.

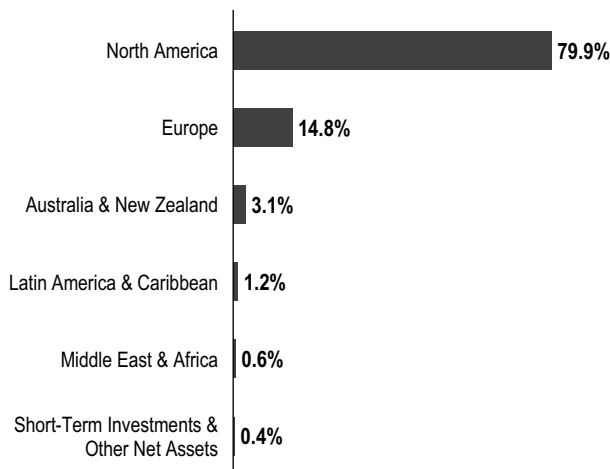
The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

See www.franklintempletondatasources.com 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 Statement of Investments (SOI). The SOI begins on page 28.

Geographic Composition

Based on Total Net Assets as of 10/31/19



figures shown. For most recent month-end performance, go to 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

Global commodity prices were mixed during the six months ended October 31, 2019, due to slower global industrial production, heightened U.S.-China trade tensions and geopolitical instability. Oil prices ended the period down despite several supply shocks, while precious metals prices increased as investors sought perceived safe-haven assets. The U.S. Federal Reserve's three interest-rate cuts during the period helped limit the overall commodity decline.

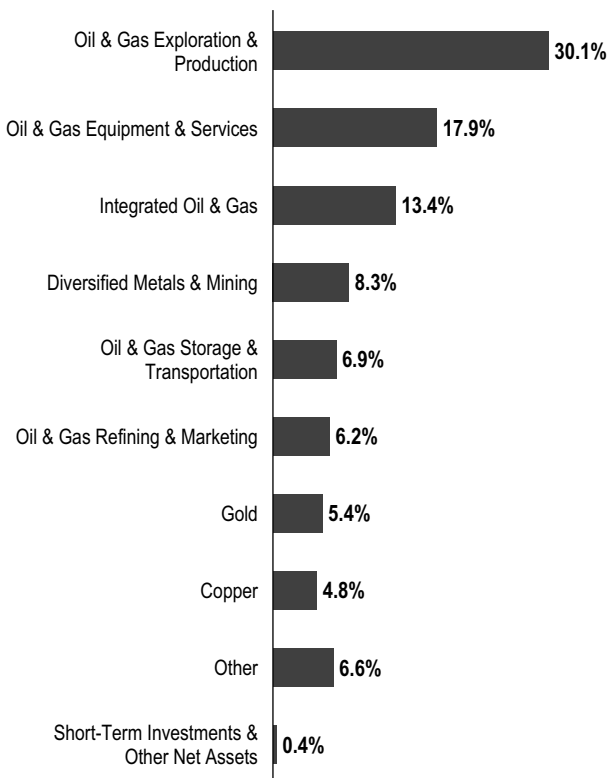
Crude oil prices fell significantly during the period, as both the U.S. and global oil benchmarks—West Texas Intermediate and Brent crude oil, respectively—declined. Prices were driven down by the global economic slowdown amid the U.S.-China trade conflict, which led international organizations to reduce oil demand projections for 2019 and 2020. Rising U.S. oil production and inventory counterbalanced cuts by the Organization of the Petroleum Exporting Countries, drone attacks on Saudi oil facilities, U.S. sanctions on Iran and production drops in Venezuela and Libya.

U.S. natural gas prices rose slightly during the period. Record production levels in 2019's second quarter and an inventory buildup in the third quarter drove prices down. Warm spring weather early in the period reduced demand for heating fuel, which further depressed prices. A weather-driven rebound in October reversed earlier declines, as a projected U.S. cold snap in November boosted demand for heating fuel. Rising exports and anticipated production cuts associated with a decline in natural gas-focused drilling rigs also contributed to the price surge.

Metals advanced during the period, with the notable exception of copper. Gold prices hit a six-year high in 2019's third quarter, as investors turned away from equities and bonds against a backdrop of slower global economic growth, political instability in the U.S. and U.K., and expectations of loosening monetary policy. Palladium prices also increased significantly. The metal, a key component in pollution-control devices for automobiles, benefited from increased demand driven by tighter emissions standards, particularly in China. Silver and platinum prices increased as well. Turning to industrial metals, copper prices declined during the period, hitting a multiyear low in the third quarter. Slower global manufacturing and construction activities drove the price decrease. Iron ore prices were volatile during the six months under review, though they ended the period slightly higher. Prices rose in the period's first half due to lower inventory and higher Chinese steel production driven by government stimulus. However, those gains were significantly trimmed in

Portfolio Composition

Based on Total Net Assets as of 10/31/19



August as Chinese steel production declined in the face of U.S. tariff threats and increased supplies.

Manager's Discussion

Natural resources equities broadly declined during the period due to slowing global economic growth, international trade conflicts—which included the imposition of tariffs—and declining demand. Energy companies were hit particularly hard, while gold mining companies benefited from rising gold prices as investors sought alternatives to equity markets and paper currency.

In this environment, overweightings and stock selection in oil and gas equipment and services as well as oil and gas exploration and production detracted from relative performance, as investors moved away from companies viewed as having higher exposure to weakening demand trends. This relative underperformance was magnified by a reduction of energy weightings in natural resources indexes. On an individual basis, the Fund's largest relative detractors included large and, in our opinion, high-quality U.S.-based companies such as Superior Energy Services (not part of the index), Concho Resources and Callon Petroleum.

Top 10 Holdings

10/31/19

Company Sector/Industry	% of Total Net Assets
Schlumberger Ltd. <i>Oil & Gas Equipment & Services</i>	3.8%
Diamondback Energy Inc. <i>Oil & Gas Exploration & Production</i>	3.6%
Concho Resources Inc. <i>Oil & Gas Exploration & Production</i>	3.6%
EOG Resources Inc. <i>Oil & Gas Exploration & Production</i>	3.2%
ConocoPhillips <i>Oil & Gas Exploration & Production</i>	3.0%
Occidental Petroleum Corp. <i>Integrated Oil & Gas</i>	3.0%
Halliburton Co. <i>Oil & Gas Equipment & Services</i>	2.9%
Pioneer Natural Resources Co. <i>Oil & Gas Exploration & Production</i>	2.8%
Cabot Oil & Gas Corp. <i>Oil & Gas Exploration & Production</i>	2.8%
Suncor Energy Inc. <i>Integrated Oil & Gas</i>	2.7%

An underweighted position in gold also detracted from relative performance. The sector's biggest detractors included an underweighted position in Newmont Goldcorp, a U.S.-based mining company with global operations, and our lack of holdings in other well-performing companies.

Turning to contributors, an underweighting in integrated oil and gas—which suffered from similar dynamics to other energy industries—benefited relative results. Our underweighted position in Exxon Mobil was a significant contributor.

An off-benchmark exposure to packaged foods and meats also contributed to relative performance. Beyond Meat (not held at period-end), a leading American plant-based meats producer, is the Fund's sole holding in the industry. The company's stock surged following its initial public offering (IPO) in May. Despite the company reporting strong earnings in 2019's second and third quarters, its share price declined in October after post-IPO trading restrictions were lifted, though it still ended the period up.

Elsewhere, overweighted positions in Canadian gold miners B2Gold and Alamos Gold (not part of the index) and Australian gold miner Newcrest Mining (not part of the index) benefited relative results.

Cash holdings were another relative contributor.

During the period, we chose to leave the Fund's sector weightings relatively unchanged, while seeking to mitigate risk through a focus on large, relatively stable companies. We see several positive trends throughout the energy sector, including reduced capital investment, growing free cash flow and improving supply fundamentals. We believe the depressed valuations for energy equities, which approached multi-decade lows, are unsustainable in the long term and provide significant investment opportunities.

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

Sincerely,



Frederick G. Fromm, CFA



Matthew J. Adams, CFA

Stephen M. Land, CFA

Portfolio Management Team

The foregoing information reflects our analysis, opinions and portfolio holdings as of October 31, 2019, 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 October 31, 2019

The performance table does 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 10/31/19¹

*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.*

Share Class	Cumulative Total Return ²	Average Annual Total Return ³
A⁴		
6-Month	-17.26%	-21.80%
1-Year	-17.62%	-22.15%
5-Year	-37.44%	-9.98%
10-Year	-25.84%	-3.49%
Advisor		
6-Month	-17.14%	-17.14%
1-Year	-17.44%	-17.44%
5-Year	-36.62%	-8.72%
10-Year	-23.75%	-2.67%

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 or call (800) 342-5236.

See page 15 for Performance Summary footnotes.

Total Annual Operating Expenses⁵

Share Class	With Fee Waiver	Without Fee Waiver
A	1.04%	1.04%
Advisor	0.79%	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. 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. The Fund's prospectus also includes a description of the main investment risks.

1. The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 8/31/20. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.
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. 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.

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 5/1/19	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 10/31/19	Expenses Paid During Period 5/1/19–10/31/19 ^{1, 2}	Ending Account Value 10/31/19	Expenses Paid During Period 5/1/19–10/31/19 ^{1, 2}	
A	\$1,000	\$827.40	\$5.10	\$1,019.56	\$5.63	1.11%
C	\$1,000	\$824.70	\$8.53	\$1,015.79	\$9.42	1.86%
R6	\$1,000	\$829.50	\$2.94	\$1,021.92	\$3.25	0.64%
Advisor	\$1,000	\$828.60	\$3.95	\$1,020.81	\$4.37	0.86%

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 184/366 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

	Six Months Ended	Year Ended April 30,				
	October 31, 2019 (unaudited)	2019	2018	2017	2016	2015
Class A						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$138.85	\$146.14	\$147.22	\$128.19	\$182.30	\$129.27
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.34)	(0.99)	(0.80)	(0.79)	(0.94)	(1.09)
Net realized and unrealized gains (losses)	6.14	(1.75)	3.32	25.75	(39.39)	60.79
Total from investment operations	5.80	(2.74)	2.52	24.96	(40.33)	59.70
Less distributions from:						
Net investment income.	—	—	—	(1.73)	—	—
Net realized gains	—	(4.55)	(3.60)	(4.20)	(13.78)	(6.67)
Total distributions	—	(4.55)	(3.60)	(5.93)	(13.78)	(6.67)
Net asset value, end of period	\$144.65	\$138.85	\$146.14	\$147.22	\$128.19	\$182.30
Total return ^c	4.18%	(1.60)%	1.69%	20.02%	(23.55)%	46.81%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	1.03%	1.02%	1.05%	1.04%	0.99%	1.00%
Expenses net of waiver and payments by affiliates ^e	1.01%	1.00%	1.03%	1.02%	0.98%	1.00% ^f
Net investment income (loss)	(0.48)%	(0.67)%	(0.53)%	(0.58)%	(0.56)%	(0.67)%
Supplemental data						
Net assets, end of period (000's)	\$886,021	\$924,611	\$1,081,883	\$1,176,687	\$1,074,903	\$1,601,906
Portfolio turnover rate	18.29%	28.62%	26.95%	34.12%	22.13%	41.43%

^aThe 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.

^bBased on average daily shares outstanding.

^cTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

^eBenefit of expense reduction rounds to less than 0.01%.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Biotechnology Discovery Fund (continued)

	Six Months Ended October 31, 2019 (unaudited)	Year Ended April 30,				
	2019	2018	2017	2016	2015	
Class C						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$133.51	\$141.75	\$143.98	\$125.99	\$180.67	\$129.11
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.83)	(2.03)	(1.90)	(1.81)	(2.11)	(2.38)
Net realized and unrealized gains (losses)	5.88	(1.66)	3.27	25.29	(38.79)	60.61
Total from investment operations	5.05	(3.69)	1.37	23.48	(40.90)	58.23
Less distributions from:						
Net investment income	—	—	—	(1.29)	—	—
Net realized gains	—	(4.55)	(3.60)	(4.20)	(13.78)	(6.67)
Total distributions	—	(4.55)	(3.60)	(5.49)	(13.78)	(6.67)
Net asset value, end of period	\$138.56	\$133.51	\$141.75	\$143.98	\$125.99	\$180.67
Total return ^c	3.78%	(2.33)%	0.93%	19.14%	(24.09)%	45.76%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	1.78%	1.77%	1.80%	1.79%	1.71%	1.75%
Expenses net of waiver and payments by affiliates ^e	1.76%	1.75%	1.78%	1.77%	1.70%	1.75% ^f
Net investment income (loss)	(1.23)%	(1.42)%	(1.28)%	(1.33)%	(1.28)%	(1.42)%
Supplemental data						
Net assets, end of period (000's)	\$43,847	\$46,508	\$58,433	\$53,935	\$17,562	\$23,051
Portfolio turnover rate	18.29%	28.62%	26.95%	34.12%	22.13%	41.43%

^aThe 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.

^bBased on average daily shares outstanding.

^cTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

^eBenefit of expense reduction rounds to less than 0.01%.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Biotechnology Discovery Fund (continued)

	Six Months Ended October 31, 2019 (unaudited)	Year Ended April 30,				
		2019	2018	2017	2016	2015
Class R6						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$143.83	\$150.65	\$151.03	\$131.37	\$185.75	\$131.09
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.08)	(0.46)	(0.17)	(0.25)	(0.32)	(0.45)
Net realized and unrealized gains (losses)	6.36	(1.81)	3.39	26.41	(40.28)	61.78
Total from investment operations	6.28	(2.27)	3.22	26.16	(40.60)	61.33
Less distributions from:						
Net investment income	—	—	—	(2.30)	—	—
Net realized gains	—	(4.55)	(3.60)	(4.20)	(13.78)	(6.67)
Total distributions	—	(4.55)	(3.60)	(6.50)	(13.78)	(6.67)
Net asset value, end of period	\$150.11	\$143.83	\$150.65	\$151.03	\$131.37	\$185.75
Total return ^c	4.37%	(1.24)%	2.11%	20.50%	(23.24)%	47.40%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	0.73%	0.70%	0.65%	0.63%	0.60%	0.60%
Expenses net of waiver and payments by affiliates ^e	0.64%	0.63%	0.61%	0.61%	0.59%	0.60% ^f
Net investment income (loss)	(0.11)%	(0.30)%	(0.11)%	(0.17)%	(0.17)%	(0.27)%
Supplemental data						
Net assets, end of period (000's)	\$5,313	\$6,164	\$8,307	\$8,891	\$5,568	\$76,436
Portfolio turnover rate	18.29%	28.62%	26.95%	34.12%	22.13%	41.43%

^aThe 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.

^bBased on average daily shares outstanding.

^cTotal return is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

^eBenefit of expense reduction rounds to less than 0.01%.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Biotechnology Discovery Fund (continued)

	Six Months Ended	Year Ended April 30,				
	October 31, 2019 (unaudited)	2019	2018	2017	2016	2015
Advisor Class						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$142.56	\$149.54	\$150.20	\$130.67	\$185.12	\$130.86
Income from investment operations ^a :						
Net investment income (loss) ^b	(0.17)	(0.63)	(0.45)	(0.46)	(0.55)	(0.70)
Net realized and unrealized gains (losses)	6.31	(1.80)	3.39	26.27	(40.12)	61.63
Total from investment operations	6.14	(2.43)	2.94	25.81	(40.67)	60.93
Less distributions from:						
Net investment income	—	—	—	(2.08)	—	—
Net realized gains	—	(4.55)	(3.60)	(4.20)	(13.78)	(6.67)
Total distributions	—	(4.55)	(3.60)	(6.28)	(13.78)	(6.67)
Net asset value, end of period	\$148.70	\$142.56	\$149.54	\$150.20	\$130.67	\$185.12
Total return ^c	4.31%	(1.36)%	1.94%	20.32%	(23.36)%	47.17%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates	0.78%	0.77%	0.80%	0.79%	0.75%	0.75%
Expenses net of waiver and payments by affiliates ^e	0.76%	0.75%	0.78%	0.77%	0.74%	0.75% ^f
Net investment income (loss)	(0.23)%	(0.42)%	(0.28)%	(0.33)%	(0.32)%	(0.42)%
Supplemental data						
Net assets, end of period (000's)	\$148,308	\$153,874	\$180,219	\$159,894	\$93,263	\$167,035
Portfolio turnover rate	18.29%	28.62%	26.95%	34.12%	22.13%	41.43%

^aThe 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.

^bBased on average daily shares outstanding.

^cTotal return is not annualized for periods less than one year.

^dRatios are annualized for periods less than one year.

^eBenefit of expense reduction rounds to less than 0.01%.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

Statement of Investments, October 31, 2019 (unaudited)
Franklin Biotechnology Discovery Fund

	Country	Shares/ Warrants	Value
Common Stocks and Other Equity Interests 97.9%			
Biotechnology 79.2%			
^a Acadia Pharmaceuticals Inc.	United States	294,600	\$ 12,493,986
^a Acceleron Pharma Inc.	United States	131,500	5,900,405
^a Alector Inc.	United States	218,400	3,677,856
^a Alexion Pharmaceuticals Inc.	United States	340,800	35,920,320
^{a,b} Allogene Therapeutics Inc., 144A	United States	326,797	9,411,754
^a Alnylam Pharmaceuticals Inc.	United States	77,200	6,696,328
^a Amarin Corp. PLC, ADR	Ireland	162,300	2,664,966
Amgen Inc.	United States	411,800	87,816,350
^a Amicus Therapeutics Inc.	United States	776,900	6,549,267
^a Argenx SE, ADR	Netherlands	186,125	22,792,867
^a Ascendis Pharma AS, ADR	Denmark	257,700	28,496,466
^a Assembly Biosciences Inc.	United States	186,900	3,085,719
^a Audentes Therapeutics Inc.	United States	87,500	2,353,750
^{a,c} Aurinia Pharmaceuticals Inc.	Canada	536,900	2,609,334
^a Biogen Inc.	United States	189,261	56,534,153
^a BioMarin Pharmaceutical Inc.	United States	341,156	24,976,031
^a Bluebird Bio Inc.	United States	57,800	4,681,800
^{a,c} BridgeBio Pharma Inc.	United States	136,000	3,074,960
^{a,c} CRISPR Therapeutics AG	Switzerland	166,314	8,377,236
^a Deciphera Pharmaceuticals Inc.	United States	428,991	19,021,461
^a Fate Therapeutics Inc.	United States	912,346	13,639,573
^a G1 Therapeutics Inc.	United States	398,426	8,454,600
Gilead Sciences Inc.	United States	1,042,000	66,385,820
^a Global Blood Therapeutics Inc.	United States	434,500	20,834,275
^a Gossamer Bio Inc.	United States	242,900	4,997,667
^a Heron Therapeutics Inc.	United States	1,657,077	35,212,886
^a Homology Medicines Inc.	United States	138,400	1,817,192
^a Immunomedics Inc.	United States	348,700	5,579,200
^a Insmed Inc.	United States	260,200	4,837,118
^{a,d,e} Intarcia Therapeutics Inc., DD	United States	80,195	634,441
^a Ionis Pharmaceuticals Inc.	United States	102,400	5,705,728
^a Iovance Biotherapeutics Inc.	United States	1,990,500	42,059,265
^a KalVista Pharmaceuticals Inc.	United States	105,900	1,122,540
^a Kezar Life Sciences Inc.	United States	128,850	418,763
^{a,c} LogicBio Therapeutics Inc.	United States	280,700	2,792,965
^a Minerva Neurosciences Inc.	United States	492,400	2,333,976
^a Mirati Therapeutics Inc.	United States	123,851	11,664,287
^a MorphoSys AG, ADR	Germany	275,700	7,504,554
^a Neurocrine Biosciences Inc.	United States	326,800	32,513,332
^a Pfenex Inc.	United States	870,884	8,029,550
^a Portola Pharmaceuticals Inc.	United States	558,200	16,137,562
^a Precision BioSciences Inc.	United States	125,040	811,510
^{a,b} Precision BioSciences Inc., 144A	United States	425,322	2,760,340
^a Principia Biopharma Inc.	United States	92,600	3,269,706
^a PTC Therapeutics Inc.	United States	704,200	28,794,738
^a Regeneron Pharmaceuticals Inc.	United States	143,409	43,923,309
^a REGENXBIO Inc.	United States	123,076	4,392,582

Franklin Biotechnology Discovery Fund (continued)

	Country	Shares/ Warrants	Value
Common Stocks and Other Equity Interests (continued)			
Biotechnology (continued)			
^a Rocket Pharmaceuticals Inc.	United States	178,571	\$ 2,596,422
^a Sage Therapeutics Inc.	United States	144,470	19,597,355
^a Sarepta Therapeutics Inc.	United States	65,400	5,432,124
^a SpringWorks Therapeutics Inc.	United States	76,800	1,466,880
^a Ultragenyx Pharmaceutical Inc.	United States	66,100	2,653,254
^a uniQure NV	Netherlands	206,000	10,308,240
^a Vertex Pharmaceuticals Inc.	United States	377,000	73,695,960
^{a,c} Viela Bio Inc.	United States	151,600	3,297,300
^a Xencor Inc.	United States	178,132	6,093,896
^{a,c} Zymeworks Inc.	Canada	259,120	8,947,414
			857,851,333
Life Sciences Tools & Services 4.8%			
^a Illumina Inc.	United States	176,000	52,011,520
Pharmaceuticals 13.9%			
^a Aerie Pharmaceuticals Inc.	United States	401,600	8,911,504
^{a,c} Cara Therapeutics Inc.	United States	227,000	4,712,520
^a Collegium Pharmaceutical Inc.	United States	403,450	4,841,400
^a Cymabay Therapeutics Inc.	United States	438,356	1,968,218
^a Dermira Inc.	United States	538,268	3,601,013
^a GW Pharmaceuticals PLC, ADR	United Kingdom	344,200	46,060,844
^{a,c} Iterum Therapeutics PLC	United States	33,648	90,850
^a Marinus Pharmaceuticals Inc.	United States	201,856	236,172
^a Odonate Therapeutics Inc.	United States	322,082	10,229,324
^{a,c} Optinose Inc.	United States	230,300	1,800,946
^a Reata Pharmaceuticals Inc.	United States	242,600	49,995,008
^a Revance Therapeutics Inc.	United States	647,300	10,136,718
^{a,c} TherapeuticsMD Inc.	United States	2,847,040	7,573,126
^a Trevi Therapeutics Inc.	United States	223,709	659,942
			150,817,585
Total Common Stocks and Other Equity Interests (Cost \$646,879,709)			1,060,680,438
Preferred Stocks (Cost \$2,821,056) 0.1%			
Biotechnology 0.1%			
^{a,d,e} Metacrine Inc., pfd., C	United States	1,330,687	1,840,276
Escrows and Litigation Trusts (Cost \$2,090,611) 0.1%			
^{a,d} True North Therapeutics Inc., Escrow Account	United States	759,880	934,769
Total Investments before Short Term Investments (Cost \$651,791,376)			1,063,455,483

Franklin Biotechnology Discovery Fund (continued)

	Country	Shares	Value
Short Term Investments 3.6%			
Money Market Funds (Cost \$23,312,168) 2.2%			
^{f,g} Institutional Fiduciary Trust Money Market Portfolio, 1.56%	United States	23,312,168	\$ 23,312,168
Investments from Cash Collateral Received for Loaned Securities 1.4%			
Money Market Funds (Cost \$15,396,633) 1.4%			
^{f,g} Institutional Fiduciary Trust Money Market Portfolio, 1.56%	United States	15,396,633	15,396,633
Total Investments (Cost \$690,500,177) 101.7%			1,102,164,284
Other Assets, less Liabilities (1.7%)			(18,675,497)
Net Assets 100.0%			<u>\$1,083,488,787</u>

See Abbreviations on page 45.

^aNon-income producing.

^bSecurity was purchased pursuant to Rule 144A under the Securities Act of 1933 and 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. At October 31, 2019, the aggregate value of these securities was \$12,172,094, representing 1.1% of net assets.

^cA portion or all of the security is on loan at October 31, 2019. See Note 1(c).

^dFair valued using significant unobservable inputs. See Note 10 regarding fair value measurements.

^eSee Note 8 regarding restricted securities.

^fSee Note 3(f) regarding investments in affiliated management investment companies.

^gThe rate shown is the annualized seven-day effective yield at period end.

^hSee Note 1(c) regarding securities on loan.

Financial Highlights

Franklin Natural Resources Fund

	Six Months Ended October 31, 2019 (unaudited)	Year Ended April 30,				
		2019	2018	2017	2016	2015
Class A						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$23.58	\$27.96	\$25.11	\$25.02	\$31.46	\$39.79
Income from investment operations ^a :						
Net investment income ^b	0.17	0.31	0.39 ^c	0.20	0.29	0.23
Net realized and unrealized gains (losses)	(4.24)	(4.20)	2.77	0.17	(6.55)	(8.27)
Total from investment operations	(4.07)	(3.89)	3.16	0.37	(6.26)	(8.04)
Less distributions from:						
Net investment income	—	(0.49)	(0.31)	(0.28)	(0.18)	(0.29)
Net asset value, end of period	\$19.51	\$23.58	\$27.96	\$25.11	\$25.02	\$31.46
Total return ^d	(17.26)%	(13.69)%	12.74%	1.37%	(19.80)%	(20.07)%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates	1.11%	1.03%	1.13%	1.06%	1.14%	1.08%
Expenses net of waiver and payments by affiliates	1.11% ^{f,g}	1.03% ^{f,g}	1.13% ^{f,g}	1.05% ^f	1.13%	1.08% ^{f,g}
Net investment income	1.61%	1.21%	1.56% ^c	0.79%	1.22%	0.67%
Supplemental data						
Net assets, end of period (000's)	\$180,285	\$247,362	\$344,695	\$398,703	\$461,596	\$572,518
Portfolio turnover rate	9.97%	29.83%	29.98%	29.74%	35.77%	30.05%

^aThe 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.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.16 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.91%.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

^fBenefit of expense reduction rounds to less than 0.01%.

^gBenefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Natural Resources Fund (continued)

	Six Months Ended October 31, 2019 (unaudited)	Year Ended April 30,				
		2019	2018	2017	2016	2015
Class C						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$22.82	\$27.17	\$24.28	\$24.25	\$30.46	\$38.39
Income from investment operations ^a :						
Net investment income (loss) ^b	0.09	0.11	0.20 ^c	0.01	0.11	(0.01)
Net realized and unrealized gains (losses)	(4.09)	(4.07)	2.69	0.15	(6.31)	(7.91)
Total from investment operations	(4.00)	(3.96)	2.89	0.16	(6.20)	(7.92)
Less distributions from:						
Net investment income	—	(0.39)	—	(0.13)	(0.01)	(0.01)
Net asset value, end of period	\$18.82	\$22.82	\$27.17	\$24.28	\$24.25	\$30.46
Total return ^d	(17.53)%	(14.37)%	11.90%	0.63%	(20.37)%	(20.63)%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates	1.86%	1.78%	1.88%	1.81%	1.87%	1.78%
Expenses net of waiver and payments by affiliates	1.86% ^{f,g}	1.78% ^{f,g}	1.88% ^{f,g}	1.80% ^f	1.86%	1.78% ^{f,g}
Net investment income (loss)	0.86%	0.46%	0.81% ^c	0.04%	0.49%	(0.03)%
Supplemental data						
Net assets, end of period (000's)	\$34,729	\$49,620	\$83,814	\$96,835	\$107,724	\$123,735
Portfolio turnover rate	9.97%	29.83%	29.98%	29.74%	35.77%	30.05%

^aThe 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.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.16 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.16%.

^dTotal return does not reflect sales commissions or contingent deferred sales charges, if applicable, and is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

^fBenefit of expense reduction rounds to less than 0.01%.

^gBenefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Natural Resources Fund (continued)

	Six Months Ended October 31, 2019 (unaudited)	Year Ended April 30,				
		2019	2018	2017	2016	2015
Class R6						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$25.22	\$29.79	\$26.87	\$26.73	\$33.62	\$42.58
Income from investment operations ^a :						
Net investment income ^b	0.28	0.45	0.57 ^c	0.47	0.51	0.46
Net realized and unrealized gains (losses)	(4.58)	(4.49)	2.95	0.04	(7.06)	(8.92)
Total from investment operations	(4.30)	(4.04)	3.52	0.51	(6.55)	(8.46)
Less distributions from:						
Net investment income	—	(0.53)	(0.60)	(0.37)	(0.34)	(0.50)
Net asset value, end of period	\$20.92	\$25.22	\$29.79	\$26.87	\$26.73	\$33.62
Total return ^d	(17.05)%	(13.31)%	13.37%	1.89%	(19.31)%	(19.61)%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates	0.69%	0.62%	0.64%	0.83%	0.60%	0.55%
Expenses net of waiver and payments by affiliates	0.64% ^f	0.59% ^f	0.57% ^f	0.54% ^f	0.55%	0.54% ^f
Net investment income	2.08%	1.65%	2.12% ^c	1.30%	1.80%	1.21%
Supplemental data						
Net assets, end of period (000's)	\$851	\$15,627	\$15,866	\$218	\$15	\$439
Portfolio turnover rate	9.97%	29.83%	29.98%	29.74%	35.77%	30.05%

^aThe 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.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.16 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.47%.

^dTotal return is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

^fBenefit of expense reduction rounds to less than 0.01%.

Franklin Natural Resources Fund (continued)

	Six Months Ended October 31, 2019 (unaudited)	Year Ended April 30,				
		2019	2018	2017	2016	2015
Advisor Class						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$25.20	\$29.80	\$26.81	\$26.71	\$33.63	\$42.52
Income from investment operations ^a :						
Net investment income ^b	0.21	0.40	0.49 ^c	0.29	0.36	0.35
Net realized and unrealized gains (losses)	(4.53)	(4.49)	2.95	0.17	(7.00)	(8.85)
Total from investment operations	(4.32)	(4.09)	3.44	0.46	(6.64)	(8.50)
Less distributions from:						
Net investment income	—	(0.51)	(0.45)	(0.36)	(0.28)	(0.39)
Net asset value, end of period	\$20.88	\$25.20	\$29.80	\$26.81	\$26.71	\$33.63
Total return ^d	(17.14)%	(13.50)%	13.04%	1.64%	(19.60)%	(19.81)%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates	0.86%	0.78%	0.88%	0.81%	0.87%	0.78%
Expenses net of waiver and payments by affiliates	0.86% ^{f,g}	0.78% ^{f,g}	0.88% ^{f,g}	0.80% ^f	0.86%	0.78% ^{f,g}
Net investment income	1.86%	1.46%	1.81% ^c	1.04%	1.49%	0.97%
Supplemental data						
Net assets, end of period (000's)	\$40,909	\$62,639	\$78,443	\$94,070	\$90,185	\$79,307
Portfolio turnover rate	9.97%	29.83%	29.98%	29.74%	35.77%	30.05%

^aThe 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.

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.16 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.16%.

^dTotal return is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

^fBenefit of expense reduction rounds to less than 0.01%.

^gBenefit of waiver and payments by affiliates rounds to less than 0.01%.

Statement of Investments, October 31, 2019 (unaudited)

Franklin Natural Resources Fund

	Country	Shares	Value
Common Stocks 99.6%			
Aluminum 0.3%			
^a Alcoa Corp.	United States	43,200	\$ 898,128
Commodity Chemicals 0.3%			
Dow Inc.	United States	16,000	807,840
Copper 4.8%			
Antofagasta PLC	United Kingdom	354,400	3,981,380
First Quantum Minerals Ltd.	Zambia	190,000	1,606,305
Freeport-McMoRan Inc.	United States	314,500	3,088,390
^a Imperial Metals Corp.	Canada	364,500	503,904
Lundin Mining Corp.	Chile	400,300	2,022,024
Sandfire Resources NL	Australia	250,267	1,002,496
			<u>12,204,499</u>
Diversified Chemicals 1.0%			
BASF SE	Germany	32,500	2,473,150
Diversified Metals & Mining 8.3%			
Anglo American PLC	United Kingdom	107,500	2,759,594
BHP Group PLC, ADR	United Kingdom	119,100	5,052,222
Glencore PLC	Switzerland	1,394,100	4,201,629
Hudbay Minerals Inc.	Canada	181,400	658,634
^{a,b} Nautilus Minerals Inc.	Canada	3,895,831	—
Nexa Resources SA	Peru	100,000	1,069,000
Rio Tinto PLC, ADR	Australia	56,100	2,917,761
South32 Ltd.	Australia	829,300	1,457,990
Teck Resources Ltd., B	Canada	207,200	3,279,976
			<u>21,396,806</u>
Fertilizers & Agricultural Chemicals 1.1%			
Corteva Inc.	United States	38,800	1,023,544
Nutrien Ltd.	Canada	38,600	1,844,694
			<u>2,868,238</u>
Gold 5.4%			
Agnico Eagle Mines Ltd.	Canada	35,300	2,170,555
Alamos Gold Inc., A.	Canada	337,000	1,835,389
^a B2Gold Corp.	Canada	568,900	2,000,765
Barrick Gold Corp.	Canada	156,691	2,720,156
^a Guyana Goldfields Inc.	Canada	1,122,300	451,818
Newcrest Mining Ltd.	Australia	84,000	1,812,702
Newmont Goldcorp Corp.	United States	51,215	2,034,772
OceanaGold Corp.	Australia	329,810	791,644
			<u>13,817,801</u>
Integrated Oil & Gas 13.4%			
Chevron Corp.	United States	58,100	6,747,734
Exxon Mobil Corp.	United States	56,600	3,824,462
Occidental Petroleum Corp.	United States	186,900	7,569,450
Royal Dutch Shell PLC, A, ADR	United Kingdom	111,021	6,435,887
Suncor Energy Inc.	Canada	236,300	7,028,871

Franklin Natural Resources Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Integrated Oil & Gas (continued)			
Total SA, B, ADR	France	51,810	\$ 2,726,760
			<u>34,333,164</u>
Oil & Gas Drilling 1.1%			
Patterson-UTI Energy Inc.	United States	324,500	<u>2,699,840</u>
Oil & Gas Equipment & Services 17.9%			
^a Apergy Corp.	United States	38,100	958,977
Baker Hughes Co., A	United States	292,100	6,250,940
^a Cactus Inc.	United States	46,500	1,381,980
^a Dril-Quip Inc.	United States	27,100	1,111,642
Halliburton Co.	United States	389,235	7,492,774
Hunting PLC	United Kingdom	116,500	593,115
Liberty Oilfield Services Inc., A	United States	211,500	1,947,915
^a NextTier Oilfield Solutions Inc.	United States	130,160	562,291
^a Nine Energy Service Inc.	United States	102,650	579,973
^a Oceaneering International Inc.	United States	120,300	1,703,448
^a Oil States International Inc.	United States	253,166	3,612,679
^a ProPetro Holding Corp.	United States	47,500	368,125
^a Ranger Energy Services Inc.	United States	154,157	847,864
Schlumberger Ltd.	United States	297,047	9,710,466
Schoeller-Bleckmann Oilfield Equipment AG.	Austria	22,600	1,290,536
^a Select Energy Services Inc.	United States	242,100	1,839,960
^a Superior Energy Services Inc.	United States	786,100	314,440
TechnipFMC PLC	United Kingdom	272,300	<u>5,372,479</u>
			<u>45,939,604</u>
Oil & Gas Exploration & Production 30.1%			
Cabot Oil & Gas Corp., A	United States	379,800	7,079,472
^a Cairn Energy PLC	United Kingdom	1,259,500	2,901,019
^a Callon Petroleum Co.	United States	1,078,400	4,097,920
Canadian Natural Resources Ltd.	Canada	244,000	6,155,139
Concho Resources Inc.	United States	136,100	9,189,472
ConocoPhillips	United States	141,500	7,810,800
Diamondback Energy Inc.	United States	107,600	9,227,776
EOG Resources Inc.	United States	118,200	8,192,442
Hess Corp.	United States	56,200	3,695,150
^a Jagged Peak Energy Inc.	United States	340,516	2,414,258
Noble Energy Inc.	United States	352,300	6,785,298
Pioneer Natural Resources Co.	United States	58,700	7,221,274
^a WPX Energy Inc.	United States	250,000	<u>2,495,000</u>
			<u>77,265,020</u>
Oil & Gas Refining & Marketing 6.2%			
HollyFrontier Corp.	United States	20,100	1,104,294
Marathon Petroleum Corp.	United States	89,000	5,691,550
Phillips 66	United States	40,400	4,719,528
Valero Energy Corp.	United States	44,400	<u>4,305,912</u>
			<u>15,821,284</u>

Franklin Natural Resources Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Oil & Gas Storage & Transportation 6.9%			
Enbridge Inc.	Canada	55,447	\$ 2,018,825
Kinder Morgan Inc.	United States	117,100	2,339,658
ONEOK Inc.	United States	34,500	2,409,135
Targa Resources Corp.	United States	124,500	4,840,560
TC Energy Corp.	Canada	50,600	2,546,698
The Williams Cos. Inc.	United States	162,300	3,620,913
			<u>17,775,789</u>
Paper Packaging 0.7%			
Packaging Corp. of America	United States	16,900	1,849,874
Pharmaceuticals 0.2%			
^a Elanco Animal Health Inc.	United States	17,600	475,552
Specialty Chemicals 1.4%			
Albemarle Corp.	United States	41,700	2,532,859
DuPont de Nemours Inc.	United States	16,700	1,100,697
			<u>3,633,556</u>
Trading Companies & Distributors 0.5%			
^a Univar Solutions Inc.	United States	65,000	1,394,900
Total Common Stocks (Cost \$263,632,325)			<u>255,655,045</u>
Short Term Investments (Cost \$1,613,452) 0.6%			
Money Market Funds 0.6%			
^{c,d} Institutional Fiduciary Trust Money Market Portfolio, 1.56%.	United States	1,613,452	1,613,452
Total Investments (Cost \$265,245,777) 100.2%			257,268,497
Other Assets, less Liabilities (0.2)%			(493,848)
Net Assets 100.0%			<u>\$256,774,649</u>

See Abbreviations on page 45.

^aNon-income producing.

^bFair valued using significant unobservable inputs. See Note 10 regarding fair value measurements.

^cSee Note 3(f) regarding investments in affiliated management investment companies.

^dThe rate shown is the annualized seven-day effective yield at period end.

Statements of Assets and Liabilities

October 31, 2019 (unaudited)

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Assets:		
Investments in securities:		
Cost - Unaffiliated issuers	\$ 651,791,376	\$ 263,632,325
Cost - Non-controlled affiliates (Note 3f)	38,708,801	1,613,452
Value - Unaffiliated issuers [†]	\$1,063,455,483	\$ 255,655,045
Value - Non-controlled affiliates (Note 3f)	38,708,801	1,613,452
Receivables:		
Investment securities sold ^{**}	133,396	—
Capital shares sold	481,971	58,720
Dividends and interest	161,715	301,832
Due from custodian	105,000	—
Other assets	372	120
Total assets	1,103,046,738	257,629,169
Liabilities:		
Payables:		
Investment securities purchased	1,524,785	93,896
Capital shares redeemed	1,430,880	349,894
Management fees	498,833	120,800
Distribution fees	213,210	69,896
Transfer agent fees	284,092	111,562
Trustees' fees and expenses	2,613	1,151
Reports to shareholders	77,029	48,208
Funds advanced by custodian	—	40,532
Payable upon return of securities loaned	15,501,633	—
Accrued expenses and other liabilities	24,876	18,581
Total liabilities	19,557,951	854,520
Net assets, at value	\$1,083,488,787	\$ 256,774,649
Net assets consist of:		
Paid-in capital	\$ 573,389,729	\$ 432,727,681
Total distributable earnings (loss)	510,099,058	(175,953,032)
Net assets, at value	\$1,083,488,787	\$ 256,774,649

*Includes securities loaned \$ 15,292,708 \$ —
**Includes securities loaned \$ 50,537 \$ —

Statements of Assets and Liabilities (continued)

October 31, 2019 (unaudited)

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Class A:		
Net assets, at value	\$886,020,902	\$180,285,130
Shares outstanding	6,125,289	9,238,828
Net asset value per share ^a	\$144.65	\$19.51
Maximum offering price per share (net asset value per share ÷ 94.50%)	\$153.07	\$20.65
Class C:		
Net assets, at value	\$ 43,847,125	\$ 34,729,444
Shares outstanding	316,450	1,845,555
Net asset value and maximum offering price per share ^a	\$138.56	\$18.82
Class R6:		
Net assets, at value	\$ 5,313,127	\$ 851,168
Shares outstanding	35,394	40,687
Net asset value and maximum offering price per share	\$150.11	\$20.92
Advisor Class:		
Net assets, at value	\$148,307,633	\$ 40,908,907
Shares outstanding	997,332	1,958,902
Net asset value and maximum offering price per share	\$148.70	\$20.88

^aRedemption price is equal to net asset value less contingent deferred sales charges, if applicable.

Statements of Operations

for the six months ended October 31, 2019 (unaudited)

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Investment income:		
Dividends: (net of foreign taxes)*		
Unaffiliated issuers	\$ 1,845,134	\$ 4,073,139
Non-controlled affiliates (Note 3f)	453,625	21,829
Income from securities loaned:		
Unaffiliated issuers (net of fees and rebates)	420,625	133,906
Non-controlled affiliates (Note 3f)	213,728	2,928
Total investment income	2,933,112	4,231,802
Expenses:		
Management fees (Note 3a)	3,314,035	826,289
Distribution fees: (Note 3c)		
Class A	1,135,412	261,425
Class C	227,277	205,187
Transfer agent fees: (Note 3e)		
Class A	672,942	261,712
Class C	33,667	51,342
Class R6	2,814	4,015
Advisor Class	112,284	63,430
Custodian fees (Note 4)	4,359	4,203
Reports to shareholders	79,151	48,221
Registration and filing fees	45,498	44,847
Professional fees	28,884	24,230
Trustees' fees and expenses	9,658	3,291
Other	15,013	8,737
Total expenses	5,680,994	1,806,929
Expense reductions (Note 4)	(195)	(212)
Expenses waived/paid by affiliates (Note 3f and 3g)	(125,121)	(6,821)
Net expenses	5,555,678	1,799,896
Net investment income (loss)	(2,622,566)	2,431,906
Realized and unrealized gains (losses):		
Net realized gain (loss) from:		
Investments:		
Unaffiliated issuers	48,706,556	(15,299,839)
Foreign currency transactions	—	4,013
Net realized gain (loss)	48,706,556	(15,295,826)
Net change in unrealized appreciation (depreciation) on:		
Investments:		
Unaffiliated issuers	(1,673,793)	(48,486,687)
Translation of other assets and liabilities denominated in foreign currencies	—	(2,434)
Net change in unrealized appreciation (depreciation)	(1,673,793)	(48,489,121)
Net realized and unrealized gain (loss)	47,032,763	(63,784,947)
Net increase (decrease) in net assets resulting from operations	\$44,410,197	\$(61,353,041)
*Foreign taxes withheld on dividends	\$ —	\$ 169,490

Statements of Changes in Net Assets

	Franklin Biotechnology Discovery Fund		Franklin Natural Resources Fund	
	Six Months Ended October 31, 2019 (unaudited)	Year Ended April 30, 2019	Six Months Ended October 31, 2019 (unaudited)	Year Ended April 30, 2019
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ (2,622,566)	\$ (8,485,404)	\$ 2,431,906	\$ 5,068,646
Net realized gain (loss)	48,706,556	59,100,885	(15,295,826)	3,219,567
Net change in unrealized appreciation (depreciation)	(1,673,793)	(69,695,618)	(48,489,121)	(76,614,204)
Net increase (decrease) in net assets resulting from operations	44,410,197	(19,080,137)	(61,353,041)	(68,325,991)
Distributions to shareholders:				
Class A	—	(31,140,117)	—	(5,445,964)
Class C	—	(1,654,793)	—	(929,534)
Class R6	—	(198,908)	—	(313,292)
Advisor Class	—	(5,381,467)	—	(1,289,908)
Total distributions to shareholders	—	(38,375,285)	—	(7,978,698)
Capital share transactions: (Note 2)				
Class A	(74,882,066)	(112,026,697)	(25,884,710)	(46,670,690)
Class C	(4,320,457)	(9,069,507)	(6,627,100)	(22,834,504)
Class R6	(1,120,568)	(1,820,119)	(12,985,407)	2,159,944
Advisor Class	(11,755,689)	(17,313,109)	(11,623,601)	(3,919,165)
Total capital share transactions	(92,078,780)	(140,229,432)	(57,120,818)	(71,264,415)
Net increase (decrease) in net assets	(47,668,583)	(197,684,854)	(118,473,859)	(147,569,104)
Net assets:				
Beginning of period	1,131,157,370	1,328,842,224	375,248,508	522,817,612
End of period	\$1,083,488,787	\$1,131,157,370	\$ 256,774,649	\$ 375,248,508

Notes to Financial Statements (unaudited)

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 twelve separate funds, two of which are included in this report (Funds) and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). 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 after they have been held for 10 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 Funds' administrator has responsibility for oversight of valuation, 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.

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, book values, 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 take place on every Funds' business day. Occasionally, events 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, the VC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Funds. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

1. Organization and Significant Accounting

Policies (continued)

a. Financial Instrument Valuation (continued)

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 significant 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 cash collateral 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. The collateral 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 the 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. At October 31, 2019, the Franklin Natural Resources Fund had no securities on loan.

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.

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 October 31, 2019, 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. 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 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 October 31, 2019, 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
Class A Shares:				
Six Months ended October 31, 2019				
Shares sold ^a	252,206	\$ 35,453,133	407,740	\$ 8,550,578
Shares redeemed	(786,082)	(110,335,199)	(1,660,730)	(34,435,288)
Net increase (decrease)	(533,876)	\$ (74,882,066)	(1,252,990)	\$(25,884,710)
Year ended April 30, 2019				
Shares sold ^a	721,089	\$ 106,972,540	1,281,103	\$ 32,532,375
Shares issued in reinvestment of distributions	232,391	29,692,637	256,254	5,342,901
Shares redeemed	(1,697,525)	(248,691,874)	(3,371,926)	(84,545,966)
Net increase (decrease)	(744,045)	\$(112,026,697)	(1,834,569)	\$(46,670,690)
Class C Shares:				
Six Months ended October 31, 2019				
Shares sold	20,544	\$ 2,774,311	62,788	\$ 1,261,837
Shares redeemed ^a	(52,451)	(7,094,768)	(391,388)	(7,888,937)
Net increase (decrease)	(31,907)	\$ (4,320,457)	(328,600)	\$ (6,627,100)
Year ended April 30, 2019				
Shares sold	72,561	\$ 10,442,091	324,962	\$ 7,969,298
Shares issued in reinvestment of distributions	13,364	1,646,340	45,232	915,493
Shares redeemed ^a	(149,801)	(21,157,938)	(1,280,715)	(31,719,295)
Net increase (decrease)	(63,876)	\$ (9,069,507)	(910,521)	\$(22,834,504)
Class R6 Shares:				
Six Months ended October 31, 2019				
Shares sold	4,160	\$ 619,233	65,340	\$ 1,507,489
Shares redeemed	(11,626)	(1,739,801)	(644,389)	(14,492,896)
Net increase (decrease)	(7,466)	\$ (1,120,568)	(579,049)	\$(12,985,407)
Year ended April 30, 2019				
Shares sold	14,632	\$ 2,320,850	331,245	\$ 8,552,092
Shares issued in reinvestment of distributions	1,505	198,908	14,066	313,109
Shares redeemed	(28,420)	(4,339,877)	(258,140)	(6,705,257)
Net increase (decrease)	(12,283)	\$ (1,820,119)	87,171	\$ 2,159,944

	Franklin Biotechnology Discovery Fund		Franklin Natural Resources Fund	
	Shares	Amount	Shares	Amount
Advisor Class Shares:				
Six Months ended October 31, 2019				
Shares sold	89,153	\$ 12,897,996	160,346	\$ 3,587,475
Shares redeemed	(171,181)	(24,653,685)	(687,138)	(15,211,076)
Net increase (decrease)	(82,028)	\$ (11,755,689)	(526,792)	\$(11,623,601)
Year ended April 30, 2019				
Shares sold	338,870	\$ 52,338,943	757,766	\$ 19,842,560
Shares issued in reinvestment of distributions	36,842	4,828,793	57,021	1,269,854
Shares redeemed	(501,477)	(74,480,845)	(961,445)	(25,031,579)
Net increase (decrease)	(125,765)	\$ (17,313,109)	(146,658)	\$ (3,919,165)

^aMay 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 Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

Franklin Biotechnology Discovery Fund pays an investment management fee 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

3. Transactions with Affiliates (continued)

a. Management Fees (continued)

Franklin Natural Resources Fund pays an investment management fee 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 period ended October 31, 2019, each Fund's annualized gross effective investment management fee rate based on average daily net assets was as follows:

Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
0.598%	0.532%

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Funds. The fee is paid by Advisers based on 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 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
Reimbursement Plans:		
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 period:

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Sales charges retained net of commissions paid to unaffiliated brokers/dealers	\$56,428	\$9,548
CDSC retained	\$ 6,205	\$1,417

e. Transfer Agent Fees

Each class of shares pays transfer agent fees to Investor Services for its performance of shareholder servicing obligations. The fees are 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 period ended October 31, 2019, 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	\$288,028	\$142,839

f. Investments in Affiliated Management Investment Companies

Certain or all Funds invest in one or more affiliated management investment companies for purposes other than 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 period ended October 31, 2019, investments in affiliated management investment companies were as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Biotechnology Discovery Fund								
Non-Controlled Affiliates								
								<u>Dividends</u>
Institutional Fiduciary Trust Money Market Portfolio, 1.56%	\$27,393,876	\$190,860,151	\$(194,941,859)	\$ —	\$ —	\$23,312,168	23,312,168	\$ 453,625

3. Transactions with Affiliates (continued)

f. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Biotechnology Discovery Fund (continued)								
Non-Controlled Affiliates (continued)								
								Income from securities loaned
Institutional Fiduciary Trust Money Market Portfolio, 1.56%	\$27,827,675	\$ 75,478,978	\$ (87,910,020)	\$ —	\$ —	\$15,396,633	15,396,633	\$ 213,728
Total Affiliated Securities	\$55,221,551	\$266,339,129	\$(282,851,879)	\$ —	\$ —	\$38,708,801		\$ 667,353
Franklin Natural Resources Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust Money Market Portfolio, 1.56%	\$ 788,220	\$ 37,414,334	\$ (36,589,102)	\$ —	\$ —	\$ 1,613,452	1,613,452	\$ 21,829
								Income from securities loaned
Institutional Fiduciary Trust Money Market Portfolio, 1.56%	—	3,665,379	(3,665,379)	—	—	—	—	2,928
Total Affiliated Securities	\$ 788,220	\$ 41,079,713	\$ (40,254,481)	\$ —	\$ —	\$ 1,613,452		\$ 24,757

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, 2020.

h. Interfund Transactions

Franklin Biotechnology Discovery Fund engaged in purchases and sales of investments with funds or other accounts that have common investment managers (or affiliated investment managers), directors, trustees or officers. During the period ended October 31, 2019, these purchase and sale transactions aggregated \$1,025,328 and \$0, respectively.

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 period ended October 31, 2019, 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, 2019, the capital loss carryforwards were as follows:

	Franklin Natural Resources Fund
Capital loss carryforwards not subject to expiration:	
Short term	\$ 10,086,801
Long term	135,396,222
Total capital loss carryforwards	\$145,483,023

For tax purposes, the Fund 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, 2019, Franklin Biotechnology Discovery Fund deferred late-year ordinary losses of \$2,803,664.

At October 31, 2019, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Cost of investments	\$692,569,955	\$278,996,957
Unrealized appreciation	\$453,212,759	\$ 39,688,733
Unrealized depreciation	(43,618,430)	(61,417,193)
Net unrealized appreciation (depreciation)	\$409,594,329	\$ (21,728,460)

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 and wash sales.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended October 31, 2019, were as follows:

	Franklin Biotechnology Discovery Fund	Franklin Natural Resources Fund
Purchases	\$193,039,203	\$30,804,398
Sales	\$281,553,059	\$82,304,481

At October 31, 2019, in connection with securities lending transactions, certain or all Funds loaned investments and received cash collateral as follows:

	Franklin Biotechnology Discovery Fund
Securities lending transactions^a:	
Equity Investments ^b	\$15,501,633

^aThe agreements can be terminated at any time.

^bThe 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. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local, regional and global economic, political and social conditions, which may result in greater market volatility. Current political and financial uncertainty surrounding the European Union may increase market volatility and the economic risk of investing in securities in Europe. In addition, certain foreign securities may not be as liquid as U.S. securities.

8. 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.

At October 31, 2019, investments in restricted securities, excluding securities exempt from registration under the 1933 Act were as follows:

Shares	Issuer	Acquisition Date	Cost	Value
Franklin Biotechnology Discovery Fund				
80,195	Intarcia Therapeutics Inc., DD.	3/26/14	\$2,597,516	\$ 634,441
1,330,687	Metacrine Inc., pfd., C	6/04/18	2,821,056	1,840,276
	Total Restricted Securities (Value is 0.2% of Net Assets).		\$5,418,572	\$2,474,717

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 billion (Global Credit Facility) which matures on February 7, 2020. 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 period ended October 31, 2019, 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 October 31, 2019, in valuing the Funds' assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Biotechnology Discovery Fund				
Assets:				
Investments in Securities: ^a				
Equity Investments: ^b				
Biotechnology	\$ 857,216,892	\$ —	\$ 2,474,717	\$ 859,691,609
All Other Equity Investments	202,829,105	—	—	202,829,105
Escrows and Litigation Trusts	—	—	934,769	934,769
Short Term Investments	38,708,801	—	—	38,708,801
Total Investments in Securities	\$ 1,098,754,798	\$ —	\$ 3,409,486	\$ 1,102,164,284
Franklin Natural Resources Fund				
Assets:				
Investments in Securities: ^a				
Equity Investments	\$ 255,655,045	\$ —	\$ — ^c	\$ 255,655,045
Short Term Investments	1,613,452	—	—	1,613,452
Total Investments in Securities	\$ 257,268,497	\$ —	\$ —	\$ 257,268,497

^aFor detailed categories, see the accompanying Statement of Investments.
^bIncludes common and preferred stocks as well as other equity interests.
^cIncludes securities determined to have no value at October 31, 2019.

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

11. 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

ADR American Depositary Receipt

Shareholder Information

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. 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 and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust files a complete statement 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. 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.

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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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