

ANNUAL REPORT AND SHAREHOLDER LETTER

# FRANKLIN GOLD AND PRECIOUS METALS FUND

July 31, 2021



FRANKLIN  
TEMPLETON

# SHAREHOLDER LETTER

Dear Shareholder:

During the 12 months ended July 31, 2021, the global economy continued to recover from the disruptions caused by the onset of the novel coronavirus (COVID-19) pandemic in early 2020 and subsequent economic lockdowns imposed by many governments worldwide. Global stocks advanced during the period amid the reopening of many economies, the global rollout of COVID-19 vaccines and generally strong corporate earnings reports. Inflation surged in many countries during the period's second half, driven by resurgent economic activity, supply bottlenecks and the base effects of the pandemic shocks in 2020. Many central banks signaled the end of cutting benchmark interest rates, and some began to move toward policy normalization, but the U.S. Federal Reserve, the European Central Bank and the Bank of Japan kept their policy rates unchanged. Near period-end, investor concerns that the swiftly spreading Delta variant of COVID-19 could hinder the economic recovery pressured many global stock markets. In this environment, U.S. stocks, as measured by the Standard & Poor's® 500 Index, posted a +36.45% total return for the period, and global developed market stocks, as measured by the MSCI World Index, posted a +35.67% total return.<sup>1</sup>

After starting the period at \$1,976 per ounce, gold rose to a record high of \$2,067 per ounce in August 2020 amid a weak U.S. dollar, low interest rates, federal deficit and inflation fears, and data suggesting a slower recovery from the COVID-19 induced economic crisis.<sup>2</sup> However, gold edged down during the following months given optimism about progress in vaccine development and approvals, a gradual reopening of the global economy and the outcome of the U.S. elections. After a brief increase in January 2021, gold prices subsequently fell to \$1,708 per ounce at the end of March due to rising U.S. Treasury yields, a stock market rally, increasing vaccinations and a strengthening U.S. dollar.<sup>2</sup> Gold recovered some of those losses in the following months due to concerns about rising inflation and periods of U.S. dollar weakness, and ended the period at \$1,814 per ounce.<sup>2</sup> In this environment, gold stocks, as measured by the FTSE® Gold Mines Index, posted a total return of -21.73% for the 12-month period.<sup>1</sup>

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

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

Franklin Gold and Precious Metals Fund's annual report includes more detail about prevailing conditions and discussions 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 Gold and Precious Metals Fund

*This letter reflects our analysis and opinions as of July 31, 2021, 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.*

CFA® is a trademark owned by CFA Institute.

1. Source: Morningstar.

2. Bloomberg LP. Based on spot prices quoted in U.S. dollars per troy ounce.

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

Not FDIC Insured	May Lose Value	No Bank Guarantee
------------------	----------------	-------------------

# Contents

---

**Annual Report**

Franklin Gold and Precious Metals Fund .....3

Performance Summary.....8

Your Fund’s Expenses..... 11

Financial Highlights and Statement of Investments.....12

Financial Statements .....21

Notes to Financial Statements.....25

Report of Independent Registered  
Public Accounting Firm .....39

Tax Information .....40

Board Members and Officers.....41

Shareholder Information .....46

Visit **franklintempleton.com** for fund updates, to access your account, or to find helpful financial planning tools.

# ANNUAL REPORT

## Franklin Gold and Precious Metals Fund

This annual report for Franklin Gold and Precious Metals Fund covers the fiscal year ended July 31, 2021.

### Your Fund's Goal and Main Investments

The Fund seeks capital appreciation. Its secondary goal is to provide shareholders with current income through dividends or interest received from its investments. Under normal market conditions, the Fund invests at least 80% of its net assets in securities of gold and precious metals operation companies. The Fund primarily invests in equity securities, mainly common stock, and also invests in American, global and European depositary receipts.

### Performance Overview

The Fund's Class A shares posted a -3.80% cumulative total return for the 12 months under review. In comparison, the Fund's primary benchmark, the sector-specific FTSE Gold Mines Index, which comprises companies whose principal activity is gold mining, posted a -21.73% cumulative total return.<sup>1</sup> The Fund's secondary benchmark, the Standard & Poor's 500 Index (S&P 500®), which is a broad measure of U.S. stock performance, posted a +36.45% cumulative total return.<sup>1</sup> You can find the Fund's long-term performance data in the Performance Summary beginning on page 8.

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

### Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI All Country World Index-NR, posted a +33.18% total return for the 12 months ended July 31, 2021.<sup>1</sup> Global equities benefited from monetary and fiscal stimulus measures, easing novel coronavirus (COVID-19) pandemic restrictions in certain regions and the development of treatments and vaccines. Geopolitical tensions and rising infection rates in the fall of 2020 reduced stock prices, but the implementation of vaccination programs and additional

fiscal stimulus measures led many equity markets to reach new price highs during the rest of the period. However, the Chinese government's imposition of additional restrictions on some businesses pressured Asian and global emerging market stocks late in the 12-month period.

### Geographic Composition

7/31/21

	% of Total Net Assets
Canada	48.8%
Australia	21.5%
South Africa	9.2%
United States	5.8%
Burkina Faso	5.4%
Tanzania	2.8%
Kyrgyzstan	2.0%
Egypt	1.4%
Turkey	1.3%
Other	0.7%
Short-Term Investments & Other Net Assets	1.1%

In the U.S., the economy continued to recover and equities rallied amid monetary and fiscal stimulus measures, vaccine development and the beginning of vaccination programs. As economic conditions improved, gross domestic product (GDP) rebounded at a record annualized pace in 2020's third quarter. Although GDP growth was less robust in the three subsequent quarters, the lifting of many COVID-19 restrictions and strong consumer spending continued to support the economy. A rebound in corporate earnings and progress toward a bipartisan infrastructure plan further bolstered investor sentiment. The U.S. Federal Reserve (Fed) kept the federal funds target rate at a record-low range of 0.00%–0.25% and continued its program of open-ended bond purchases to help keep markets functioning. Year-over-year inflation rose late in the 12-month period amid the economic reopening, higher consumer demand and constraints in some supply chains. In its July 2021 meeting statement, the Fed indicated that rising inflation largely reflected transitory factors and it would monitor incoming information and adjust its monetary policy stance as needed to attain its employment and price stability goals.

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. Net Returns (NR) include income net of tax withholding when dividends are paid.

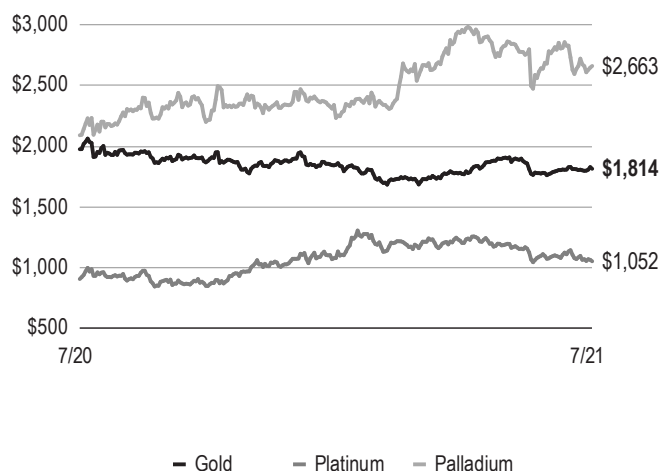
The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI). The SOI begins on page 16.

The economic recovery in the eurozone was relatively weak, as quarter-over-quarter GDP growth rebounded in 2020's third quarter but slightly contracted over the subsequent two quarters, before returning to growth in 2021's second quarter. GDP growth rates were mostly sluggish among the region's largest economies amid renewed lockdowns, delays in COVID-19 vaccine distribution and weak consumer spending. Nevertheless, optimism that the eventual success of vaccination programs would lift global growth helped European developed market equities, as measured by the MSCI Europe Index-NR, to post a +32.50% total return for the 12 months under review.<sup>1</sup>

Asian developed and emerging market equities, as measured by the MSCI All Country Asia Index-NR, posted a +21.28% total return for the 12-month period.<sup>1</sup> China's economic recovery helped the region rebound, although the country's quarter-over-quarter GDP growth in 2021's first and second quarters was slower than 2020's last two quarters, pressured by higher commodity prices. Asian equity markets experienced heightened volatility toward period-end due to investor concerns about higher inflation and rising COVID-19 infection rates in some countries. Unexpected regulatory changes by the Chinese government, which negatively impacted education- and technology-related businesses, led some foreign investors to shift capital away from China.

Global emerging market stocks, as measured by the MSCI Emerging Markets Index-NR, posted a +20.64% total return for the 12 months under review.<sup>1</sup> Generally improving economic activity, increasing oil prices and U.S. dollar weakness supported global emerging market equities. During the latter part of the period, higher COVID-19 cases in some countries, limited vaccine rollouts and concerns about rising interest rates and higher inflation amid rising commodity prices dampened investor enthusiasm in global emerging market equities.

#### Precious Metals Prices (7/31/20–7/31/21)\*



\*Source: Bloomberg LP. Amounts shown are based on spot prices quoted in U.S. dollars per troy ounce. For illustrative purposes only; not representative of the Fund's portfolio composition or performance.

#### Precious Metals Sector Overview

Gold started the 12-month period ended July 31, 2021, at \$1,976 per ounce, and rose to a record high of \$2,067 per ounce in August 2020 amid a weak U.S. dollar, low interest rates, federal deficit and inflation fears, and data suggesting a slower recovery from the COVID-19 induced economic crisis.<sup>2</sup> However, gold edged down during the following months given optimism about progress in vaccine development and approvals, a gradual reopening of the global economy and the resolution of the U.S. elections. Although the price of gold rose in early January 2021 to over \$1,900 per ounce, it subsequently fell to \$1,708 per ounce at the end of March due to rising U.S. Treasury yields, concern around growing COVID-19 cases in India, optimism around increasing vaccinations in developed markets and a strengthening U.S. dollar.<sup>2</sup> Gold recovered some of those losses in the following months due to concerns about rising inflation and periods of U.S. dollar weakness, and ended the period at \$1,814 per ounce.<sup>2</sup> For the period as a whole, worries about long-term inflation were relatively muted, keeping gold's price in check as investors focused on general market equities amid strong economic data.

Among other precious metals, silver prices rose modestly during the 12-month period. Silver prices rallied in the first half of the period due to growing industrial demand, including for 5G network equipment and wider use in solar panels

2. Source: Bloomberg LP. Based on spot prices quoted in U.S. dollars per troy ounce. See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

and electric vehicles. Other factors were also in play in late January and early February 2021, when silver market volatility spiked along with prices after being targeted by day traders that aggressively bought silver ETF shares, seeking to create a squeeze against select banks and hedge funds. Silver prices subsequently fell off those peaks in the second half of the period, impacted along with other precious metals by investor anxiety about potential future tightening of the Fed's monetary policy. Platinum and palladium had double-digit percentage gains during the period, benefiting from supply disruptions and robust demand for their use in vehicle pollution control devices.<sup>2</sup> However, price gains were limited by both metals' declines in the last three months of the period as auto production was disrupted by semiconductor shortages and other supply chain issues.

## Investment Strategy

Gold and precious metals operation companies include companies that mine, process, or deal in gold or other precious metals, such as silver, platinum and palladium, including mining finance and exploration companies as well as operating companies with long- or medium-life mines. The Fund may buy securities of gold and precious metals operation companies located anywhere in the world and invests predominantly in non-U.S. companies. The Fund may invest in companies without regard to market capitalization, and may heavily invest in small- and mid-capitalization companies. We look for companies with low cost reserves and experienced management teams with established track records, particularly focusing on companies with long life production profiles, expandable resource bases, and active exploration programs that can potentially drive future reserve and production growth. The investment manager's process generally includes an assessment of the potential impacts of any material environmental, social and governance (ESG) factors on the long-term risk and return profile of a company.

## Portfolio Composition

7/31/21

	<b>% of Total Net Assets</b>
Gold	75.6%
Precious Metals & Minerals	10.9%
Diversified Metals & Mining	10.7%
Silver	1.1%
Other	0.6%
Short-Term Investments & Other Net Assets	1.1%

## Manager's Discussion

Key contributors to the Fund's absolute performance during the 12-month period under review included the Fund's holdings in Chalice Mining, Impala Platinum Holdings and Ivanhoe Mines.

Although the Fund's holdings in gold miners, representing roughly 80% of total net assets, traded lower over the 12-month period, we held numerous off-index companies that posted double or triple-digit percentage gains, which helped the Fund outperform its benchmark. Many of the Fund's small-capitalization gold miners performed particularly well, including Australia-based Chalice Mining. Chalice reported successful drilling results as it discovered and defined significant high-grade extensions composed of platinum group metals, nickel, copper and gold at its Julimar project, about an hour's drive from the city of Perth. Discovery of these vital components for green technology infrastructure—such as batteries and hydrogen fuel cells—significantly boosted Chalice's valuation, and in June 2021 the company was added to Australia's primary mid- and large-capitalization stock index. Given the width and grade of the drill results so far and continued exploration potential in the area, the multi-faceted mineralized Julimar complex could potentially emerge as a globally significant deposit of critical metals in Western Australia. The company's drilling activity at Pyramid Hill, a gold-focused project in Southeastern Australia, also yielded some promising results across several gold zones as Chalice continued to define the extent of the overall resource.

Unlike the gold industry, our positions in metals producers that focus on platinum, palladium and other non-gold metals showed overall positive absolute performance during the period. Platinum and palladium miners, including our position in South African-based Impala Platinum Holdings (one of the Fund's top 10 positions), benefited from tightening supply and demand fundamentals. Investment demand and supply disruptions offset weak automotive and industrial demand in 2020 for platinum, while 2021 has seen a strong bounce back in automotive uptake and industrial demand is expected to exceed pre-pandemic levels on the back of strong growth from the glass making industry. The World Platinum Investment Council reported that first-quarter 2021 marked the fourth consecutive quarterly deficit for platinum and expects 2021 to deliver a third year in a row of a supply deficit. The company also benefited as palladium has maintained its status as the most valuable of the four major precious metals during the period, with strong demand and limited new supply keeping prices relatively near all-time highs. Rhodium, a lesser-followed precious metal often found with platinum and palladium, also provided a boost



to cash flow as prices more than tripled from an elevated level in July 2020, to reach a record high in March 2021, before settling to more than double the price at period-end compared with the beginning of the reporting period. Although rhodium represents less than 5% of the production by weight, its elevated price due to strong automotive catalyst demand has made it a significant revenue driver for many platinum and palladium producers. Tighter vehicle emissions regulations, especially in China and India, are driving greater palladium, platinum and rhodium usage as companies look to exceed increasingly stringent standards.

Diversified mining companies, such as Ivanhoe Mines, also helped returns. Ivanhoe, a Canadian mining company with three mining projects in Africa, benefited from all-time high copper prices driven by demand for the metal's use in green energy technology and positive outlook for platinum and palladium. In May 2021, the company announced it had begun producing copper concentrate at its Kamoa-Kakula project in the Democratic Republic of Congo months ahead of schedule, further boosting its share price as Ivanhoe transitions from a development stage company to a producer. The company also continued to advance its Platreef project in South Africa, which contains a large resource of palladium, platinum, rhodium, nickel, copper and gold, with the first shaft reaching the targeted depth of 850 meters in 2020 and initial work beginning on the mine production shaft sinking in 2021.

Detractors from the Fund's absolute performance during the period under review included the Fund's holdings in gold producers B2Gold, Barrick Gold and AngloGold Ashanti.

B2Gold, one of the Fund's largest positions at the beginning of the period, is a low-cost senior gold producer with mines in Mali, the Philippines and Namibia, and development projects in Colombia and Burkina Faso. Despite the company's share price decline due to gold prices trending lower for much of the period, a decision to delay development of their project in Colombia and elevated concerns around Mali following coup d'états in August of 2020 and again in May 2021, B2Gold reported record revenue (US\$1.79 billion) and cash flow (US\$951 million) in 2020. The company's production of over 1.04 million ounces matched the upper end of its guidance estimate, representing a significant increase over the prior year's production, mostly due to expanded production from its Fekola mine in Mali. B2Gold also reported above-budget production for the first and second quarters of 2021 and in May announced five new mining concessions in the Philippines and Mali.

The share price of Canada-based Barrick Gold, our second-largest company holding at period-end, underperformed during the period, largely due to price declines in gold after a record high in August 2020. Despite this trend, the company capitalized on historically high gold and copper prices, beating analyst expectations and reporting a large year-over-year increase in first- and second-quarter 2021 profits. Barrick was also able to achieve its 2020 annual gold and copper production targets. During the period, the company successfully resolved grievances with the Tanzanian government, creating a joint venture, Twiga Minerals, that will see Barrick and the government share the economic benefit of the mining operations and reestablishes Tanzania as a core long-term asset. Barrick also announced its intention to form a new partnership with the government of Papua New Guinea to operate the Porgera mine that is currently under care and maintenance.

AngloGold Ashanti's share price also declined during the period. Investor confidence was hurt by the unexpected resignation of the gold mining company's chief executive officer at the start of the period and subsequent search for a permanent replacement, who was not announced until July 2021. The company has operations in Tanzania, Brazil, the Democratic Republic of Congo, Australia, Ghana, Mali and Argentina, but is headquartered in South Africa despite having no mines in the country after completing the sale of their South African operation in September 2020. AngloGold experienced a fall of ground event in May 2021 at their Obuasi mine in Ghana which stopped mining through period-end, delaying the ramp up of what is expected to be one of AngloGold's largest mining operations in the years ahead, but it expects mining to resume by year-end and for the mine to ramp up to previously planned levels through 2022.

For the 12 months ended July 31, 2021, the U.S. dollar declined in value relative to most foreign currencies. As a result, the Fund's performance was positively affected by currency appreciation from the portfolio's investment predominantly in securities with non-U.S. currency exposure. However, one cannot expect the same result in future periods. Whether the U.S. dollar goes up or weakens compared with foreign currencies, company-specific factors may offset the effects of the currency movements on the value of individual investments and, possibly, the Fund's performance overall.

**Top 10 Holdings**

7/31/21

<b>Company Sub-Industry</b>	<b>% of Total Net Assets</b>
Endeavour Mining plc <i>Gold</i>	5.4%
Barrick Gold Corp. <i>Gold</i>	5.1%
Newmont Corp. <i>Gold</i>	3.7%
Perseus Mining Ltd. <i>Gold</i>	3.6%
Newcrest Mining Ltd. <i>Gold</i>	3.5%
Impala Platinum Holdings Ltd. <i>Precious Metals &amp; Minerals</i>	3.4%
Alamos Gold, Inc. <i>Gold</i>	3.0%
Ivanhoe Mines Ltd. <i>Diversified Metals &amp; Mining</i>	2.9%
SSR Mining, Inc. <i>Gold</i>	2.9%
AngloGold Ashanti Ltd. <i>Gold</i>	2.8%

Thank you for your continued participation in Franklin Gold and Precious Metals Fund. We look forward to serving your future investment needs.

Stephen M. Land, CFA  
Frederick G. Fromm, CFA

Portfolio Management Team

*The foregoing information reflects our analysis, opinions and portfolio holdings as of July 31, 2021, 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 July 31, 2021

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

### Performance as of 7/31/21

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

Share Class	Cumulative Total Return <sup>1</sup>	Average Annual Total Return <sup>2</sup>
<b>A<sup>3</sup></b>		
1-Year	-3.80%	-9.09%
5-Year	+22.30%	+2.94%
10-Year	-32.05%	-4.33%
<b>Advisor</b>		
1-Year	-3.59%	-3.59%
5-Year	+23.76%	+4.36%
10-Year	-30.35%	-3.55%

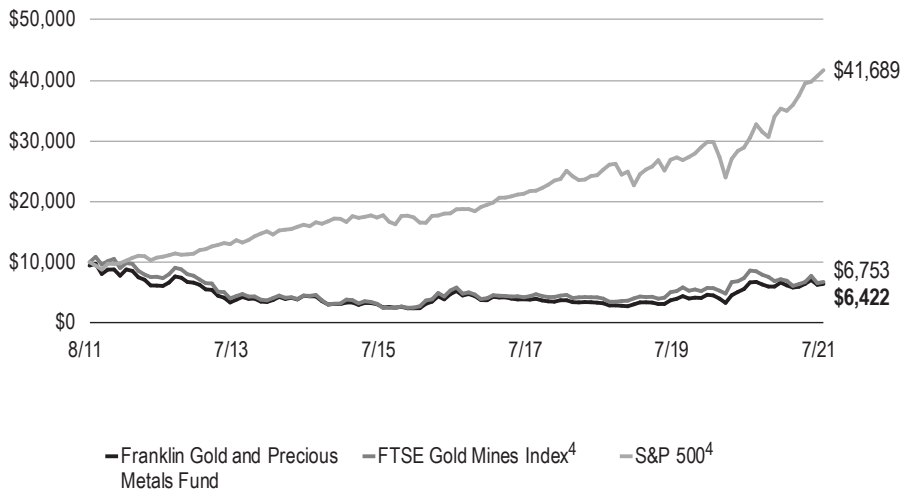
*Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. For most recent month-end performance, go to [franklintempleton.com](http://franklintempleton.com)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

See page 10 for Performance Summary footnotes.

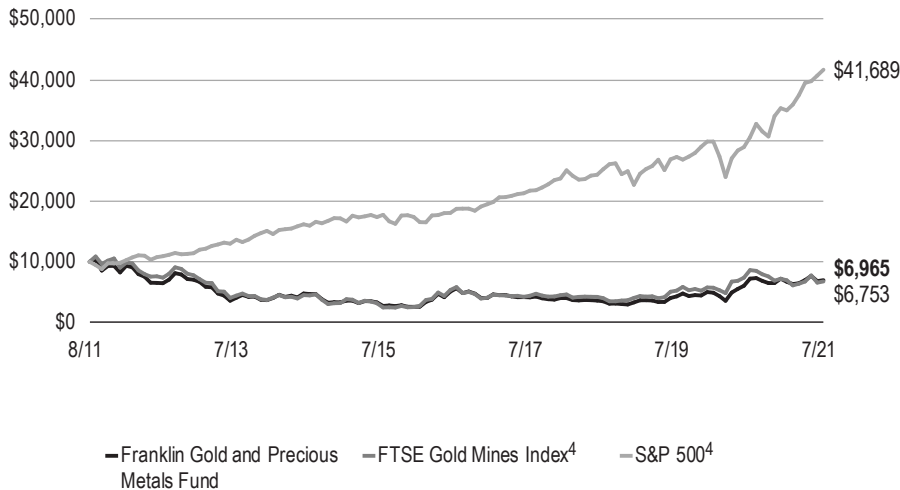
## Total Return Index Comparison for a Hypothetical \$10,000 Investment

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

Class A (8/1/11–7/31/21)



Advisor Class (8/1/11–7/31/21)



See page 10 for Performance Summary footnotes.

## Distributions (8/1/20–7/31/21)

Share Class	Net Investment Income
A	\$2.6501
C	\$2.4933
R6	\$2.7337
Advisor	\$2.7082

## Total Annual Operating Expenses<sup>5</sup>

Share Class	
A	0.93%
Advisor	0.68%

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 concentrates in the precious metals sector, which involves fluctuations in the prices of gold and other precious metals and increased susceptibility to adverse economic and regulatory developments affecting the sector. In times of stable economic growth, traditional equity and debt investments could offer greater appreciation potential and the prices of gold and other precious metals may be adversely affected. In addition, the Fund is subject to the risks of currency fluctuation and political uncertainty associated with foreign (non-U.S.) investing. Investments in emerging and frontier markets involve heightened risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity. The Fund may also heavily invest in smaller companies, which can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Investing in a non-diversified fund involves the risk of greater price fluctuation than a more diversified portfolio. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's prospectus also includes a description of the main investment risks.

1. Cumulative total return represents the change in value of an investment over the periods indicated.
  2. 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.
  3. 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%.
  4. Source: Morningstar. The FTSE Gold Mines Index is a free float-weighted index that comprises companies whose principal activity is gold mining. The S&P 500 is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.
  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.
- See [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com) for additional data provider information.

## Your Fund's Expenses

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

### Actual Fund Expenses

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

### Hypothetical Example for Comparison with Other Funds

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

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

Share Class	Beginning Account Value 2/1/21	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 7/31/21	Expenses Paid During Period 2/1/21–7/31/21 <sup>1,2</sup>	Ending Account Value 7/31/21	Expenses Paid During Period 2/1/21–7/31/21 <sup>1,2</sup>	
A	\$1,000	\$1,038.60	\$4.74	\$1,020.14	\$4.70	0.94%
C	\$1,000	\$1,034.80	\$8.51	\$1,016.43	\$8.44	1.69%
R6	\$1,000	\$1,040.30	\$2.97	\$1,021.88	\$2.94	0.59%
Advisor	\$1,000	\$1,039.60	\$3.49	\$1,021.37	\$3.46	0.69%

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

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

## Financial Highlights

	Year Ended July 31,				
	2021	2020	2019	2018	2017
<b>Class A</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$28.04	\$16.68	\$13.56	\$16.19	\$24.06
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b</sup> . . . . .	0.04	(0.04)	(0.02)	(0.06)	(0.04)
Net realized and unrealized gains (losses) . . . . .	(1.20)	11.40	3.14	(2.51)	(6.45)
Total from investment operations . . . . .	(1.16)	11.36	3.12	(2.57)	(6.49)
Less distributions from:					
Net investment income . . . . .	(2.65)	—	—	(0.06)	(1.38)
Net asset value, end of year . . . . .	\$24.23	\$28.04	\$16.68	\$13.56	\$16.19
Total return <sup>c</sup> . . . . .	(3.80)%	68.05%	23.01%	(15.92)%	(26.85)%
<b>Ratios to average net assets</b>					
Expenses <sup>d,e</sup> . . . . .	0.90%	0.93%	0.98%	1.02%	0.98%
Net investment income (loss) . . . . .	0.17%	(0.20)%	(0.15)%	(0.37)%	(0.24)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$921,127	\$938,555	\$645,108	\$587,294	\$776,677
Portfolio turnover rate . . . . .	18.91%	17.00%	12.82%	8.36%	13.99%

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

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

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

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

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

	Year Ended July 31,				
	2021	2020	2019	2018	2017
<b>Class C</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$25.42	\$15.24	\$12.49	\$14.96	\$22.39
Income from investment operations <sup>a</sup> :					
Net investment (loss) <sup>b</sup> . . . . .	(0.13)	(0.16)	(0.11)	(0.15)	(0.17)
Net realized and unrealized gains (losses) . . . . .	(1.09)	10.34	2.86	(2.32)	(5.99)
Total from investment operations . . . . .	(1.22)	10.18	2.75	(2.47)	(6.16)
Less distributions from:					
Net investment income . . . . .	(2.49)	—	—	—	(1.27)
Net asset value, end of year . . . . .	\$21.71	\$25.42	\$15.24	\$12.49	\$14.96
Total return <sup>c</sup> . . . . .	(4.53)%	66.80%	22.02%	(16.51)%	(27.41)%
<b>Ratios to average net assets</b>					
Expenses <sup>d,e</sup> . . . . .	1.65%	1.68%	1.73%	1.77%	1.73%
Net investment (loss) . . . . .	(0.59)%	(0.94)%	(0.90)%	(1.12)%	(0.99)%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$93,615	\$106,271	\$75,129	\$94,997	\$137,487
Portfolio turnover rate . . . . .	18.91%	17.00%	12.82%	8.36%	13.99%

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

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

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

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

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



	Year Ended July 31,				
	2021	2020	2019	2018	2017
<b>Class R6</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$30.20	\$17.90	\$14.50	\$17.31	\$25.58
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.13	0.03	0.04	0.01	0.04
Net realized and unrealized gains (losses) . . . . .	(1.28)	12.27	3.36	(2.68)	(6.87)
Total from investment operations . . . . .	(1.15)	12.30	3.40	(2.67)	(6.83)
Less distributions from:					
Net investment income . . . . .	(2.73)	—	—	(0.14)	(1.44)
Net asset value, end of year . . . . .	\$26.32	\$30.20	\$17.90	\$14.50	\$17.31
Total return . . . . .	(3.46)%	68.66%	23.45%	(15.50)%	(26.53)%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.69%	0.72%	0.83%	0.79%	0.57%
Expenses net of waiver and payments by affiliates <sup>c</sup> . . . . .	0.56%	0.56%	0.58%	0.55%	0.52%
Net investment income . . . . .	0.49%	0.17%	0.25%	0.10%	0.21%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$25,458	\$20,574	\$10,808	\$8,153	\$4,635
Portfolio turnover rate . . . . .	18.91%	17.00%	12.82%	8.36%	13.99%

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

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

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

	Year Ended July 31,				
	2021	2020	2019	2018	2017
<b>Advisor Class</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$29.88	\$17.73	\$14.38	\$17.17	\$25.38
Income from investment operations <sup>a</sup> :					
Net investment income (loss) <sup>b</sup> . . . . .	0.11	0.01	0.01	(0.02)	— <sup>c</sup>
Net realized and unrealized gains (losses) . . . . .	(1.28)	12.14	3.34	(2.67)	(6.81)
Total from investment operations . . . . .	(1.17)	12.15	3.35	(2.69)	(6.81)
Less distributions from:					
Net investment income . . . . .	(2.71)	—	—	(0.10)	(1.40)
Net asset value, end of year . . . . .	\$26.00	\$29.88	\$17.73	\$14.38	\$17.17
Total return . . . . .	(3.59)%	68.47%	23.30%	(15.70)%	(26.69)%
<b>Ratios to average net assets</b>					
Expenses <sup>d,e</sup> . . . . .	0.65%	0.68%	0.73%	0.77%	0.73%
Net investment income (loss) . . . . .	0.41%	0.05%	0.10%	(0.12)%	0.01%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$307,110	\$280,317	\$143,589	\$130,812	\$164,253
Portfolio turnover rate . . . . .	18.91%	17.00%	12.82%	8.36%	13.99%

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

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

<sup>c</sup>Amount rounds to less than \$0.01 per share.

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

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

## Statement of Investments, July 31, 2021

	Country	Shares	Value
<b>Common Stocks 98.2%</b>			
<b>Copper 0.6%</b>			
<sup>a,b</sup> Imperial Metals Corp. . . . .	Canada	2,065,330	\$7,827,733
<b>Diversified Metals &amp; Mining 10.4%</b>			
<sup>a,c</sup> Adventus Mining Corp., 144A . . . . .	Canada	6,350,000	4,833,734
<sup>a,d,e</sup> Azimut Exploration, Inc. . . . .	Canada	1,200,000	1,978,156
<sup>a</sup> Azimut Exploration, Inc. . . . .	Canada	506,900	885,450
<sup>a</sup> Bluestone Resources, Inc. . . . .	Canada	550,000	687,500
<sup>a,c</sup> Bluestone Resources, Inc., 144A. . . . .	Canada	6,800,000	8,500,000
<sup>a</sup> Clean Air Metals, Inc. . . . .	Canada	6,559,000	1,340,180
<sup>a,c,f</sup> Euro Sun Mining, Inc., 144A . . . . .	Canada	10,000,000	3,044,872
<sup>a,c,f</sup> G Mining Ventures Corp., 144A . . . . .	Canada	8,250,000	5,618,990
<sup>a,c</sup> Ivanhoe Mines Ltd., 144A . . . . .	Canada	2,035,000	15,099,439
<sup>a</sup> Ivanhoe Mines Ltd., A . . . . .	Canada	3,200,000	23,743,590
<sup>a</sup> Los Cerros Ltd. . . . .	Australia	23,500,000	2,814,308
<sup>a</sup> Matador Mining Ltd. . . . .	Australia	8,000,000	2,464,315
<sup>a,b,c</sup> Mawson Gold Ltd., 144A. . . . .	Canada	7,700,000	1,449,920
<sup>a</sup> OreCorp Ltd. . . . .	Australia	4,200,000	2,297,101
<sup>a</sup> Orla Mining Ltd. . . . .	Canada	460,000	1,938,782
<sup>a,b</sup> Orla Mining Ltd. . . . .	Canada	3,490,713	14,712,460
<sup>a,c</sup> Orla Mining Ltd., 144A. . . . .	Canada	2,000,000	8,429,487
<sup>a,c</sup> Osisko Development Corp., 144A . . . . .	Canada	1,475,000	7,315,905
<sup>a,d,e</sup> Prime Mining Corp. . . . .	Canada	1,300,000	3,895,558
<sup>a,b</sup> Prime Mining Corp. . . . .	Canada	2,200,000	6,751,603
<sup>a,b</sup> Sunrise Energy Metals Ltd. . . . .	Australia	1,359,999	1,973,517
<sup>a,f</sup> Talisker Resources Ltd. . . . .	Canada	15,300,000	3,555,289
<sup>a</sup> Vizsla Silver Corp. . . . .	Canada	5,550,000	11,073,317
<sup>a</sup> Western Copper & Gold Corp. . . . .	Canada	2,430,000	4,673,077
<sup>a,d,e</sup> Western Copper & Gold Corp. . . . .	Canada	930,000	1,788,461
			140,865,011
<b>Environmental &amp; Facilities Services 0.0%†</b>			
<sup>a,b</sup> Clean TeQ Water Ltd. . . . .	Australia	679,999	451,580
<b>Gold 75.5%</b>			
Agnico Eagle Mines Ltd. . . . .	Canada	64,000	4,139,520
Alamos Gold, Inc., (CAD Traded), A. . . . .	Canada	2,638,316	21,436,318
Alamos Gold, Inc., (USD Traded), A. . . . .	Canada	2,379,500	19,321,540
AngloGold Ashanti Ltd., ADR. . . . .	Tanzania	1,854,823	37,189,201
<sup>a,c</sup> Argonaut Gold, Inc., 144A. . . . .	United States	2,350,000	6,326,923
<sup>a</sup> Artemis Gold, Inc. . . . .	Canada	2,495,000	12,494,992
<sup>a,c,f</sup> Ascot Resources Ltd., 144A . . . . .	Canada	25,620,000	25,045,192
<sup>a</sup> B2Gold Corp. . . . .	Canada	7,863,694	32,954,423
<sup>a,d,e</sup> Banyan Gold Corp. . . . .	Canada	12,071,429	2,853,423
<sup>a</sup> Barrick Gold Corp. . . . .	Canada	3,169,383	68,997,468
<sup>a,b</sup> Belo Sun Mining Corp. . . . .	Canada	3,500,000	1,304,087
<sup>a,c</sup> Belo Sun Mining Corp., 144A. . . . .	Canada	3,800,000	1,415,865
<sup>a</sup> Black Cat Syndicate Ltd. . . . .	Australia	7,022,800	3,082,037
<sup>a</sup> Breaker Resources NL . . . . .	Australia	16,000,000	1,870,393
Centamin plc. . . . .	Egypt	12,915,200	19,220,024
Centerra Gold, Inc. . . . .	Kyrgyzstan	535,700	4,305,345
<sup>a,c</sup> Centerra Gold, Inc., 144A . . . . .	Kyrgyzstan	2,893,400	23,253,848
<sup>a</sup> Cerrado Gold, Inc. . . . .	Canada	2,800,000	3,208,333
<sup>a</sup> Chalice Mining Ltd., (AUD Traded) . . . . .	Australia	6,004,965	31,953,551
<sup>a</sup> Corvus Gold, Inc. . . . .	Canada	1,650,000	5,288,462
<sup>a</sup> Dacian Gold Ltd., (AUD Traded) . . . . .	Australia	39,755,556	7,260,103
<sup>a</sup> Dundee Precious Metals, Inc. . . . .	Canada	2,907,415	17,588,929
<sup>a</sup> Eldorado Gold Corp. . . . .	Turkey	1,848,724	17,272,534
<sup>a</sup> Emerald Resources NL . . . . .	Australia	17,070,000	11,240,605
Endeavour Mining plc . . . . .	Burkina Faso	3,056,114	72,754,124

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Gold</b> (continued)			
<sup>a</sup> Equinox Gold Corp.	Canada	480,108	\$3,339,213
<sup>a</sup> Firefinch Ltd.	Australia	13,125,000	3,847,421
<sup>a,b</sup> First Mining Gold Corp.	Canada	7,500,000	2,343,750
<sup>a,b</sup> Galiano Gold, Inc.	Canada	9,264,362	9,130,741
<sup>a</sup> Gascoyne Resources Ltd.	Australia	8,368,370	1,964,576
<sup>a,b,f</sup> Geopacific Resources Ltd.	Australia	38,375,694	9,389,974
Gold Fields Ltd.	South Africa	1,074,800	10,615,572
<sup>a</sup> Gold Standard Ventures Corp.	Canada	6,370,000	3,572,917
<sup>a</sup> Golden Star Resources Ltd.	United States	3,554,508	9,419,446
<sup>a,b</sup> Great Bear Resources Ltd.	Canada	670,000	8,004,567
<sup>a,f</sup> HighGold Mining, Inc.	Canada	4,303,000	5,620,104
Hochschild Mining plc	Peru	3,238,520	6,937,232
<sup>a,b,j</sup> -80 Gold Corp.	Canada	1,047,500	2,199,079
<sup>a</sup> Integra Resources Corp., (CAD Traded)	Canada	2,260,000	6,446,795
<sup>a</sup> Integra Resources Corp., (USD Traded)	Canada	300,000	861,000
Kirkland Lake Gold Ltd.	Canada	509,123	21,764,192
<sup>a,b,f</sup> Liberty Gold Corp.	Canada	13,671,900	14,132,012
<sup>a,f</sup> Lion One Metals Ltd.	Canada	4,312,400	4,353,866
<sup>a,c,f</sup> Lion One Metals Ltd., 144A	Canada	4,024,000	4,062,692
<sup>a,d,e</sup> Lydian International Ltd.	Jersey	6,375,000	—
<sup>a,d,e</sup> Lydian International Ltd., 144A	Jersey	25,250,000	—
<sup>a</sup> Marathon Gold Corp.	Canada	3,459,000	9,146,394
<sup>a</sup> Newcore Gold Ltd.	Canada	7,000,000	3,421,474
Newcrest Mining Ltd.	Australia	2,426,914	46,903,111
Newmont Corp.	United States	786,614	49,415,091
<sup>a</sup> Nighthawk Gold Corp.	Canada	3,261,000	2,508,462
Northern Star Resources Ltd.	Australia	1,172,254	8,734,067
<sup>a,f</sup> O3 Mining, Inc.	Canada	4,090,500	7,079,712
<sup>a</sup> OceanaGold Corp.	Australia	9,088,488	17,696,335
<sup>a</sup> Ora Banda Mining Ltd.	Australia	20,423,529	2,014,654
Osisko Gold Royalties Ltd.	Canada	275,000	3,748,197
<sup>a</sup> Osisko Mining, Inc.	Canada	8,650,000	22,040,865
<sup>a,b</sup> Pantoro Ltd.	Australia	38,400,000	5,888,499
<sup>a,b</sup> Perpetua Resources Corp.	United States	192,090	1,091,281
<sup>a,c</sup> Perpetua Resources Corp., 144A	United States	403,000	2,289,479
<sup>a</sup> Perseus Mining Ltd.	Australia	39,108,141	47,790,773
<sup>a</sup> Predictive Discovery Ltd.	Australia	51,650,000	5,685,115
<sup>a</sup> Pretium Resources, Inc.	Canada	2,099,000	19,560,393
<sup>a,b</sup> Probe Metals, Inc.	Canada	3,400,000	5,421,474
<sup>a,f</sup> Red 5 Ltd.	Australia	193,176,364	27,605,650
<sup>a,f</sup> RTG Mining, Inc., (CAD Traded)	Australia	1,769,918	219,822
<sup>a,c,f</sup> RTG Mining, Inc., (CAD Traded), 144A	Australia	2,397,790	297,802
<sup>a,f</sup> RTG Mining, Inc., CDI	Australia	50,687,582	5,579,182
<sup>a,f</sup> Saturn Metals Ltd.	Australia	6,200,000	2,215,282
<sup>b,c</sup> Shandong Gold Mining Co. Ltd., H, 144A, Reg S	China	1,300,000	2,297,360
<sup>a</sup> Skeena Resources Ltd.	Canada	1,973,550	26,029,353
<sup>a</sup> SolGold plc, (CAD Traded)	Australia	13,650,000	5,414,062
<sup>a,b</sup> SolGold plc, (GBP Traded)	Australia	10,000,000	3,815,001
SSR Mining, Inc.	Canada	2,386,555	38,838,888
<sup>a</sup> St. Augustine Gold and Copper Ltd., (CAD Traded)	United States	5,613,836	483,564
<sup>a,c</sup> St. Augustine Gold and Copper Ltd., (CAD Traded), 144A	United States	16,383,333	1,411,225
<sup>a,c</sup> St. Augustine Gold and Copper Ltd., (USD Traded), 144A	United States	10,000,000	861,378
St. Barbara Ltd.	Australia	9,008,021	11,661,957
<sup>a,f</sup> Superior Gold, Inc.	Canada	6,150,000	3,400,240
<sup>a,f</sup> Thesis Gold, Inc.	Canada	2,300,000	2,414,263
<sup>a</sup> Torex Gold Resources, Inc.	Canada	136,100	1,530,034
<sup>a,c</sup> Torex Gold Resources, Inc., 144A	Canada	1,450,000	16,300,881
<sup>a,b</sup> Treasury Metals, Inc.	Canada	250,226	176,441

	Country	Shares	Value
<b>Common Stocks (continued)</b>			
<b>Gold (continued)</b>			
<sup>a,f</sup> Troilus Gold Corp. . . . .	Canada	8,900,000	\$6,418,269
<sup>a</sup> Tulla Resources plc, CDL. . . . .	Australia	10,300,000	4,037,200
<sup>a,b</sup> West African Resources Ltd. . . . .	Australia	10,705,384	8,232,705
<sup>a</sup> Westhaven Gold Corp. . . . .	Canada	4,200,000	1,951,923
<sup>a,b</sup> Wiluna Mining Corp. Ltd. . . . .	Australia	7,155,000	5,521,370
			1,016,931,617
<b>Precious Metals &amp; Minerals 10.7%</b>			
Anglo American Platinum Ltd. . . . .	South Africa	133,556	17,480,423
<sup>a</sup> Benchmark Metals, Inc. . . . .	Canada	7,390,300	7,106,058
<sup>a</sup> Eastern Platinum Ltd. . . . .	Canada	5,184,204	1,287,743
<sup>a</sup> GoGold Resources, Inc. . . . .	Canada	2,175,000	5,176,082
<sup>a,b</sup> GoGold Resources, Inc. . . . .	Canada	7,287,858	17,343,700
Impala Platinum Holdings Ltd. . . . .	South Africa	1,330,000	23,977,699
Impala Platinum Holdings Ltd., ADR . . . . .	South Africa	1,206,100	21,733,922
<sup>a</sup> Northam Platinum Ltd. . . . .	South Africa	1,089,019	17,150,819
<sup>a,b,f</sup> Platinum Group Metals Ltd., (CAD Traded) . . . . .	South Africa	2,042,787	6,350,972
<sup>a,f</sup> Platinum Group Metals Ltd., (CAD Traded) . . . . .	South Africa	10,000	31,090
<sup>a,c,f</sup> Platinum Group Metals Ltd., (CAD Traded), 144A . . . . .	South Africa	97,760	303,933
<sup>a,b,f</sup> Platinum Group Metals Ltd., (USD Traded) . . . . .	South Africa	4,041,856	12,610,591
<sup>a,c,f</sup> Platinum Group Metals Ltd., (USD Traded), 144A . . . . .	South Africa	36,628	113,875
Royal Bafokeng Platinum Ltd. . . . .	South Africa	1,423,527	11,261,155
<sup>a,d,e,f</sup> Sable Resources Ltd. . . . .	Canada	12,000,000	2,029,587
			143,957,649
<b>Silver 1.0%</b>			
<sup>a,b</sup> Gatos Silver, Inc. . . . .	United States	482,157	6,576,621
Pan American Silver Corp. . . . .	Canada	133,021	3,733,755
<sup>a</sup> Silver Tiger Metals, Inc. . . . .	Canada	7,500,000	3,185,096
			13,495,472
<b>Total Common Stocks (Cost \$917,463,910) . . . . .</b>			<b>1,323,529,062</b>
<b>Rights</b>			
<b>Rights 0.1%</b>			
<b>Silver 0.1%</b>			
<sup>a</sup> Pan American Silver Corp., CVR, 2/22/29 . . . . .	Canada	1,850,600	1,535,998
<b>Total Rights (Cost \$856,772) . . . . .</b>			<b>1,535,998</b>
<b>Warrants</b>			
<b>Warrants 0.4%</b>			
<b>Diversified Metals &amp; Mining 0.3%</b>			
<sup>a,d,e</sup> Clean Air Metals, Inc., 144A, 2/11/22 . . . . .	Canada	1,900,000	52,970
<sup>a,d,e</sup> Clean Air Metals, Inc., 144A, 2/23/23 . . . . .	Canada	1,379,500	39,549
<sup>a,d,e,f</sup> Euro Sun Mining, Inc., 144A, 6/05/23 . . . . .	Canada	5,000,000	273,474
<sup>a,d,e,f</sup> G Mining Ventures Corp., 144A, 5/19/22 . . . . .	Canada	4,125,000	825,159
<sup>a,d,e</sup> Mawson Gold Ltd., 144A, 5/20/22 . . . . .	Canada	3,850,000	25,142
<sup>a,d,e</sup> Osisko Development Corp., 144A, 12/01/23 . . . . .	Canada	507,500	22,314
<sup>a,d,e</sup> Osisko Development Corp., 144A, 12/01/23 . . . . .	Canada	230,000	10,113
<sup>a,d,e</sup> Prime Mining Corp., 144A, 4/27/24 . . . . .	Canada	650,000	403,381
<sup>a,d,e,f</sup> Talisker Resources Ltd., 144A, 8/13/21 . . . . .	Canada	5,650,000	—
<sup>a,d,e</sup> Vizsla Silver Corp., 144A, 7/30/22 . . . . .	Canada	3,350,000	1,478,265
<sup>a,c,d</sup> Vizsla Silver Corp., 144A, 12/03/22 . . . . .	Canada	850,000	270,049
			3,400,416
<b>Gold 0.1%</b>			
<sup>a,c,d</sup> First Mining Gold Corp., 144A, 8/26/22 . . . . .	Canada	3,750,000	143,176

	Country	Warrants	Value
<b>Gold (continued)</b>			
<sup>a,c,d</sup> Nighthawk Gold Corp., 144A, 6/08/23 . . . . .	Canada	1,630,500	\$—
<sup>a,d,e,f</sup> O3 Mining, Inc., 144A, 6/18/22 . . . . .	Canada	850,000	73,046
<sup>a,d,e</sup> Osisko Mining, Inc., 144A, 12/23/21 . . . . .	Canada	2,125,000	79,481
<sup>a,d,e</sup> Probe Metals, Inc., 144A, 11/24/22 . . . . .	Canada	1,700,000	537,271
<sup>a,b</sup> Treasury Metals, Inc., 8/07/23 . . . . .	Canada	125,112	40,100
<sup>a,f</sup> Troilus Gold Corp., 6/30/23 . . . . .	Canada	1,000,000	136,218
<sup>a</sup> Westhaven Gold Corp., 3/03/23 . . . . .	Canada	2,100,000	408,053
			1,417,345
<b>Total Warrants (Cost \$—)</b> . . . . .			<b>4,817,761</b>
		<b>Principal Amount<sup>g</sup></b>	
<b>Convertible Bonds 0.2%</b>			
<b>Precious Metals &amp; Minerals 0.2%</b>			
<sup>f</sup> Platinum Group Metals Ltd., Sub. Note, 6.875%, 7/01/22 . . . . .	South Africa	3,000,000	2,880,010
<b>Total Convertible Bonds (Cost \$3,000,000)</b> . . . . .			<b>2,880,010</b>
<b>Total Long Term Investments (Cost \$921,320,682)</b> . . . . .			<b>1,332,762,831</b>
<b>Short Term Investments 1.9%</b>			
	Country	Shares	Value
<b>Money Market Funds 1.3%</b>			
<sup>g,h</sup> Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	United States	16,845,034	16,845,034
<b>Total Money Market Funds (Cost \$16,845,034)</b> . . . . .			<b>16,845,034</b>
<b><sup>i</sup>Investments from Cash Collateral Received for Loaned Securities 0.5%</b>			
<b>Money Market Funds 0.5%</b>			
<sup>g,h</sup> Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . . . . .	United States	6,641,000	6,641,000
		<b>Principal Amount<sup>g</sup></b>	
<b><sup>i</sup>Investments from Cash Collateral Received for Loaned Securities 0.1%</b>			
<b>Repurchase Agreements 0.1%</b>			
<sup>j</sup> Joint Repurchase Agreement, BofA Securities, Inc., 0.05%, 8/02/21 (Maturity Value \$1,673,121) Collateralized by U.S. Treasury Note, 0.125%, 10/31/22 (valued at \$1,706,577) . . . . .		1,673,114	1,673,114
<b>Total Investments from Cash Collateral Received for Loaned Securities (Cost \$8,314,114)</b> . . . . .			<b>8,314,114</b>
<b>Total Short Term Investments (Cost \$25,159,148)</b> . . . . .			<b>25,159,148</b>
<b>Total Investments (Cost \$946,479,830) 100.8%</b> . . . . .			<b>\$1,357,921,979</b>
<b>Other Assets, less Liabilities (0.8)%</b> . . . . .			<b>(10,611,883)</b>
<b>Net Assets 100.0%</b> . . . . .			<b>\$1,347,310,096</b>



FRANKLIN GOLD AND PRECIOUS METALS FUND  
STATEMENT OF INVESTMENTS

See Abbreviations on page 38.

\*The principal amount is stated in U.S. dollars unless otherwise indicated.

†Rounds to less than 0.1% of net assets.

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

<sup>b</sup>A portion or all of the security is on loan at July 31, 2021. See Note 1(d).

<sup>c</sup>Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At July 31, 2021, the aggregate value of these securities was \$138,686,025, representing 10.3% of net assets.

<sup>d</sup>Fair valued using significant unobservable inputs. See Note 12 regarding fair value measurements.

<sup>e</sup>See Note 9 regarding restricted securities.

<sup>f</sup>See Note 10 regarding holdings of 5% voting securities.

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

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

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

<sup>j</sup>See Note 1(c) regarding joint repurchase agreement.

## Statement of Assets and Liabilities

July 31, 2021

**Franklin Gold  
and Precious  
Metals Fund**

**Assets:**

Investments in securities:

Cost - Unaffiliated issuers . . . . .	\$732,267,906
Cost - Non-controlled affiliates (Note 3f and 10) . . . . .	212,538,810
Cost - Unaffiliated repurchase agreements . . . . .	1,673,114

Value - Unaffiliated issuers (Includes securities loaned of \$8,916,930) . . . . . \$1,177,081,663

Value - Non-controlled affiliates (Note 3f and 10) . . . . . 179,167,202

Value - Unaffiliated repurchase agreements . . . . . 1,673,114

Foreign currency, at value (cost \$878,144) . . . . . 878,135

Receivables:

Capital shares sold . . . . . 4,179,475

Dividends and interest . . . . . 226,997

Total assets . . . . . 1,363,206,586

**Liabilities:**

Payables:

Investment securities purchased . . . . . 3,365,384

Capital shares redeemed . . . . . 2,827,018

Management fees . . . . . 513,114

Distribution fees . . . . . 268,335

Transfer agent fees . . . . . 257,315

Trustees' fees and expenses . . . . . 4,018

Payable upon return of securities loaned (Note 1d) . . . . . 8,314,114

Accrued expenses and other liabilities . . . . . 347,192

Total liabilities . . . . . 15,896,490

Net assets, at value . . . . . \$1,347,310,096

**Net assets consist of:**

Paid-in capital . . . . . \$1,740,487,370

Total distributable earnings (losses) . . . . . (393,177,274)

Net assets, at value . . . . . \$1,347,310,096

## Statement of Assets and Liabilities (continued)

July 31, 2021

	<b>Franklin Gold and Precious Metals Fund</b>
<b>Class A:</b>	
Net assets, at value	\$921,126,530
Shares outstanding	38,021,153
Net asset value per share <sup>a</sup>	\$24.23
Maximum offering price per share (net asset value per share ÷ 94.50%)	\$25.64
<b>Class C:</b>	
Net assets, at value	\$93,615,379
Shares outstanding	4,312,562
Net asset value and maximum offering price per share <sup>a</sup>	\$21.71
<b>Class R6:</b>	
Net assets, at value	\$25,458,145
Shares outstanding	967,201
Net asset value and maximum offering price per share	\$26.32
<b>Advisor Class:</b>	
Net assets, at value	\$307,110,042
Shares outstanding	11,809,866
Net asset value and maximum offering price per share	\$26.00

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

## Statement of Operations

for the year ended July 31, 2021

**Franklin Gold  
and Precious  
Metals Fund**

Investment income:	
Dividends: (net of foreign taxes of \$1,409,995)	
Unaffiliated issuers	\$13,095,126
Non-controlled affiliates (Note 3f and 10)	445
Interest:	
Non-controlled affiliates (Note 3f and 10)	206,250
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	859,661
Non-controlled affiliates (Note 3f)	270
Total investment income	14,161,752
Expenses:	
Management fees (Note 3a)	6,127,282
Distribution fees: (Note 3c)	
Class A	2,316,793
Class C	983,825
Transfer agent fees: (Note 3e)	
Class A	1,192,175
Class C	126,538
Class R6	35,257
Advisor Class	358,785
Custodian fees (Note 4)	200,300
Reports to shareholders	261,465
Registration and filing fees	149,099
Professional fees	119,452
Trustees' fees and expenses	47,503
Other	45,035
Total expenses	11,963,509
Expense reductions (Note 4)	(68)
Expenses waived/paid by affiliates (Note 3f and 3g)	(49,333)
Net expenses	11,914,108
Net investment income	2,247,644
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	59,849,677
Non-controlled affiliates (Note 3f and 10)	20,985,678
Foreign currency transactions	145,183
Net realized gain (loss)	80,980,538
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(152,656,601)
Non-controlled affiliates (Note 3f and 10)	22,152,941
Translation of other assets and liabilities denominated in foreign currencies	71
Net change in unrealized appreciation (depreciation)	(130,503,589)
Net realized and unrealized gain (loss)	(49,523,051)
Net increase (decrease) in net assets resulting from operations	\$(47,275,407)

## Statements of Changes in Net Assets

	Franklin Gold and Precious Metals Fund	
	Year Ended July 31, 2021	Year Ended July 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income (loss)	\$2,247,644	\$(2,015,454)
Net realized gain (loss)	80,980,538	12,253,151
Net change in unrealized appreciation (depreciation)	(130,503,589)	565,070,636
Net increase (decrease) in net assets resulting from operations	(47,275,407)	575,308,333
Distributions to shareholders:		
Class A	(91,536,537)	—
Class C	(10,260,302)	—
Class R6	(1,886,753)	—
Advisor Class	(25,940,782)	—
Total distributions to shareholders	(129,624,374)	—
Capital share transactions: (Note 2)		
Class A	102,536,385	(124,090,549)
Class C	2,796,697	(13,468,257)
Class R6	7,932,977	1,382,646
Advisor Class	65,227,845	31,949,531
Total capital share transactions	178,493,904	(104,226,629)
Net increase (decrease) in net assets	1,594,123	471,081,704
Net assets:		
Beginning of year	1,345,715,973	874,634,269
End of year	\$1,347,310,096	\$1,345,715,973

# Notes to Financial Statements

## 1. Organization and Significant Accounting Policies

Franklin Gold and Precious Metals Fund (Fund) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). The Fund offers 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 Fund's significant accounting policies.

### a. Financial Instrument Valuation

The Fund's 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 Fund calculates 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 Fund's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The Fund may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued

according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

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

Investments in open-end mutual funds are valued at the closing NAV. Investments in repurchase agreements are valued at cost, which approximates fair value.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund primarily employs 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 Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at



## 1. Organization and Significant Accounting Policies

(continued)

### a. Financial Instrument Valuation (continued)

the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's securities to the latest indications of fair value at 4 p.m. Eastern time. At July 31, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

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

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at year end, as indicated in the Statement of Investments, had been entered into on July 30, 2021.

### d. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government

## 1. Organization and Significant Accounting Policies

(continued)

### d. Securities Lending (continued)

and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund, and/or a joint repurchase agreement. Additionally, at July 31, 2021, the Fund held \$1,440,948 in U.S. Government and Agency securities as collateral. These securities are held as collateral in segregated accounts with the Fund's custodian. The Fund cannot repledge or resell these securities held as collateral. As such, the non-cash collateral is excluded from the Statement of Assets and Liabilities. 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 Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

### e. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The 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 Fund 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 it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist

in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The 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 July 31, 2021, the 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.

### f. 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 Fund. 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.

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.

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

### g. 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.

### h. Guarantees and Indemnifications

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

## 2. Shares of Beneficial Interest

At July 31, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended July 31, 2021		Year Ended July 31, 2020	
	Shares	Amount	Shares	Amount
<b>Class A Shares:</b>				
Shares sold <sup>a</sup>	30,882,746	\$785,177,178	38,055,516	\$722,901,303
Shares issued in reinvestment of distributions	3,140,730	73,775,753	—	—
Shares redeemed	(29,480,089)	(756,416,546)	(43,260,928)	(846,991,852)
Net increase (decrease)	4,543,387	\$102,536,385	(5,205,412)	\$(124,090,549)
<b>Class C Shares:</b>				
Shares sold	1,354,195	\$31,227,110	1,573,374	\$27,069,763
Shares issued in reinvestment of distributions	480,163	10,155,453	—	—
Shares redeemed <sup>a</sup>	(1,701,635)	(38,585,866)	(2,323,343)	(40,538,020)
Net increase (decrease)	132,723	\$2,796,697	(749,969)	\$(13,468,257)
<b>Class R6 Shares:</b>				
Shares sold	845,313	\$23,304,103	766,821	\$15,343,211
Shares issued in reinvestment of distributions	72,633	1,849,233	—	—
Shares redeemed	(632,002)	(17,220,359)	(689,324)	(13,960,565)
Net increase (decrease)	285,944	\$7,932,977	77,497	\$1,382,646
<b>Advisor Class Shares:</b>				
Shares sold	5,595,597	\$150,447,493	5,387,923	\$111,957,923
Shares issued in reinvestment of distributions	903,757	22,747,555	—	—
Shares redeemed	(4,071,933)	(107,967,203)	(4,103,708)	(80,008,392)
Net increase (decrease)	2,427,421	\$65,227,845	1,284,215	\$31,949,531

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

### 3. Transactions with Affiliates

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

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

#### a. Management Fees

The Fund pays an investment management fee to Advisers based on the month-end net assets of the Fund as follows:

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

For the year ended July 31, 2021, the gross effective investment management fee rate was 0.462% of the Fund's average daily net assets.

#### b. Administrative Fees

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

#### c. Distribution Fees

The Board has adopted distribution plans for Class A and Class C shares, pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's Class A reimbursement distribution plan, the Fund reimburses Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate. Under the Class A reimbursement distribution plan, costs exceeding the maximum for the current plan year cannot be reimbursed in subsequent periods. In addition, under the Fund's Class C compensation distribution plan, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to the maximum annual plan rate. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

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

Class A . . . . .	0.25%
Class C . . . . .	1.00%

### 3. Transactions with Affiliates (continued)

#### d. Sales Charges/Underwriting Agreements

Front-end sales charges and contingent deferred sales charges (CDSC) do not represent expenses of the Fund. 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 Fund of the following commission transactions related to the sales and redemptions of the Fund's shares for the year:

Sales charges retained net of commissions paid to unaffiliated brokers/dealers . . . . .	\$171,072
CDSC retained . . . . .	\$31,587

#### 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 year ended July 31, 2021, the Fund paid transfer agent fees of \$1,712,755, of which \$775,696 was retained by Investor Services.

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

The Fund invests in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended July 31, 2021, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
<b>Franklin Gold and Precious Metals Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . .	\$11,151,454	\$313,314,550	\$(307,620,970)	\$—	\$—	\$16,845,034	16,845,034	\$445
<b>Non-Controlled Affiliates</b>								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01% . .	\$4,254,000	\$93,105,000	\$(90,718,000)	\$—	\$—	\$6,641,000	6,641,000	\$270
<b>Total Affiliated Securities . . . .</b>	<b>\$15,405,454</b>	<b>\$406,419,550</b>	<b>\$(398,338,970)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$23,486,034</b>		<b>\$715</b>

**3. Transactions with Affiliates** (continued)**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 November 30, 2021.

**h. Other Affiliated Transactions**

During the year ended July 31, 2021, affiliated parties reimbursed the Fund \$27,191 for losses resulting from a NAV error. This reimbursement is reflected in capital share transactions in the Statements of Changes in Net Assets.

**4. Expense Offset Arrangement**

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended July 31, 2021, the custodian fees were reduced as noted in the Statement of Operations.

**5. Income Taxes**

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

At July 31, 2021, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:

Short term .....	\$3,241,431
Long term .....	692,263,807
Total capital loss carryforwards .....	<u>\$695,505,238</u>

The tax character of distributions paid during the years ended July 31, 2021 and 2020, was as follows:

	2021	2020
Distributions paid from:		
Ordinary income .....	<u>\$129,624,374</u>	<u>\$—</u>

At July 31, 2021, the cost of investments, net unrealized appreciation (depreciation) and undistributed ordinary income for income tax purposes were as follows:

Cost of investments .....	<u>\$1,167,911,564</u>
Unrealized appreciation. ....	\$557,950,957
Unrealized depreciation. ....	(367,940,542)
Net unrealized appreciation (depreciation) .....	<u>\$190,010,415</u>
Distributable earnings:	
Undistributed ordinary income .....	<u>\$112,317,477</u>

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



## 6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended July 31, 2021, aggregated \$296,513,368 and \$243,980,381, respectively.

At July 31, 2021, in connection with securities lending transactions, the Fund loaned equity investments and received \$8,314,114 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

## 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. Political and financial uncertainty in many foreign regions may increase market volatility and the economic risk of investing in foreign securities. In addition, certain foreign securities may not be as liquid as U.S. securities.

## 8. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

## 9. Restricted Securities

The Fund invests 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 Fund may have registration rights for restricted securities. The issuer generally incurs all registration costs.

At July 31, 2021, investments in restricted securities, excluding securities exempt from registration under the 1933 Act, were as follows:

## 9. Restricted Securities (continued)

Shares/ Warrants	Issuer	Acquisition Date	Cost	Value
<b>Franklin Gold and Precious Metals Fund</b>				
1,200,000	<sup>a</sup> Azimut Exploration, Inc. . . . .	7/09/21	\$1,831,472	\$1,978,156
12,071,429	Banyan Gold Corp. . . . .	7/27/21	2,683,818	2,853,423
1,900,000	<sup>b</sup> Clean Air Metals, Inc., 144A, 2/11/22 . . . . .	5/15/20	—	52,970
1,379,500	<sup>b</sup> Clean Air Metals, Inc., 144A, 2/23/23 . . . . .	5/15/20 - 2/24/21	—	39,549
5,000,000	<sup>c</sup> Euro Sun Mining, Inc., 144A, 6/05/23 . . . . .	6/09/20	—	273,474
4,125,000	<sup>d</sup> G Mining Ventures Corp., 144A, 5/19/22 . . . . .	11/27/20	—	825,159
6,375,000	Lydian International Ltd. . . . .	11/24/17	2,098,016	—
25,250,000	Lydian International Ltd., 144A . . . . .	3/06/12	14,750,154	—
3,850,000	<sup>e</sup> Mawson Gold Ltd., 144A, 5/20/22 . . . . .	5/22/20	—	25,142
850,000	<sup>f</sup> O3 Mining, Inc., 144A, 6/18/22 . . . . .	6/23/20	—	73,046
737,500	<sup>g</sup> Osisko Development Corp., 144A, 12/01/23 . . . . .	11/27/20 - 12/31/20	—	32,427
2,125,000	<sup>h</sup> Osisko Mining, Inc., 144A, 12/23/21 . . . . .	6/24/20	—	79,481
1,300,000	<sup>i</sup> Prime Mining Corp. . . . .	4/23/21	3,073,409	3,895,558
650,000	<sup>i</sup> Prime Mining Corp., 144A, 4/27/24 . . . . .	4/28/21	—	403,381
1,700,000	<sup>j</sup> Probe Metals, Inc., 144A, 11/24/22 . . . . .	11/23/20 - 11/24/20	—	537,271
12,000,000	Sable Resources Ltd. . . . .	6/08/21	2,971,400	2,029,587
5,650,000	<sup>k</sup> Talisker Resources Ltd., 144A, 8/13/21 . . . . .	8/17/20	—	—
3,350,000	<sup>l</sup> Vizsla Silver Corp., 144A, 7/30/22 . . . . .	8/03/20	—	1,478,265
930,000	<sup>m</sup> Western Copper & Gold Corp. . . . .	7/26/21	1,646,280	1,788,461
<b>Total Restricted Securities</b> (Value is 1.2% of Net Assets). . . . .			<b>\$29,054,549</b>	<b>\$16,365,350</b>

<sup>a</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$885,450 as of July 31, 2021.

<sup>b</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$1,340,180 as of July 31, 2021.

<sup>c</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$3,044,872 as of July 31, 2021.

<sup>d</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$5,618,990 as of July 31, 2021.

<sup>e</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$1,449,920 as of July 31, 2021.

<sup>f</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$7,079,712 as of July 31, 2021.

<sup>g</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$7,315,905 as of July 31, 2021.

<sup>h</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$22,040,865 as of July 31, 2021.

<sup>i</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$6,751,603 as of July 31, 2021.

<sup>j</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$5,421,474 as of July 31, 2021.

<sup>k</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$3,555,289 as of July 31, 2021.

<sup>l</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$11,343,366 as of July 31, 2021.

<sup>m</sup>The Fund also invests in unrestricted securities of the issuer, valued at \$4,673,077 as of July 31, 2021.

## 10. Holdings of 5% Voting Securities of Portfolio Companies

The 1940 Act defines "affiliated companies" to include investments in portfolio companies in which a fund owns 5% or more of the outstanding voting securities. Additionally, as defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated companies' outstanding shares or has the power to exercise control over management or policies of such company. During the period ended July 31, 2021, investments in "affiliated companies" were as follows:

**10. Holdings of 5% Voting Securities of Portfolio Companies** (continued)

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares/Principal Amount* Held at End of Year	Investment Income
<b>Franklin Gold and Precious Metals Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Ascot Resources Ltd., 144A . . . . .	\$13,441,989	\$6,454,549	\$—	\$—	\$5,148,654	\$25,045,192	25,620,000	\$—
Battle North Gold Corp., 144A . . . . .	11,899,142	2,240,133	(20,226,364)	11,255,114	(5,168,025)	— <sup>a</sup>	—	—
Benchmark Metals, Inc.	—	6,561,194	—	—	— <sup>b</sup>	— <sup>b</sup>	— <sup>b</sup>	—
Chalice Mining Ltd. . . .	21,059,387	—	(59,261,164)	51,522,121	— <sup>b</sup>	— <sup>b</sup>	— <sup>b</sup>	—
Dacian Gold Ltd., (AUD Traded). . . . .	7,673,415	1,543,494	—	—	— <sup>b</sup>	— <sup>b</sup>	— <sup>b</sup>	—
Euro Sun Mining, Inc., 144A . . . . .	4,106,316	—	—	—	(1,061,444)	3,044,872	10,000,000	—
Euro Sun Mining, Inc., 144A, 6/05/23 . . . . .	888,663	—	—	—	(615,189)	273,474	5,000,000	—
G Mining Ventures Corp., 144A . . . . .	—	3,149,937	—	—	2,469,053	5,618,990	8,250,000	—
G Mining Ventures Corp., 144A, 5/19/22 . . . . .	—	—	—	—	825,159	825,159	4,125,000	—
Geopacific Resources Ltd.	5,744,253	8,223,040	—	—	(4,577,319)	9,389,974	38,375,694	—
HighGold Mining, Inc. . .	6,523,515	—	—	—	(903,411)	5,620,104	4,303,000	—
INV Metals, Inc., 144A .	4,019,187	—	(3,499,281)	(2,447,628)	1,927,722	— <sup>a</sup>	—	—
Liberty Gold Corp . . . .	17,555,488	3,347,123	—	—	(6,770,599)	14,132,012	13,671,900	—
Lion One Metals Ltd. . . .	9,080,715	—	(1,031,735)	520,887	(4,216,001)	4,353,866	4,312,400	—
Lion One Metals Ltd., 144A . . . . .	5,237,158	1,076,704	—	—	(2,251,170)	4,062,692	4,024,000	—
Lion One Metals Ltd., 6/06/21 . . . . .	922,513	—	(86,777)	620	(836,356)	— <sup>a</sup>	—	—
O3 Mining, Inc. . . . .	3,068,312	4,469,779	—	—	(458,379)	7,079,712	4,090,500	—
O3 Mining, Inc., 144A, 6/18/22 . . . . .	333,248	—	—	—	(260,202)	73,046	850,000	—
Platinum Group Metals Ltd., (CAD Traded) . . .	4,894,438	—	(939,698)	(17,881,651)	20,308,973	6,382,062	2,052,787	—
Platinum Group Metals Ltd., (CAD Traded), 144A . . . . .	212,395	—	—	—	91,538	303,933	97,760	—
Platinum Group Metals Ltd., (USD Traded) . . .	10,296,035	—	(2,686,818)	(21,983,785)	26,985,159	12,610,591	4,041,856	—
Platinum Group Metals Ltd., (USD Traded), 144A . . . . .	79,579	—	—	—	34,296	113,875	36,628	—
Red 5 Ltd. . . . .	29,322,847	3,831,135	—	—	(5,548,332)	27,605,650	193,176,364	—
RTG Mining, Inc., (CAD Traded). . . . .	171,785	—	—	—	48,037	219,822	1,769,918	—

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

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares/Principal Amount* Held at End of Year	Investment Income
<b>Franklin Gold and Precious Metals Fund (continued)</b>								
<b>Non-Controlled Affiliates</b>								
RTG Mining, Inc., (CAD Traded), 144A . . . . .	\$232,726	\$—	\$—	\$—	\$65,076	\$297,802	2,397,790	\$—
RTG Mining, Inc., CDI. .	4,527,351	—	—	—	1,051,831	5,579,182	50,687,582	—
Sable Resources Ltd. . .	—	2,971,400	—	—	(941,813)	2,029,587	12,000,000	—
Saturn Metals Ltd. . . . .	—	3,132,575	—	—	(917,293)	2,215,282	6,200,000	—
Superior Gold, Inc. . . . .	—	3,287,844	—	—	112,396	3,400,240	6,150,000	—
Talisker Resources Ltd..	—	5,109,467	—	—	(1,554,178)	3,555,289	15,300,000	—
Talisker Resources Ltd., 144A, 8/13/21 . . . . .	—	—	—	—	—	—	5,650,000	—
Thesis Gold, Inc. . . . .	—	2,806,247	—	—	(391,984)	2,414,263	2,300,000	—
Troilus Gold Corp. . . . .	—	7,620,255	—	—	(1,201,986)	6,418,269	8,900,000	—
Troilus Gold Corp., 6/30/23	—	—	—	—	136,218	136,218	1,000,000	—
								Interest
Platinum Group Metals Ltd., Sub. Note, 6.875%, 7/01/22. . . . .	2,257,500	—	—	—	622,510	2,880,010	3,000,000	206,250
<b>Total Affiliated Securities</b> (Value is 11.6% of Net Assets). . . . .	\$163,547,957	\$65,824,876	\$(87,731,837)	\$20,985,678	\$22,152,941	\$155,681,168		\$206,250

\*In U.S. dollars unless otherwise indicated.

\*As of July 31, 2021, no longer held by the fund.

\*As of July 31, 2021, no longer an affiliate.

## 11. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (Global Credit Facility) which matures on February 4, 2022. 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 Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its 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 Statement of Operations. During the year ended July 31, 2021, the Fund did not use the Global Credit Facility.

## 12. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's 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 Fund's 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 July 31, 2021, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
<b>Franklin Gold and Precious Metals Fund</b>				
<b>Assets:</b>				
Investments in Securities: <sup>a</sup>				
Common Stocks:				
Copper . . . . .	\$7,827,733	\$—	\$—	\$7,827,733
Diversified Metals & Mining . . . . .	123,653,595	9,549,241	7,662,175	140,865,011
Environmental & Facilities Services . . . . .	451,580	—	—	451,580
Gold . . . . .	733,794,078	280,284,116	2,853,423 <sup>b</sup>	1,016,931,617
Precious Metals & Minerals . . . . .	100,799,544	41,128,518	2,029,587	143,957,649
Silver . . . . .	13,495,472	—	—	13,495,472
Rights . . . . .	1,535,998	—	—	1,535,998
Warrants:				
Diversified Metals & Mining . . . . .	—	—	3,400,416 <sup>b</sup>	3,400,416
Gold . . . . .	584,371	—	832,974 <sup>b</sup>	1,417,345
Convertible Bonds . . . . .	—	2,880,010	—	2,880,010
Short Term Investments . . . . .	23,486,034	1,673,114	—	25,159,148
Total Investments in Securities . . . . .	\$1,005,628,405	\$335,514,999 <sup>c</sup>	\$16,778,575	\$1,357,921,979

<sup>a</sup> For detailed categories, see the accompanying Statement of Investments.

<sup>b</sup> Includes securities determined to have no value at July 31, 2021.

<sup>c</sup> Includes foreign securities valued at \$330,961,875, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

## 12. Fair Value Measurements (continued)

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the year. At July 31, 2021, the reconciliation is as follows:

	Balance at Beginning of Year	Purchases <sup>a</sup>	Sales <sup>b</sup>	Transfer Into Level 3	Transfer Out of Level 3 <sup>c</sup>	Net Accretion (Amortiza- tion)	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Year	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Year End
<b>Franklin Gold and Precious Metals Fund</b>										
<b>Assets:</b>										
Investments in Securities:										
Common Stocks										
Diversified Metals & Mining . . . . .	\$20,121,498	\$6,551,162	\$(16,075,663)	\$—	\$—	\$—	\$—	\$(2,934,822)	\$7,662,175	\$1,111,014
Gold . . . . .	16,111,904 <sup>d</sup>	2,683,818	(8,522,388)	—	(329,023)	—	—	(7,090,888)	2,853,423 <sup>d</sup>	169,605
Precious Metals & Minerals . . . . .	—	2,971,401	—	—	—	—	—	(941,814)	2,029,587	(941,814)
Warrants										
Diversified Metals & Mining . . . . .	2,839,658	— <sup>d</sup>	(176,308)	—	—	—	4,208	732,858	3,400,416 <sup>d</sup>	2,387,003
Gold . . . . .	3,608,163	— <sup>d</sup>	(86,835)	—	—	—	623	(2,688,977)	832,974	76,814
Total Investments in Securities.	\$42,681,223	\$12,206,381	\$(24,861,194)	\$—	\$(329,023)	\$—	\$4,831	\$(12,923,643)	\$16,778,575	\$2,802,622

<sup>a</sup>Purchases include all purchases of securities and securities received in corporate actions.

<sup>b</sup>Sales include all sales of securities, maturities, paydowns and securities tendered in corporate actions.

<sup>c</sup>Transferred out of Level 3 as a result of the availability of other significant observable valuation inputs. May include amounts related to a corporate action.

<sup>d</sup>Includes securities determined to have no value.

Significant unobservable valuation inputs for material Level 3 assets and/or liabilities and impact to fair value as a result of changes in unobservable valuation inputs as of July 31, 2021, are as follows:

Description	Fair Value at End of Year	Valuation Technique	Unobservable Inputs	Amount / Range (Weighted Average) <sup>a</sup>	Impact to Fair Value if Input Increases <sup>b</sup>
<b>Franklin Gold and Precious Metals Fund</b>					
<b>Assets:</b>					
Investments in Securities:					
Common Stocks:					
Diversified Metals & Mining . . . . .	\$5,873,714	Market comparables	Discount for lack of marketability	3.4% - 5.6% (4.1%)	Decrease <sup>c</sup>
Precious Metals & Minerals . . . . .	2,029,587	Market comparables	Discount for lack of marketability	12.1%	Decrease <sup>c</sup>
Warrants:					
Diversified Metals & Mining . . . . .	1,478,265	Market comparables	Discount for lack of marketability	13.6%	Decrease <sup>c</sup>
All Other Investments	7,397,009 <sup>d,e</sup>				
Total . . . . .	\$16,778,575				

<sup>a</sup> Weighted based on the relative fair value of the financial instruments.

## 12. Fair Value Measurements (continued)

- <sup>b</sup> Represents the directional change in the fair value that would result from a significant and reasonable increase in the corresponding input. A significant and reasonable decrease in the input would have the opposite effect. Significant impacts, if any, to fair value and/or net assets have been indicated.
- <sup>c</sup> Represents a significant impact to fair value but not net assets.
- <sup>d</sup> Includes financial instruments with values derived using private transaction prices or non-public third party pricing information which is unobservable. May also include fair value of immaterial financial instruments developed using various valuation techniques and unobservable inputs.
- <sup>e</sup> Includes securities determined to have no value at July 31, 2021.

## 13. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

## 14. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure, except for the following:

On July 14, 2021, the Board approved a change to the automatic conversion feature for Class C that will convert shareholders' Class C shares into Class A shares after they have been held for 8 years. The change became effective August 2, 2021. Further details are disclosed in the Fund's Prospectus.

## Abbreviations

### Currency

<b>CAD</b>	Canadian Dollar
<b>AUD</b>	Australian Dollar
<b>GBP</b>	British Pound
<b>USD</b>	United States Dollar

### Selected Portfolio

<b>ADR</b>	American Depositary Receipt
<b>CDI</b>	CREST Depositary Interest
<b>CVR</b>	Contingent Value Right

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Franklin Gold and Precious Metals Fund

### ***Opinion on the Financial Statements***

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Franklin Gold and Precious Metals Fund (the “Fund”) as of July 31, 2021, the related statement of operations for the year ended July 31, 2021, the statements of changes in net assets for each of the two years in the period ended July 31, 2021, including the related notes, and the financial highlights for each of the five years in the period ended July 31, 2021, (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of July 31, 2021, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended July 31, 2021, and the financial highlights for each of the five years in the period ended July 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of July 31, 2021, by correspondence with the custodian, transfer agent, and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California

September 23, 2021

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



## Tax Information (unaudited)

Under Section 853 of the Internal Revenue Code, the Fund intends to elect to pass through to its shareholders \$1,409,711 of foreign taxes paid and \$16,760,731 of foreign source income earned by the fund, or amounts as finally determined, during the fiscal year ended July 31, 2021.

Under Section 854(b)(1)(B) of the Internal Revenue Code, the Fund hereby reports the maximum amount allowable but no less than \$14,117,336 as qualified dividends for purposes of the maximum rate under Section 1(h)(11) of the Internal Revenue Code for the fiscal year ended July 31, 2021. Distributions, including qualified dividend income, paid during calendar year 2021 will be reported to shareholders on Form 1099-DIV by mid-February 2022. Shareholders are advised to check with their tax advisors for information on the treatment of these amounts on their individual income tax returns.

## Board Members and Officers

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

### Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Harris J. Ashton (1932)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1982	125	Bar-S Foods (meat packing company) (1981-2010).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
<b>Terrence J. Checki (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	107	Hess Corporation (exploration of oil and gas) (2014-present).
<b>Principal Occupation During at Least the Past 5 Years:</b> Member of the Council on Foreign Relations (1996-present); Member of the National Committee on U.S.-China Relations (1999-present); member of the board of trustees of the Economic Club of New York (2013-present); member of the board of trustees of the Foreign Policy Association (2005-present); member of the board of directors of Council of the Americas (2007-present) and the Tallberg Foundation (2018-present); and <b>formerly</b> , Executive Vice President of the Federal Reserve Bank of New York and Head of its Emerging Markets and Internal Affairs Group and Member of Management Committee (1995-2014); and Visiting Fellow at the Council on Foreign Relations (2014).				
<b>Mary C. Choksi (1950)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	126	Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present); and <b>formerly</b> , Avis Budget Group Inc. (car rental) (2007-2020).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				

## Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Edith E. Holiday (1952)</b> One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee since 2003 Trustee and Lead Independent Trustee since 2019		126	Hess Corporation (exploration of oil and gas) (1993-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); Santander Holdings USA (holding company) (2019-present); and <b>formerly</b> , Canadian National Railway (railroad) (2001-April 2021), White Mountains Insurance Group, Ltd. (holding company) (2004-May 2021), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).

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

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

<b>J. Michael Luttig (1954)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	126	Boeing Capital Corporation (aircraft financing) (2006-2010).
---	---------	------------	-----	--

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

Private investor; and **formerly**, Counselor and Senior Advisor to the Chairman, CEO, and Board of Directors, of The Boeing Company (aerospace company), and member of the Executive Council (May 2019-January 1, 2020); Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (2006-2019); and Federal Appeals Court Judge, United States Court of Appeals for the Fourth Circuit (1991-2006).

<b>Larry D. Thompson (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	126	Graham Holdings Company (education and media organization) (2011-present); and <b>formerly</b> , The Southern Company (energy company) (2014-2020; previously 2010-2012) and Cbeyond, Inc. (business communications provider) (2010-2012).
---	---------	------------	-----	--

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

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

## Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Valerie M. Williams (1956)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since May 2021	107	Omnicom Group, Inc. (advertising and marketing communications services) (2016-present), DTE Energy Co. (gas and electric utility) (2018-present), Devon Energy Corporation (exploration and production of oil and gas) (January 2021-present); and <b>formerly</b> , WPX Energy, Inc. (exploration and production of oil and gas) (2018-January 2021).

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

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

## Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>**Gregory E. Johnson (1961)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	137	None

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

Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 39 of the investment companies in Franklin Templeton; Vice Chairman, Investment Company Institute; and **formerly**, Chief Executive Officer (2013-2020) and President (1994-2015), Franklin Resources, Inc.

<b>**Rupert H. Johnson, Jr. (1940)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Since 2013	126	None
--	-----------------------------------	------------	-----	------

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

Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 37 of the investment companies in Franklin Templeton.

<b>Alison E. Baur (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
--	----------------	------------	----------------	----------------

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

Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 44 of the investment companies in Franklin Templeton.

<b>Breda M. Beckerle (1958)</b> 280 Park Avenue, New York, NY 10017	Chief Compliance Officer	Since October 2020	Not Applicable	Not Applicable
---	--------------------------	--------------------	----------------	----------------

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

Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Advisory Services, LLC, Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; and officer of 39 of the investment companies in Franklin Templeton.

## Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Steven J. Gray (1955)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Co-Secretary	Vice President since 2009 and Co-Secretary since 2019	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Associate General Counsel, Franklin Templeton; Vice President, FASA, LLC; Assistant Secretary, Franklin Distributors, LLC; and officer of 44 of the investment companies in Franklin Templeton.				
<b>Matthew T. Hinkle (1971)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Vice President, Franklin Templeton Services, LLC; officer of 44 of the investment companies in Franklin Templeton; and <b>formerly</b> , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
<b>Susan Kerr (1949)</b> 620 Eighth Avenue New York, NY 10018	Vice President – AML Compliance	Since July 2021	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Compliance Analyst, Global Compliance, Franklin Templeton; Chief Anti-Money Laundering Compliance Officer, Legg Mason & Co. or its affiliates; Anti Money Laundering Compliance Officer; Senior Compliance Officer, LMIS; and officer of 41 of the investment companies in Franklin Templeton.				
<b>Robert G. Kubilis (1973)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since December 2020	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Treasurer, U.S. Fund Administration & Reporting and officer of 39 of the investment companies in Franklin Templeton.				
<b>Edward D. Perks (1970)</b> One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2018	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> President and Director, Franklin Advisers, Inc.; and officer of eight of the investment companies in Franklin Templeton (since December 2018).				
<b>Navid J. Tofigh (1972)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Associate General Counsel and officer of 44 of the investment companies in Franklin Templeton.				
<b>Craig S. Tyle (1960)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 44 of the investment companies in Franklin Templeton.				

## Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
<b>Lori A. Weber (1964)</b> 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Co-Secretary	Vice President since 2011 and Co-Secretary since 2019	Not Applicable	Not Applicable

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

Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 44 of the investment companies in Franklin Templeton.

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

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

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

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

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated Mary C. Choksi as its audit committee financial expert. The Board believes that Ms. Choksi qualifies as such an expert in view of her extensive business background and experience. She served as a director of Avis Budget Group, Inc. (2007-2020) and formerly, Founder and Senior Advisor, Strategic Investment Group (1987 to 2017). Ms. Choksi has been a Member of the Fund's Audit Committee since 2014. As a result of such background and experience, the Board believes that Ms. Choksi has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Choksi is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

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

## Shareholder Information

### Board Approval of Investment Management Agreements

#### FRANKLIN GOLD AND PRECIOUS METALS FUND (Fund)

At a meeting held on April 20, 2021 (Meeting), the Board of Trustees (Board) of the Fund, including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the investment management agreement between Franklin Advisers, Inc. (Manager) and the Fund (Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of the Management Agreement.

In considering the continuation of the Management Agreement, the Board reviewed and considered information provided by the Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to the Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a telephonic contract renewal meeting at which the Independent Trustees conferred amongst themselves and Independent Trustee counsel about contract renewal matters and, in some cases, requested additional information from the Manager relating to the contract. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of the Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by the Manager; (ii) the investment performance of the Fund; (iii) the costs of the services provided and profits realized by the Manager and its affiliates from the relationship with the Fund; (iv) the extent to which economies of scale are realized as the Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of the Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of the Management Agreement are fair and reasonable and that the continuance of such Management Agreement is in

the best interests of the Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board’s determination.

#### Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by the Manager and its affiliates to the Fund and its shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of the Manager, as well as information on succession planning where appropriate; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for the Fund; reports on expenses and shareholder services; legal and compliance matters; risk controls; pricing and other services provided by the Manager and its affiliates; and management fees charged by the Manager and its affiliates to US funds and other accounts, including management’s explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton (FT) or the Fund to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements, which included discussion of the changing distribution landscape for the Fund. The Board noted management’s continuing efforts and expenditures in establishing effective business continuity plans and developing strategies to address areas of heightened concern in the mutual fund industry, such as cybersecurity in the current work-from-home environment and liquidity risk management.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Manager’s parent, and its commitment to the mutual fund business as evidenced by its reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Fund by the FT organization. The Board specifically noted FT’s commitment to enhancing services and controlling costs, as reflected in its outsourcing of certain administrative functions, and growth opportunities,



as evidenced by its recent acquisition of the Legg Mason companies. The Board also noted FT's attention focused on expanding the distribution opportunities for all funds in the FT family of funds.

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

### **Fund Performance**

The Board reviewed and considered the performance results of the Fund over various time periods ended January 31, 2021. The Board considered the performance returns for the Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of the Fund's performance results is below.

The Performance Universe for the Fund included the Fund and all retail and institutional precious metals equity funds. The Board noted that the Fund's annualized total return for the 10-year period was below the median of its Performance Universe, but for the one-, three- and five-year periods was above the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

### **Comparative Fees and Expenses**

The Board reviewed and considered information regarding the Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FT to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of the Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure as the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different from

those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges, and the actual total expense ratio, for comparative consistency, was shown for Class A shares for the Fund and for each of the other funds in the Expense Group. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

The Expense Group for the Fund included the Fund and 10 other precious metals equity funds. The Board noted that the Management Rate and actual total expense ratio for the Fund were below the medians and in the first quintile (least expensive) of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

### **Profitability**

The Board reviewed and considered information regarding the profits realized by the Manager and its affiliates in connection with the operation of the Fund. In this respect, the Board considered the Fund profitability analysis provided by the Manager that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2020, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Fund's profitability report presentations from prior years. The Board further noted management's representation that the profitability analysis excluded the impact of the recent acquisition of the Legg Mason companies and that management expects to incorporate the legacy Legg Mason companies into the profitability analysis beginning next year. The Board also noted that PricewaterhouseCoopers LLP, auditor to FRI and certain FT funds, has been engaged by the Manager to periodically review and assess the allocation methodologies to be used solely by the Fund's Board with respect to the profitability analysis.

The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by the Manager and its affiliates may not be fully reflected in the expenses allocated to the Fund in determining its profitability, as



well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. As part of this evaluation, the Board considered management's outsourcing of certain operations, which effort has required considerable up-front expenditures by the Manager but, over the long run is expected to result in greater efficiencies. The Board also noted management's expenditures in improving shareholder services provided to the Fund, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent US Securities and Exchange Commission and other regulatory requirements.

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

#### **Economies of Scale**

The Board reviewed and considered the extent to which the Manager may realize economies of scale, if any, as the Fund grows larger and whether the Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints, which operate generally to share any economies of scale with the Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered the Manager's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments the Manager incurs across the FT family of funds as a whole. The Board concluded that to the extent economies of scale may be realized by the Manager and its affiliates, the Fund's management fee structure provided a sharing of benefits with the Fund and its shareholders as the Fund grows.

#### **Conclusion**

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

## **Liquidity Risk Management Program- Funds no HLIM**

Each Fund has adopted and implemented a written Liquidity Risk Management Program (the "LRMP") as required by Rule 22e-4 under the Investment Company Act of 1940 (the "Liquidity Rule"). The LRMP is designed to assess and manage each Fund's liquidity risk, which is defined as the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining investors' interests in the Fund. In accordance with the Liquidity Rule, the LRMP includes policies and procedures that provide for: (1) assessment, management, and review (no less frequently than annually) of each Fund's liquidity risk; (2) classification of each Fund's portfolio holdings into one of four liquidity categories (Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid); (3) for Funds that do not primarily hold assets that are Highly Liquid, establishing and maintaining a minimum percentage of the Fund's net assets in Highly Liquid investments (called a "Highly Liquid Investment Minimum" or "HLIM"); and (4) prohibiting the Fund's acquisition of Illiquid investments that would result in the Fund holding more than 15% of its net assets in Illiquid assets. The LRMP also requires reporting to the Securities and Exchange Commission ("SEC") (on a non-public basis) and to the Board if the Fund's holdings of Illiquid assets exceed 15% of the Fund's net assets. Funds with HLIMs must have procedures for addressing HLIM shortfalls, including reporting to the Board and, with respect to HLIM shortfalls lasting more than seven consecutive calendar days, reporting to the SEC (on a non-public basis).

The Director of Liquidity Risk within the Investment Risk Management Group (the "IRMG") is the appointed Administrator of the LRMP. The IRMG maintains the Investment Liquidity Committee (the "ILC") to provide oversight and administration of policies and procedures governing liquidity risk management for FT products and portfolios. The ILC includes representatives from Franklin Templeton's Risk, Trading, Global Compliance, Investment Compliance, Investment Operations, Valuation Committee, Product Management and Global Product Strategy.

In assessing and managing each Fund's liquidity risk, the ILC considers, as relevant, a variety of factors, including the Fund's investment strategy and the liquidity of its portfolio investments during both normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources including the Funds' interfund lending facility and line of credit. Classification of the Fund's portfolio holdings in the four liquidity categories is based on the number of days it is reasonably expected to take to convert

the investment to cash (for Highly Liquid and Moderately Liquid holdings) or sell or dispose of the investment (for Less Liquid and Illiquid investments), in current market conditions without significantly changing the investment's market value.

Each Fund primarily holds liquid assets that are defined under the Liquidity Rule as "Highly Liquid Investments," and therefore is not required to establish an HLIM. Highly Liquid Investments are defined as cash and any investment reasonably expected to be convertible to cash in current market conditions in three business days or less without the conversion to cash significantly changing the market value of the investment.

At meetings of the Funds' Board of Trustees held in May 2021, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2020. The Program Administrator report concluded that (i.) the LRMP, as adopted and implemented, remains reasonably designed to assess and manage each Fund's liquidity risk; (ii.) the LRMP, including the Highly Liquid Investment Minimum ("HLIM") where applicable, was implemented and operated effectively to achieve the goal of assessing and managing each Fund's liquidity risk; and (iii.) each Fund was able to meet requests for redemption without significant dilution of remaining investors' interests in the Fund.

## Proxy Voting Policies and Procedures

The Fund's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Fund uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Fund's complete Policies online at [franklintempleton.com](http://franklintempleton.com). Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Fund's proxy voting records are also made available online at [franklintempleton.com](http://franklintempleton.com) and posted on the U.S. Securities and Exchange Commission's website at [sec.gov](http://sec.gov) and reflect the most recent 12-month period ended June 30.

## Quarterly Statement of Investments

The Fund 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](http://sec.gov). The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

## Householding of Reports and Prospectuses

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

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.



**Annual Report and Shareholder Letter**  
**Franklin Gold and Precious Metals Fund**

**Investment Manager**  
Franklin Advisers, Inc.

**Distributor**  
Franklin Distributors, LLC  
(800) DIAL BEN® / 342-5236  
[franklintempleton.com](http://franklintempleton.com)

**Shareholder Services**  
(800) 632-2301